

FSB Technology (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 06401555 (England and Wales)

FSB Technology (UK) Limited

Company Information

| | |
|--------------------------|--|
| Directors | D McDowell S B Lawrence M A Wagman M K Kansal |
| Secretary | D McDowell |
| Company number | 06401555 |
| Registered office | 2nd Floor 167-169 Great Portland Street London W1W 5PF |
| Auditor | Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP |

FSB Technology (UK) Limited

Contents

| | Page |
|-----------------------------------|-------------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Independent auditor's report | 5 - 9 |
| Statement of comprehensive income | 10 |
| Balance sheet | 11 |
| Statement of changes in equity | 12 |
| Notes to the financial statements | 13 - 24 |

FSB Technology (UK) Limited

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The principal activity of the company continued to be that of software development and the provision of regulated gaming facilities. During the year, the company exited the B2C business to focus on B2B.

The company has been successful in accessing new markets and became one of the first suppliers to receive regulatory approval in Ontario, Canada. FSB has continued to invest in technology development with a focus on extending the platform capability and the sports and games available.

The company obtained licences in Malta and Gibraltar.

Towards the end of 2022, the company carried out a strategic review which included the de-prioritisation of operations in the US market.

Principal risks and uncertainties

Regulatory risk. The industry is subject to regulatory, legislative and fiscal regimes for betting and gaming. There is increased social pressure for more regulation which could have an impact on the company. Further new regulations could result in additional costs being incurred to comply with new regulations. The company's key markets are monitored for potential legislative and regulatory changes.

Technology risk. The company's business is transacted over the internet. The company is continually investing in technology to minimise risk but there remains a possibility that a technology failure could adversely affect the company's ability to trade and therefore affect results.

Retention and recruitment of personnel. A key risk is the availability of and retention of high calibre people. The company has an ongoing programme of training to mitigate risk.

Key performance indicators

An annual budget is prepared at the beginning of the financial year. During the year, an updated forecast is prepared. The Directors and Executive Committee review the budget and forecasts and then track the financial performance of the company monthly against those benchmarks. KPI's include tracking revenues, gross margin, overhead, receivables and cashflow.

Revenues increased by 11.6% to £8.9m.

Gross margin increased by 17%.

Overhead increased during the year principally in people costs. As a result of the strategic review, staff reductions were made before the year end and this resulted in exceptional costs of £2.6m.

Other information and explanations

Since the year end, the ultimate parent company (A Canadian partnership) has provided loans of £7.94m as part of its ongoing support for the company.

There are ongoing discussions with major customers and one new contract was signed in April 2023.

FSB Technology (UK) Limited

Strategic Report (Continued)

For the year ended 31 December 2022

On behalf of the board

M A Wagman
Director

12 July 2023

FSB Technology (UK) Limited

Directors' Report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of software development and the B2B provision of regulated gaming facilities.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D McDowell
S B Lawrence
M A Wagman
M K Kansal

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

FSB Technology (UK) Limited

Directors' Report (Continued)

For the year ended 31 December 2022

On behalf of the board

M A Wagman

Director

12 July 2023

FSB Technology (UK) Limited

Independent Auditor's Report

To the Members of FSB Technology (UK) Limited

Opinion

We have audited the financial statements of FSB Technology (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FSB Technology (UK) Limited

Independent Auditor's Report (Continued)

To the Members of FSB Technology (UK) Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 directors are 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 have no realistic alternative but to do so.

FSB Technology (UK) Limited

Independent Auditor's Report (Continued)

To the Members of FSB Technology (UK) Limited

Auditor's 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 (UK) 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 (UK) we exercise professional judgement 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 purposes 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 directors.
- Conclude on the appropriateness of the directors' 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 auditor's 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 auditor's 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.

We communicate with those charged with governance 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.

