

IZI Interactive Limited

Report & Financial Statements

30 June 2020

Company registration number: C 75678

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2020.

Principal activities

IZI Interactive Limited (the "company") was incorporated on 19 May 2016 to carry on the business of sports betting by electronic or remote means in terms of the licence issued by Malta Gaming Authority.

Review of business development

During the year under review the company posted a net loss after tax of € 36,184 (2019: € 49,179).

Directors

The following have served as directors of the company during the year under review:

Mr Johann Schembri
Mr Franco De Gabriele
Mr Joseph Mallia

In accordance with the Articles of Association of the company, the present directors are to remain in office.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting year.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office.



Franco De Gabriele
Director



Johann Schembri
Director

Registered address:
Level 11, Portomaso Business Tower
Portomaso
St. Julian's
STJ 4011
Malta

18 February 2021

Statement of comprehensive income

	Notes	2020 €	2019 €
Net gaming revenue	5	81,871	31,910
Direct operating expenses		(73,526)	(47,710)
Operating profit (loss)		8,345	(15,800)
Administrative expenses		(72,973)	(74,444)
Loss before tax	6	(64,628)	(90,244)
Tax income	8	28,444	41,065
Loss for the year after tax		(36,184)	(49,179)

Statement of financial position

	Notes	2020 €	2019 €
Assets			
Non-current			
Intangible asset	9	50,000	50,000
Property, plant and equipment	10	3,225	-
		<u>53,225</u>	<u>50,000</u>
Current			
Trade and other receivables	11	19,541	30,852
Cash and cash equivalents	12	25,529	4,370
		<u>45,070</u>	<u>35,222</u>
Total assets		<u>98,295</u>	<u>85,222</u>
Equity			
Share capital	13	100,000	100,000
Retained earnings		(130,570)	(94,386)
Total equity		<u>(30,570)</u>	<u>5,614</u>
Liabilities			
Current			
Trade and other payables	14	128,865	79,608
		<u>128,865</u>	<u>79,608</u>
Total equity and liabilities		<u>98,295</u>	<u>85,222</u>

The financial statements on pages 4 to 19 were approved and authorised for issue by the board of directors on 18 February 2021 and were signed on its behalf by:


 Franco De Gabriele
 Director


 Johann Schembri
 Director

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
At 1 July 2018	100,000	(45,207)	54,793
Loss for the year	-	(49,179)	(49,179)
At 30 June 2019	100,000	(94,386)	(5,614)
At 1 July 2019	100,000	(94,386)	5,614
Loss for the year	-	(36,184)	(36,184)
At 30 June 2020	100,000	(130,570)	(30,570)

Retained earnings include all current year and prior years' results as disclosed in the statement of comprehensive income.

Statement of cash flows

	Notes	2020 €	2019 €
Cash flows from operating activities			
Loss before tax		(64,628)	(90,244)
Depreciation of property, plant and equipment		27	-
Net changes in working capital	15	89,012	82,543
Net cash generated from (used in) operating activities		24,411	(7,701)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(3,252)	-
Net cash used in investing activities		(3,252)	-
Net changes in cash and cash equivalent		21,159	(7,701)
Cash and cash equivalents, beginning of year		4,370	12,071
Cash and cash equivalents, end of year	12	25,529	4,370

Notes to the financial statements

1 Nature of operations

IZI Interactive Limited (the “company”) was incorporated on 19 May 2016 to carry on the business of sports betting by electronic or remote means in terms of the licence issued by Malta Gaming Authority (MGA).

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

IZI Interactive Limited is a private limited liability company incorporated and domiciled in Malta. The address of the company’s registered office, which is also its principal place of business is Level 11, Portomaso Business Tower, Portomaso, St. Julian’s STJ 4011, Malta.

The company’s immediate and ultimate parent company, Pinnacle Gaming Group Limited, a company incorporated and domiciled in Malta, prepares consolidated financial statements which are available for public inspection at the Registry of Companies in Malta. The ultimate controlling party is Mr. Johann Schembri as majority shareholder of Pinnacle Gaming Group Limited.

The financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386. They have been prepared under the assumption that the company operates on a going concern basis.

The financial statements are presented in euro (€), which is also the functional currency of the company. The amounts presented in the financial statements have been rounded to the nearest euro.

