

CHANCIER B.V.

REPORT AND FINANCIAL STATEMENTS

31 December 2022

CHANCIER B.V.

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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CHANCIER B.V.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Global Related Services B.V.
Registered office:	Kaya Richard J. Beaujon Z/N Curacao P.O.Box 6248
Registration number:	147277

CHANCIER B.V.

MANAGEMENT REPORT

The Board of Directors of Chancier B.V. (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activities and nature of operations of the Company

The principal activity of the Company is the provision of online gaming licensed by the Curacao Authorities under license No. 1668 JAZ.

Review of current position, and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 7 and 8 of the financial statements.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future

Results and Dividends

The Company's results for the year are set out on page 3. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The sole member of the Company's Board of Directors as at 31 December 2022 and at the date of this report is presented on page 1. The Sole Director was a member of the Board of Directors throughout the year ended 31 December 2022.

There were no significant changes in the remuneration of the Board of Directors.

By order of the Board of Directors,



Global Related Services B.V.
Director

Willemstad, Curacao, February 26, 2024

CHANCIER B.V.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2022

	Note	2022 €	2021 €
Revenue	9	96,002,361	97,376,243
Direct cost	10	(90,117,125)	(81,048,702)
		5,885,236	16,327,541
Other operating income	11	110,297	-
Administration expenses	12	(4,211,902)	(1,419,957)
Other expenses	13	-	(174,962)
Operating profit		1,783,631	14,732,622
Finance income	14	5,059	9,315
Finance costs	14	(9,322)	(828,781)
Profit before tax		1,779,368	13,913,156
Tax	15	(249)	(1,256)
Net profit for the year		1,779,119	13,911,900
Other comprehensive income		-	-
Total comprehensive income for the year		1,779,119	13,911,900

The notes on pages 7 to 23 form an integral part of these financial statements.

CHANCIER B.V.

STATEMENT OF FINANCIAL POSITION 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Investments in subsidiaries	16	<u>1,000</u>	1,000
		<u>1,000</u>	1,000
Current assets			
Other receivables	17	22,053,008	24,797,520
Cash and cash equivalents	18	<u>13,459,259</u>	<u>6,390,377</u>
		<u>35,512,267</u>	31,187,897
Total assets		<u><u>35,513,267</u></u>	<u>31,188,897</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,000	1,000
Capital reserves		54,559	54,559
Retained earnings		<u>29,977,920</u>	<u>28,198,801</u>
Total equity		<u><u>30,033,479</u></u>	<u>28,254,360</u>
Current liabilities			
Trade and other payables	20	5,477,312	2,932,310
Current tax liabilities	21	<u>2,476</u>	<u>2,227</u>
Total liabilities		<u><u>5,479,788</u></u>	<u>2,934,537</u>
Total equity and liabilities		<u><u>35,513,267</u></u>	<u>31,188,897</u>

On February 26, 2024 the Board of Directors of Chancier B.V. authorised these financial statements for issue.



Global Related Services B.V.
Director

The notes on pages 7 to 23 form an integral part of these financial statements.

CHANCIER B.V.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital €	Capital reserve €	Accumulated losses €	Total €
Balance at 1 January 2021	1,000	54,559	14,286,901	14,342,460
Comprehensive income				
Net profit for the year	-	-	13,911,900	13,911,900
Total comprehensive income for the year	-	-	13,911,900	13,911,900
Balance at 31 December 2021/ 1 January 2022	1,000	54,559	28,198,801	28,254,360
Comprehensive income				
Net profit for the year	-	-	1,779,119	1,779,119
Total comprehensive income for the year	-	-	1,779,119	1,779,119
Balance at 31 December 2022	1,000	54,559	29,977,920	30,033,479

The notes on pages 7 to 23 form an integral part of these financial statements.

CHANCIER B.V.

CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	<u>1,779,368</u>	<u>13,913,156</u>
	1,779,368	13,913,156
Changes in working capital:		
Decrease/(increase) in other receivables	2,744,512	(10,177,384)
Increase in payment services providers	(7,064,717)	(3,504,841)
Increase in trade and other payables	<u>2,545,002</u>	<u>15,928</u>
Cash generated from operations	<u>4,165</u>	<u>246,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	4,165	246,859
Cash and cash equivalents at beginning of the year	<u>-</u>	<u>(246,859)</u>
Cash and cash equivalents at end of the year	<u>4,165</u>	<u>-</u>

The notes on pages 7 to 23 form an integral part of these financial statements.