FSB Technology (UK) Limited

Independent Auditor's Report (Continued)

To the Members of FSB Technology (UK) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, the UK Gambling Commission and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

FSB Technology (UK) Limited

Independent Auditor's Report (Continued)

To the Members of FSB Technology (UK) Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jamie Sherman (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

8 August 2023

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

FSB Technology (UK) Limited

Statement of Comprehensive Income

For the year ended 31 December 2022

| | | 2022 | 2021 |
|--|----------|--------------|------------------|
| | Notes | £ | as restated £ |
| Turnover | 2 | 8,937,981 | 8,006,957 |
| Cost of sales | | (4,202,602) | (3,978,526) |
| Gross profit | | 4,735,379 | 4,028,431 |
| Administrative expenses | | (25,374,498) | (12,547,806) |
| Other operating income | | 1,127,171 | 1,173,458 |
| Operating loss | 3 | (19,511,948) | (7,345,917) |
| Interest receivable and similar income | 6 | 1,486 | 105 |
| Interest payable and similar expenses | | (7,018) | (8,981) |
| Loss before taxation | | (19,517,480) | (7,354,793) |
| Taxation | 7 | - | (16,779) |
| Loss for the financial year | | (19,517,480) | (7,371,572) |

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

FSB Technology (UK) Limited

Balance Sheet

As at 31 December 2022

| | | 2022 | | 2021 as restated | |
|---|-------|---------------------|----------------------------|---------------------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 8 | | 207,783 | | 122,650 |
| Investments | 9 | | 7,751 | | 7,751 |
| | | | <u>215,534</u> | | <u>130,401</u> |
| Current assets | | | | | |
| Debtors | 11 | 3,975,193 | | 4,428,620 | |
| Cash at bank and in hand | | 328,875 | | 2,734,955 | |
| | | <u>4,304,068</u> | | <u>7,163,575</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(19,470,777)</u> | | <u>(2,727,671)</u> | |
| Net current (liabilities)/assets | | | <u>(15,166,709)</u> | | <u>4,435,904</u> |
| Total assets less current liabilities | | | <u>(14,951,175)</u> | | <u>4,566,305</u> |
| Provisions for liabilities | | | <u>(19,421)</u> | | <u>(19,421)</u> |
| Net (liabilities)/assets | | | <u><u>(14,970,596)</u></u> | | <u><u>4,546,884</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 236,180 | | 236,180 |
| Share premium account | | | 30,665,870 | | 30,665,870 |
| Profit and loss reserves | | | <u>(45,872,646)</u> | | <u>(26,355,166)</u> |
| Total equity | | | <u><u>(14,970,596)</u></u> | | <u><u>4,546,884</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 12 July 2023 and are signed on its behalf by:

M A Wagman
Director

Company Registration No. 06401555

FSB Technology (UK) Limited

Statement of Changes in Equity

For the year ended 31 December 2022

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|---|-------|--------------------|----------------------------------|----------------------------------|--------------|
| As restated for the period ended 31 December 2021: | | | | | |
| Balance at 1 January 2021 | | 104,758 | 17,655,167 | (18,983,594) | (1,223,669) |
| Year ended 31 December 2021: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (7,371,572) | (7,371,572) |
| Issue of share capital | 15 | 131,422 | 13,010,703 | - | 13,142,125 |
| Balance at 31 December 2021 | | 236,180 | 30,665,870 | (26,355,166) | 4,546,884 |
| Year ended 31 December 2022: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (19,517,480) | (19,517,480) |
| Balance at 31 December 2022 | | 236,180 | 30,665,870 | (45,872,646) | (14,970,596) |

FSB Technology (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

FSB Technology (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, 167-169 Great Portland Street, London, W1W 5PF.

1.1 Accounting convention

These financial statements have been prepared in accordance with section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Consolidated accounts have not been prepared on the basis that this is the second year in which group consolidation thresholds have been breached. The Company has taken advantage of the twelve month grace period to prepare consolidated financial statements but this will be a requirement for the year ended 31 December 2022.

1.2 Going concern

At the balance sheet date the company had net liabilities of £14,970,596 (2021: net assets of £4,546,884) and made a loss in the year of £19,517,480 (2021: £7,371,572). The company has received confirmation of continued funding and support from its owner for at least 12 months from the date of approval of the financial statements.

The directors have therefore, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and at least one year from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The company reports the gains and losses on all betting and gaming activities as turnover, which is measured at the fair value of consideration received or receivable from customers less free bets, promotions, bonuses, and other fair value of adjustments.

