

Crypto Risk Policy

www.coinhero.io is operated by Gatepost N.V. (the 'Company') having its office at Landhuis Zuikertuintje, Zuikertuintje z/n, Willemstad, Curacao. Company Registration number 163081.

Document Version

Revision	Date	Security Class	Responsible Person	Purpose
V1.0	14.08.2024	Confidential	CO	Creation & Approval

Purpose

This Crypto Risk Policy outlines the procedures and controls in place that the Company employs to manage the risks associated with accepting cryptocurrency payments. The objective of this policy is to evaluate and reduce the risks associated with the use of cryptocurrency within the Company's operations. In addition, this policy is also aimed at ensuring that players are provided with a safe environment when transacting in cryptocurrencies.

Scope

The policy is designed to ensure that the Company remains in compliance with the applicable laws and regulations, and hence this policy applies to all employees and stakeholders involved in the acceptance, processing, or management of cryptocurrency transactions. It also applies to third-party payment service providers engaged by the Company to process such payments.

Risk Identification

The Company recognizes the following risks involved in processing cryptocurrency transactions.

Volatility Risk: There may be times when the value of crypto in relation to fiat currencies is extremely volatile, hence the possibility of notable swings in the value of cryptocurrencies between the moment of transaction and the conversion to other cryptocurrencies or fiat money should be taken into consideration.

Regulatory Risk: Due to the ever-increasing adoption of cryptocurrencies in the gaming industry, legal frameworks governing cryptocurrencies may differ from one jurisdiction to another and are subject to change. The Company shall ensure that any changes in regulations including AML/CFT requirements are reflected in its policies and procedures accordingly.

Operational Security Risk: The risks associated with potential misappropriation and/or unauthorised access to wallets holding player funds as a result of cyberattacks and data breaches. In addition, technological issues involving cryptocurrency transactions may also lead to potential financial losses for the players and/or the Company.

Outsourcing Risk: The risk associated with relying on a third-party service provider for processing transactions.

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Risk Mitigation

The Company currently allows for cryptocurrency transactions of the following virtual currencies:

- BNB
- BTC
- ETH
- USDT
- LTC
- DOGE
- USDC
- XRP
- SOL
- TRX
- BUSD

The Company shall undertake the following strategies to mitigate the risks identified in the previous section.

Volatility Risk Management: The Company minimizes the exposure to volatility risk through the use of a payment gateway (Coinpayments) ensuring real-time pricing information and cryptocurrency conversion.

Regulatory Compliance: The Company shall ensure compliance with the National Ordinance on Offshore Games of Hazard (NOOGH), the applicable Licence Conditions and regulations for AML/CFT/CFP Regulations for the online gaming sector of Curacao, alongside the other legislations, including the:

- National Ordinance on identification when rendering services;
- National Ordinance on the reporting of unusual transactions;
- Sanctions National Ordinance; and
- Kingdom Sanction Act.

Suspicious transactions will be reported to the FIU Curacao in accordance with the above regulations.

Operational Controls: The Company will be making use of a reputable custodial service provider engaged to hold player funds and process cryptocurrency transactions, with regular company-wide risk assessment and security audits performed to safeguard against any potential cybersecurity risk.

Outsourcing Risk Assessment: Due diligence will be conducted on 3rd parties engaged in the processing of cryptocurrency transactions to assess regulatory, operational, reputational and financial risks. Any contractual engagements will be reviewed on regular basis to ensure alignment with the Company's risk appetite.

Safeguarding of Player Funds: In accordance with the Company's **Funds Management Procedure**¹, all player funds will be segregated from operational funds, and shall be kept separately from the Company's own funds in designated player funds accounts. Secure

¹ Version 1.0 – 01/02/2024
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custodial wallets are designated as player funds where player deposits are held by the payment processor.

Policy Review and Amendments

This policy will be reviewed annually or whenever an update is required, whichever comes first. The Board of Directors must approve any changes to this policy prior to coming into effect.

All relevant stakeholders are to accept and abide by the provisions of this policy at all times.