CHANCIER B.V.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

Chancier B.V. (the "Company") was incorporated in Curacao on 19 June 2018 as a private company with limited liability. Its registered office is at Kaya Richard J. Beaujon Z/N, Curacao, P.O.Box 6248.

Principal activities

The principal activity of the Company is the provision of online gaming licensed by the Curacao Authorities under license No. 1668 JAZ.

2. Basis of preparation

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

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

3. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

4. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

5. Significant accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

The Company recognizes Net Gaming Revenue (wagered amounts less any sums paid as winnings and/or bonuses to customers) as Revenue.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Rendering of services**

Rendering of services - over time:

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

Rendering of services - at a point in time:

The Company concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the Solely Payments of Principal and Interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost.

Liabilities to customers comprise of the amounts that are credited to customers including provision for bonuses granted by the Company, less fees and charges applied to customer accounts. The amounts are repayable in accordance with the applicable terms and conditions.

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications (continued)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity and capital reserves.

Capital reserves

Capital reserves constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

CHANCIER B.V.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

6. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

7. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

7.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2022 €	2021 €
Fixed rate instruments		
Financial assets	13,641,089	6,390,377
Variable rate instruments		
Financial assets	4,165	-
	13,645,254	6,390,377

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	2022 €	Equity 2021 €	2022 €	Profit or loss 2021 €
Variable rate instruments	4	-	4	-
	4	-	4	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from outstanding receivables.

(i) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- Other receivables
- Cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For other receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Low credit risk

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

CHANCIER B.V.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

Receivables from related parties (continued)

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

Company internal credit rating	2022	2021
	€	€
Performing	<u>8,714,815</u>	<u>24,797,520</u>
Total	<u>8,714,815</u>	<u>24,797,520</u>

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

7.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2022	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	4,953,181	4,953,181	4,953,181	-	-	-	-
Payables to related parties	<u>132,041</u>	<u>132,041</u>	<u>-</u>	<u>132,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,085,222</u>	<u>5,085,222</u>	<u>4,953,181</u>	<u>132,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	2,781,522	2,781,522	2,781,522	-	-	-	-
Payables to related parties	<u>60,787</u>	<u>60,787</u>	<u>-</u>	<u>60,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,842,309</u>	<u>2,842,309</u>	<u>2,781,522</u>	<u>60,787</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.5 Capital risk management

Capital includes equity shares and capital reserves.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

8. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

Management has made an assessment of the Company's ability to continue as a going concern.

- **Calculation of loss allowance**

When measuring expected credit losses 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 future conditions.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. Critical accounting estimates, judgments and assumptions (continued)*Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

9. Revenue

	2022	2021
	€	€
Net Gaming Revenue	96,002,361	96,966,891
Net Gaming Revenue - Mirax	-	409,352
	<u>96,002,361</u>	<u>97,376,243</u>

The Company recognizes Net Gaming Revenue (bets amounts less any sums paid as winnings and/or bonuses to customers) as Revenue.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. Direct cost

	2022	2021
	€	€
Operational expenses	708,331	868,241
Paying agent fees (note 2)	1,156,375	84,000
Payment service providers charges	8,912,012	18,497,789
Commissions payable	236,499	1,437,492
CRM expenses	20,299	331,081
Affiliate expenses	442,992	4,061,369
Marketing and other expenses	2,568,007	2,605,351
Royalty expenses	1,880,779	5,428,276
Direct costs - recharge of expenses (note 1)	74,191,831	47,735,103
	90,117,125	81,048,702

Note 1: The Company entered into an agreement with BFS Bloom Freestyle Ltd ('paying agent') where the contracting parties agreed that all expenses, including but not limited to, payment service provider fees, bank account fees and all administrative costs incurred by BFS Bloom Freestyle Ltd, under the paying agent service agreement when providing its services shall be invoiced by BFS Bloom Freestyle Ltd and shall not be deemed as BFS Bloom Freestyle Ltd's expenses.

Note 2: In consideration of the services rendered by BFS Bloom Freestyle Ltd, the Company shall pay to BFS Bloom Freestyle Ltd a monthly fixed fee of €3,000 and an amount equals to 1% of the total annual cost.

During 2021, the contracting parties agreed that the consideration for the services will be a fixed amount of €5,000.

On 1 January 2022, the contracting parties agreed that the paying agent fees will be equal to the expenses allocated to the Company plus a 5% markup.