Turnover is also recognised at the fair value of consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---------------------|----------------------|
| Fixtures & Fittings | 3 year straight line |
| Office equipment | 3 year straight line |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Research and Development Expenditure Credit (RDEC) claims made by the company are accounted for in the year to which the related costs are incurred. The credit is shown above the line as other operating income with the related tax recognised in the tax charge for the year.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Sports betting open positions

The company historically provided a turnkey service to client companies in the gaming industry including the option to operate under the company's gaming license. This service ceased during 2022. At the prior year end there were no open positions under the company's license on behalf of client companies. Accounting standards require open positions on sports bets to be accounted for at fair value and it is the responsibility of the client companies to so account. Funds representing open bets were not included on the company's balance sheet.

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.16 Client funds

Client funds held and the corresponding liability are not recognised on the balance sheet of the company as the company obtains no economic benefit from holding these funds. Any client funds that subsequently become assets of the company are transferred to the profit and loss account accordingly.

2 Turnover and other revenue

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Hosting and revenue share | 8,937,981 | 8,006,957 |
| | <u> </u> | <u> </u> |
| | 2022 | 2021 |
| | £ | £ |
| | | As restated |
| Other significant revenue | | |
| Interest income | 1,486 | 105 |
| R&D tax credit income | 20,000 | 88,310 |
| Intercompany management income | 1,009,251 | 459,770 |
| Other income | 97,920 | 625,378 |
| | <u> </u> | <u> </u> |

All turnover has been derived from UK contracts.

3 Operating loss

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 19,523 | 41,939 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 36,000 | 16,250 |
| Depreciation of owned tangible fixed assets | 88,378 | 77,486 |
| Operating lease charges | 326,081 | 147,587 |
| | <u> </u> | <u> </u> |

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| 2022 | 2021 |
|-------------------|-------------------|
| Number | Number |
| 171 | 135 |
| <u> </u> | <u> </u> |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

4 Employees (Continued)

Their aggregate remuneration comprised:

| | 2022 £ | 2021 £ |
|-----------------------|-------------------|------------------|
| Wages and salaries | 10,436,373 | 7,622,833 |
| Social security costs | 1,330,870 | 802,808 |
| Pension costs | 249,251 | 193,691 |
| | <u>12,016,494</u> | <u>8,619,332</u> |

5 Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 353,128 | 325,164 |
| Company pension contributions to defined contribution schemes | 37,630 | 30,106 |
| Sums paid to third parties for directors' services | 130,958 | 134,167 |
| | <u>521,716</u> | <u>489,437</u> |

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2022 £ | 2021 £ |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>180,000</u> | <u>160,009</u> |

6 Interest receivable and similar income

| | 2022 £ | 2021 £ |
|---------------------------|--------------|------------|
| Interest income | | |
| Interest on bank deposits | <u>1,486</u> | <u>105</u> |

Investment income includes the following:

| | | |
|--|--------------|------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>1,486</u> | <u>105</u> |
|--|--------------|------------|

7 Taxation

| | 2022 £ | 2021 £ |
|--|-----------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | <u>-</u> | <u>16,779</u> |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2022 £ | 2021 £ |
|---|--------------|-------------|
| Loss before taxation | (19,517,480) | (7,354,793) |
| <i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i> | (3,708,321) | (1,397,411) |
| Tax effect of expenses that are not deductible in determining taxable profit | 5,204 | (2,884) |
| Unutilised tax losses carried forward | 3,713,007 | 1,437,128 |
| Research and development tax credit | - | (14,991) |
| Other permanent differences | (9,890) | (5,063) |
| Taxation charge for the year | - | 16,779 |

8 Tangible fixed assets

| | Fixtures & fittings £ | Office equipment £ | Total £ |
|------------------------------------|--------------------------|-----------------------|------------|
| Cost | | | |
| At 1 January 2022 | 58,712 | 421,732 | 480,444 |
| Additions | - | 173,511 | 173,511 |
| At 31 December 2022 | 58,712 | 595,243 | 653,955 |
| Depreciation and impairment | | | |
| At 1 January 2022 | 58,712 | 299,082 | 357,794 |
| Depreciation charged in the year | - | 88,378 | 88,378 |
| At 31 December 2022 | 58,712 | 387,460 | 446,172 |
| Carrying amount | | | |
| At 31 December 2022 | - | 207,783 | 207,783 |
| At 31 December 2021 | - | 122,650 | 122,650 |