2.1 Going concern

The financial statements have been drawn up on a going concern basis. At the reporting date the company had net current liabilities of € 83,795 (2019: € 44,386) and net liabilities of € 30,570 (2019: net assets of €5,614).

However, of the total liabilities € 37,995 (2019: € 48,185) was owed to the company’s parent company (see note 14). The directors have obtained assurance that the parent company will not call for payment of the amount due before third party balances are settled and will continue to provide support for the company to meet its obligations.

Based on the foregoing, the directors confirm that it remains appropriate to prepare the financial statements on a going concern basis.

3 Changes in accounting policies

3.1 New Standards adopted as at 1 July 2019

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2019. These and other amendments to IFRS that became mandatorily effective in 2019 have no material impact on the company's financial results or position. Accordingly, the company has made no changes to its accounting policies in 2019.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed have not been disclosed as they are not expected to have a material impact on the company's financial statements.

4 Summary of accounting policies

4.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting policies have been consistently applied by the company and are consistent with those used in previous year.

The financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements* (Revised 2007). The company did not have any items classified as 'other comprehensive income'.

4.2 Revenue recognition

Revenue of the company arises from remote gaming operations.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised when performance obligations have been satisfied and the consideration to which the company expects to be entitled to can be measured reliably.

The company evaluates all contractual arrangements it enters into and evaluates the nature of the promised goods or services, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are capable of being distinct and are distinct in the context of the contract, the consideration the company expects to be entitled under the arrangement is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue is recognised at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied, either at a point in time or over time, as applicable, based on the pattern of transfer of control.

Net gaming revenue

Net gaming revenue is measured at the fair value of consideration received or receivable, net of betting duties and similar taxes, and charge-backs, and comprises the following elements:

Sportsbook: gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Where promotional bonuses apply to customers playing a variety of products through the same wallet, bonuses are allocated pro rata to net win.

4.3 Expense recognition

Expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

4.4 Employee benefits

Contributions toward the state pension in accordance with local legislation are recognised in the statement of comprehensive income when they are due.

4.5 Income taxes

Tax income recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profits recognised in the statement of comprehensive income in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.6 Intangible assets

Payments made to third parties in order to acquire intellectual property rights, including initial upfront payments, are capitalised as intangible assets. If additional payments are made to the originator company for the provision of technical support and other activities, such payments will be expensed if they are deemed to be a compensation for support services not resulting to additional transfer of intellectual property rights to the company. Additional payments will be capitalised if they are deemed to be compensation for the transfer to the company of additional property developed at the risk of the originator company.

The licence acquired by the company includes the right to download, install and use a system intended for sports betting, for which revenues will be generated by the company. The licence agreement is enforceable for one year and automatically renewable until either of the parties terminate the agreement. Further, the extension of the agreement shall not entail any other licence fee. On this basis, management considers this intangible asset to have an indefinite useful life and therefore is not amortised. It is subject to impairment testing as described in note 4.8.

4.7 Property, plant and equipment

Items of property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment as follows:

Computer equipment	10%
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Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within 'other income' or 'administrative expenses'.

4.8 Impairment of intangible asset and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses are recognised immediately in the statement of comprehensive income. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

4.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the years presented, the company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are presented within finance costs or finance income, except for impairment of receivables which is presented within 'administrative expenses'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and other receivables, excluding prepayments, fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost, trade receivables (if any), contract assets recognised and measured under IFRS 15, where applicable.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and subsequent measurement of financial liabilities

The company's financial liabilities include trade and other payables (except statutory liabilities).

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges that are reported in profit or loss are included within finance costs or finance income.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

4.11 Equity and reserves

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include current and prior years' results.

4.12 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Significant management judgement

In the opinion of the directors, the judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised 2007).

Estimation uncertainty

Impairment of intangible asset and property, plant and equipment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.8). The company has not recognised any impairment charge in the years presented.

5 Net gaming revenue

The following amounts have been included in the statement of comprehensive income for the reporting periods presented:

	2020 €	2019 €
Sports revenue	81,871	31,910
Net gaming revenue	81,871	31,910

6 Loss before tax

Loss before tax is stated after charging:

	2020 €	2019 €
Auditor's remuneration	3,835	3,200
Depreciation of property, plant and equipment	27	-

7 Staff costs

	2020 €	2019 €
Wages and salaries	2,318	-
Social security costs	144	-
	<u>2,462</u>	<u>-</u>

Total staff costs is presented in the statement of comprehensive income within 'direct operating expenses'.

