

NGame N.V.

Company Registration Number: 151672

**Annual Report and Financial Statements
For the Year Ended 31 December 2022**

NGame N.V.

For the Year Ended 31 December 2022

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NGame N.V.

Director's Report

For the Year Ended 31 December 2022

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 2022.

Principal Activities

The Company's principal activity is to carry out remote gaming under B2C licences issued by the Ontarian and Curacao Authorities.

Review of Business

The director notes that the gross gaming revenue increased by 12% over the preceding year whilst, the gross profit margin decreased to 70% of revenue (2021: 75%). Administrative expenses decreased by 30% to €8,396,249 and as a result the Company registered a profit before taxation amounting to €10,455,844 (2021: €5,950,619).

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 "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 pages 7.

Dividends on ordinary shares in respect of the current year, amounting to EUR 8,000,000, were 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 2022

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 and signed by: 10.05.2023

DocuSigned by:

Dimche Karakabakov

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Dimche Karakabakov
Director

Registered Address:

Abraham de Veerstraat 9
Curaçao

NGame N.V.

Statement of Director's Responsibilities

For the Year Ended 31 December 2022

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 and prudent;
- Comply 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.

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.



Zampa Debattista
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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 - 24 which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 12 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 directors determine 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 directors either intend 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.

Zampa Assurance Debattista



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: 10.05.2023

NGame N.V.**Statement of Comprehensive Income****For the Year Ended 31 December 2022**

		2022	2021
	Note	EUR	EUR
Revenue	3	26,837,351	23,882,394
Cost of sales		(7,985,258)	(6,017,166)
Gross profit		18,852,093	17,865,228
Administrative expenses		(8,396,249)	(11,914,609)
Profit before tax	4	10,455,844	5,950,619
Income tax expense		-	-
Total comprehensive income for the year		10,455,844	5,950,619

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

The notes on pages 11 to 24 form an integral part of these financial statements.

NGame N.V.**Statement of Financial Position****As at 31 December 2022**

	Note	2022 EUR	2021 EUR
ASSETS			
Non-current assets			
Investment in subsidiary	5	5,000	5,000
Current assets			
Trade and other receivables	6	10,116,823	7,760,441
Cash and cash equivalents	7	219,980	-
Total current assets		10,336,803	7,760,441
TOTAL ASSETS		10,341,803	7,765,441
EQUITY AND LIABILITIES			
Equity			
Share capital	8	4,912	4,912
Retained earnings		8,327,368	5,871,524
Total equity		8,332,280	5,876,436
Liabilities			
Current liabilities			
Trade and other payables	9	2,009,523	1,889,005
TOTAL EQUITY AND LIABILITIES		10,341,803	7,765,441

The notes on pages 11 to 24 form an integral part of these financial statements.

These financial statements on pages 7 to 24 were approved by the Director on 10-05-2023 and were signed by:

DocuSigned by:

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Dimche Karakabakov

Director

NGame N.V.**Statement of Changes in Equity****For the Year Ended 31 December 2022**

	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
Ordinary dividends	-	(8,000,000)	(8,000,000)
Balance as at 31 December 2022	4,912	8,327,368	8,332,280

	Share capital	Retained Earnings	Total Equity
	EUR	EUR	EUR
Balance as at 01 January 2021	4,912	(79,095)	(74,183)
Comprehensive income			
Profit for the year - total comprehensive income	-	5,950,619	5,950,619
Balance at 31 December 2021	4,912	5,871,524	5,876,436

The notes on pages 11 to 24 form an integral part of these financial statements.

NGame N.V.**Statement of Cash Flows****For the Year Ended 31 December 2022**

		2022	2021
	Note	EUR	EUR
Cash from operating activities:			
Profit before tax		10,455,844	5,971,756
Decrease (increase) in trade and other receivables		(2,372,607)	(6,599,128)
Increase (decrease) in trade and other payables		136,743	627,372
Net cash flows from operating activities		<u>8,219,980</u>	<u>-</u>
Cash flows from financing activities:			
Payments of dividends by reporting entity		<u>(8,000,000)</u>	<u>-</u>
Net cash flows used in financing activities		<u>(8,000,000)</u>	<u>-</u>
Net movement in cash and cash equivalents		219,980	-
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	7	<u><u>219,980</u></u>	<u><u>-</u></u>

The notes on pages 11 to 24 form an integral part of these financial statements.

NGame N.V.

Notes to the Financial Statements

For the Year Ended 31 December 2022

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.

These financial statements present information about the Company as an individual undertaking and consolidated financial statements have not been prepared.

ii. Basis of measurement

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

iii. Functional and presentation currency

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

iv. 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.

v. 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.

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Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

1. General Notes (continued)

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:

- Amendments to IFRS 3 'Business Combinations': Reference to the Conceptual Framework.
- Amendments to IAS 16 'Property, Plant and Equipment': Property, Plant and Equipment Proceeds before Intended Use.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Onerous Contracts—Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 9 'Financial Instruments', IFRS 16 'Leases', IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 41 'Agriculture'.
- Amendments to IFRS 16 'Leases' – COVID-19-Related Rent Concessions Beyond 30 June 2021.