9 Fixed asset investments

| | Notes | 2022 £ | 2021 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 10 | 7,751 | 7,751 |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

9 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group undertakings

£

Cost or valuation

At 1 January 2022 & 31 December 2022

7,751

Carrying amount

At 31 December 2022

7,751

At 31 December 2021

7,751

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|--------------------------|-------------------|----------------------|---------------|
| FSB Technology (USA) Inc | United States | Ordinary | 100.00 |

The registered office of FSB Technology (USA) Inc. is 9E Loockerman Street, Suite 311, Dover, Delaware, 19901, United States.

11 Debtors

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,521,845 | 1,450,945 |
| Corporation tax recoverable | 20,000 | 63,911 |
| Amounts owed by group undertakings | 1,344,192 | 2,108,830 |
| Other debtors | 515,324 | 370,335 |
| Prepayments and accrued income | 573,832 | 434,599 |
| | <u>3,975,193</u> | <u>4,428,620</u> |

An amount of £2,423,789 (2021: £nil) has been provided against amounts owed by group undertakings in the year and is excluded from the balance noted above

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|-------------------|------------------|
| Trade creditors | 2,243,847 | 717,804 |
| Amounts due to group undertakings | 14,004,340 | - |
| Other taxation and social security | 753,109 | 385,491 |
| Other creditors | 88,633 | 560,111 |
| Accruals and deferred income | 2,380,848 | 1,064,265 |
| | <u>19,470,777</u> | <u>2,727,671</u> |

The amounts due to group undertakings represent loans received from the parent company to finance working capital. These amounts are interest free and repayable on demand.

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2022 £ | Liabilities 2021 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | <u>19,421</u> | <u>19,421</u> |

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of £38m and as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

14 Retirement benefit schemes

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>249,251</u> | <u>193,691</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|---|-------------------|-------------------|----------------|----------------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of 1p each | <u>23,617,936</u> | <u>23,617,936</u> | <u>236,180</u> | <u>236,180</u> |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

16 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2022 £ | 2021 £ |
|-----------------|-----------|-----------|
| Within one year | 90,500 | 162,500 |

17 Events after the reporting date

The company's controlling party, Clairvest Group Inc., provided funding by way of a loan agreement via the parent entity with a total aggregate principal amount of £7.94m after the balance sheet date as part of its ongoing support the company. These funds were provided to the company to finance working capital.

In addition, the company has issued 28,441,909 ordinary 1p shares at par for a cash consideration totalling £284,419.

18 Ultimate controlling party

The immediate parent company is FSB Holdings (UK) Limited, a company registered in England and Wales.

The ultimate parent company is Clairvest Equity Partners V Limited Partnership, a partnership registered in Canada. There is no single controlling party.

19 Prior period adjustment

During 2022 it was noted that client funds held were in excess of the liability owed to clients meaning that cash at bank held in client accounts belonged to the company. As such an amount totaling £625,378 was released. This amount originated prior to 2022 and as such a prior period adjustment has been made to correct the comparatives figures.

Changes to the balance sheet

| | As previously reported £ | Adjustment £ | As restated at 31 Dec 2021 £ |
|-----------------------------|--------------------------------|-----------------|------------------------------------|
| Current assets | | | |
| Bank and cash | 2,109,577 | 625,378 | 2,734,955 |
| Capital and reserves | | | |
| Profit and loss reserves | (26,980,544) | 625,378 | (26,355,166) |

FSB Technology (UK) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

19 Prior period adjustment

(Continued)

Changes to the profit and loss account

| | As previously reported | Adjustment | As restated |
|-------------------------------|---------------------------|------------|-------------|
| Period ended 31 December 2021 | £ | £ | £ |
| Other operating income | 548,080 | 625,378 | 1,173,458 |
| Loss for the financial period | (7,996,950) | 625,378 | (7,371,572) |

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.