11. Other operating income

	2022	2021
	€	€
Write off balances	102,255	-
Other operating income	8,042	-
	110,297	-

CHANCIER B.V.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. Administration expenses

	2022	2021
	€	€
Professional licence fee	2,977,847	1,191,621
Sundry expenses	3,205	-
Computer software expenses	632,746	-
Auditors' remuneration	45,000	45,000
Accounting fees	13,000	12,000
Legal fees	10,268	48,092
Other professional fees	95,844	77,356
Translation fees	865	3,193
Domain expenses	15,210	8,031
Other services	417,917	34,664
	<u>4,211,902</u>	<u>1,419,957</u>

Professional licence fees: On 1st of April 2020, the Company entered into an agreement with Ocean Start Limited, where the contracting parties agreed to license the 10BET Marks to the Company, for the total consideration of €200,000 per month.

13. Other expenses

	2022	2021
	€	€
Expected credit loss on the receivable balance	-	174,962
	<u>-</u>	<u>174,962</u>

14. Finance income/(costs)

	2022	2021
	€	€
Exchange profit	5,059	9,315
Finance income	<u>5,059</u>	<u>9,315</u>
Exchange losses	(8,749)	(828,781)
Sundry finance expenses	(573)	-
Finance costs	<u>(9,322)</u>	<u>(828,781)</u>
Net finance costs	<u>(4,263)</u>	<u>(819,466)</u>

15. Tax

	2022	2021
	€	€
Corporation tax	249	1,256

Corporate profit tax is calculated according to local tax system, laws and guidelines, taking in to account tax facilities, exemption or incentives (if any).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. Investments in subsidiaries

	2022 €	2021 €
Balance at 1 January	1,000	1,000
Balance at 31 December	1,000	1,000

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	2022 Holding %	2021 Holding %	2022 €	2021 €
Global Investment Management (GIM) Ltd	Cyprus	100	100	1,000	1,000

17. Other receivables

	2022 €	2021 €
Receivables from related parties (Note 22.2)	8,714,815	24,797,520
Deposits and prepayments	6,000	-
Other receivables	13,332,193	-
	22,053,008	24,797,520

The fair values of other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 7 of the financial statements.

18. Cash and cash equivalents

Cash balances are analysed as follows:

	2022 €	2021 €
Cash at bank	4,165	-
Cash held at payment services providers	13,455,094	6,390,377
	13,459,259	6,390,377

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

19. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	1,000	1,000	1,000	1,000
Issued and fully paid				
Balance at 1 January	1,000	1,000	1,000	1,000
Balance at 31 December	1,000	1,000	1,000	1,000

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. Trade and other payables

	2022	2021
	€	€
Trade payables	2,203,654	200,074
Liabilities to customers	2,749,527	2,581,448
Accruals	392,090	90,001
Payables to related parties (Note 22.3)	132,041	60,787
	<u>5,477,312</u>	<u>2,932,310</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in note 7 of the financial statements.

21. Current tax liabilities

	2022	2021
	€	€
Corporation tax	2,476	2,227
	<u>2,476</u>	<u>2,227</u>

22. Related party transactions

The Company is controlled by Yulia Tyukova, who owns 100% of the Company's shares.

The following transactions were carried out with related parties:

22.1 Direct costs (note 9)

	Nature of transactions	2022	2021
		€	€
BFS Bloom Freestyle Ltd	Recharge of expenses	74,191,831	47,735,103
BFS Bloom Freestyle Ltd	Paying agent fees	1,132,375	60,000
		<u>75,324,206</u>	<u>47,795,103</u>

22.2 Receivables from related parties (Note 17)

	2022	2021
Name	€	€
BFS Bloom Freestyle Ltd	9,141,922	25,224,627
Expected credit loss	(427,107)	(427,107)
	<u>8,714,815</u>	<u>24,797,520</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

22.3 Payables to related parties (Note 20)

	2022	2021
Name	€	€
Global Investment Management (GIM) Ltd	132,041	60,787
	<u>132,041</u>	<u>60,787</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. Contingent liabilities

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax liabilities. At the time of approving these financial statements, based on advice from local lawyer(s), the management believes that such uncertain tax liabilities do not meet the more-likely-than-not recognition threshold.

The Company had no contingent liabilities as at 31 December 2022.

24. Commitments

The Company has committed to financially support the sub-subsidiary company to ensure that the company will continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business.

The Company had no other capital or other commitments as at 31 December 2022.

25. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.