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

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****1. General Notes (continued)****1.3 Initial Application of IFRS (continued)****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
IFRS 17 'Insurance Contracts'	1 January 2023	Endorsed
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 – <i>Disclosure of accounting policies</i>	1 January 2023	Endorsed
Amendments to IAS 12 'Income Taxes' – <i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023	Endorsed
Amendments to IAS 8 'Accounting Policies, Changes In Accounting Estimates and Errors' – <i>Definition of Accounting Estimates</i>	1 January 2023	Endorsed
Amendments to IFRS 17 'Insurance Contracts' – <i>Initial application of IFRS 17 and IFRS 9 'Financial Instruments – Comparative Information</i>	1 January 2023	Endorsed
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	Not yet 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. Significant Accounting Policies**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.

NGame N.V.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

2. Significant Accounting Policies (continued)

2.1 Investment in subsidiary (continued)

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.

2.2 Financial instruments

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).

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022**

2. Significant Accounting Policies (continued)**2.2 Financial instruments (continued)**

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.

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.

NGame N.V.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

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.

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.

NGame N.V.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

v. Impairment of financial assets (continued)

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.
- 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.

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****2. Significant Accounting Policies (continued)****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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

2.4 Revenue recognition

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.

2.5 Foreign currency translation

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

	2022	2021
	EUR	EUR
Gross gaming revenue	<u>26,837,351</u>	<u>23,882,394</u>

4. Profit for the year

Profit before tax is stated after charging the following:

	2022	2021
	EUR	EUR
Audit fee	31,350	8,850
Loss on foreign exchange	<u>476,896</u>	<u>740,331</u>

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****5. Investment in subsidiary****a Investments in subsidiaries**

	NGame Services Limited EUR
Opening balance	5,000
Additions	-
Closing balance	5,000

Name	Registered Address	%	2022 EUR	2021 EUR
NGame Services Limited	Avlonos, 1, Maria House, 1075, Nicosia, Cyprus	100	5,000	5,000

b Share capital and reserves of subsidiary

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

	2022 EUR	2021 EUR
Ordinary shares	5,000	5,000
Retained earnings	5,293	493
	10,293	5,493

6. Trade and other receivables

	2022 EUR	2021 EUR
Amounts due from related party	6,062,888	-
Amounts due from subsidiary	4,112,027	7,750,659
Expected Credit Losses	(151,331)	-
Prepayments	93,239	9,782
	10,116,823	7,760,441

Amount due from related parties is considered to be unsecured, interest free and repayable on demand.

The terms and conditions of the amounts due from the related parties in aggregate amounting to EUR10,174,915 (2021 - EUR7,734,434) are as follows:

- Amounts receivable from the former shareholder of the Company of EUR1,559,659 being unsecured, interest free and repayable upon demand.

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****6. Trade and other receivables (continued)**

- Loan receivable from the former shareholder of the Company of EUR4,503,229 to finance the day-to-day activities related to the main objects of the borrower, which balance is unsecured, interest free and repayable upon demand.
- Amount receivable from the subsidiary of the Company, NGame Services Limited, amounting to EUR4,112,027, 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.

7. Cash and cash equivalents

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

	2022	2021
	EUR	EUR
Bank balances	219,980	-

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

	2022	2021
	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

8.1 Retained earnings

Retained earnings represent accumulated profits or losses. Dividends paid out of retained earnings during the year amounted to EUR 8,000,000 (2021: Nil).

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****9. Trade and other payables**

	2022	2021
	EUR	EUR
Trade payables	1,288,697	671,247
Jackpot balance	124,768	137,050
Accruals	268,624	358,829
Amounts due to related party	-	16,225
Player Liability	294,872	705,654
Amount due to the subsidiary	13,750	-
Other payables	18,812	-
	<u>2,009,523</u>	<u>1,889,005</u>

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

10. Related party transactions**a 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.

b Related party transactions and balances

	2022	2021
	EUR	EUR
Expenses paid for the Company by related party	-	21,137
Expenses paid by the subsidiary on behalf of the Company	2,776,515	2,322,076
Expenses paid by the Company on behalf of related party	1,559,659	-
Fees due to the subsidiary	13,750	-
Payments received by subsidiary on behalf of the Company	6,497,326	1,022,303
Payments made on behalf of the Company by the subsidiary	29,317,779	14,846,634
Payments made on behalf of the Company by the related party	123,805	-
PSP deposits and withdrawals received by the subsidiary	21,958,337	23,897,066
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	9,220,925	-
Repayment of loan made by the related party	<u>5,500,000</u>	<u>-</u>

Related party balances are disclosed in notes 6 and 9.

NGame N.V.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

11. Financial instruments

Fair values of financial assets and financial liabilities

At 31 December 2022 and 31 December 2021 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

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.

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.

It is not practically possible to prepare sensitivity analysis on foreign exchange risk. The Company's exposure to foreign exchange risk relies mainly on player transactions during the year and player liabilities as at year end. Player related transactions and balances are denominated in different currencies. In order for the Company to mitigate foreign exchange risk, it holds funds denominated in different currencies with payment services providers, in line with player balances.

Credit risk

Credit risk 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.

Credit approvals and other monitoring procedures are also 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.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December, the Company's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

NGame N.V.**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****11. Financial instruments (continued)**

Category	Description	Basis for recognising ECL
Performing	A low risk of default and no past due amounts.	12-month ECL
Doubtful	Amount is greater than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is greater than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

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.

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

The maximum exposure to credit risk as at 31 December 2022 is the carrying amount of the financial assets as set out in note 6 and 7.

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.

NGame N.V.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

11. Financial instruments (continued)

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.

12. 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 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.

13. Statutory information

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