The average number of persons employed by the company for the reporting periods presented were:

	2020 No.	2019 No.
Operations	<u>1</u>	<u>-</u>

8 Tax income

The relationship between the expected tax income based on the effective tax rate of the company at 35% (2019: 35%) and the tax income actually recognised in the statement of comprehensive income can be reconciled as follows:

	2020 €	2019 €
Loss before tax	(64,628)	(90,244)
Tax rate	35%	35%
Expected tax income	<u>22,620</u>	<u>31,585</u>
Adjustment for non-deductible expenses	(9)	(2,187)
Amortisation of ineligible asset	5,833	5,833
Prior period losses surrendered	-	5,834
Actual tax income	<u>28,444</u>	<u>41,065</u>
Comprising:		
Compensation for group loss relief surrendered to a related company in:		
Current year	28,444	35,231
Prior year	-	5,834
	<u>28,444</u>	<u>41,065</u>

The company has deductible temporary difference arising from unused capital allowances, unused tax losses and depreciation of tangible fixed assets amounting to € 677 (2019: € 650) that gives rise to a deferred tax asset amounting € 238 (2019: € 228) which has not been recognised in these financial statements.

9 Intangible asset

	2020 €	2019 €
Cost		
At 1 July / 30 June	<u>50,000</u>	<u>50,000</u>

The intangible asset is not being amortised since management considers this asset to have an indefinite useful life. There have been no events or changes in circumstances during the periods presented that indicate the carrying amount may not be recoverable.

10 Property, plant and equipment

	Computer equipment €
Cost	
At 1 July 2019	-
Additions	3,252
At 30 June 2020	<u>3,252</u>
Accumulated depreciation	
At 1 July 2019	-
Charge for the year	27
At 30 June 2020	<u>27</u>
Carrying amount at 30 June 2020	<u>3,225</u>

11 Trade and other receivables

	2020 €	2019 €
Payment processors	18,996	7,797
Other receivables	-	1,365
Financial assets	<u>18,996</u>	<u>9,162</u>
Prepayments	545	21,690
Total trade and other receivables	<u>19,541</u>	<u>30,852</u>

The carrying value of the financial assets is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and cash flows include the following component:

	2020 €	2019 €
Cash at bank	<u>25,529</u>	<u>4,370</u>
Allocated as:		
Own funds	7,871	820
Players' funds	17,658	3,550
	<u>25,529</u>	<u>4,370</u>

The company does not have restrictions on its cash at bank at year-end.

13 Share capital

The share capital of IZI Interactive Limited consists of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of IZI Interactive Limited.

	2020 €	2019 €
Shares authorised, issued and paid up at 30 June		
100,000 ordinary shares of € 1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

14 Trade and other payables

	2020 €	2019 €
Trade payables	49,974	10,302
Players' liability	10,662	6,633
Amounts owed to parent company	37,995	48,185
Accrued expenses	28,892	14,488
Financial liabilities	<u>127,523</u>	<u>79,608</u>
Statutory liabilities	1,342	-
	<u>128,865</u>	<u>79,608</u>

The carrying value of the financial liabilities is considered a reasonable approximation of fair value.

Amounts owed to the parent company are unsecured, interest-free and repayable on demand.

15 Changes in working capital

The following adjustments for changes in working capital have been made to the loss before tax to arrive at operating cash flow:

	2020 €	2019 €
Net changes in working capital:		
Change in trade and other receivables	39,755	40,711
Change in trade and other payables	49,257	41,832
	<u>89,012</u>	<u>82,543</u>

16 Related party transactions

The company's related parties include its parent company and fellow subsidiaries.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantee was given or received. Amounts owed to the parent company are shown separately in note 14.

Transactions with parent company

	2020	2019
	€	€
Balance outstanding at 1 July	(48,185)	44,901
Advances received	(18,000)	(134,000)
Expenses paid by the parent on behalf of the company	(254)	(151)
Group loss relief surrendered to the parent	28,444	41,065
Balance outstanding at 30 June	<u>(37,995)</u>	<u>(48,185)</u>

17 Financial instrument risk

Risk management objectives and policies

The company is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risk.

The most significant financial risks to which the company is exposed are described below. See also note 17.3 for a summary of the company's financial assets and financial liabilities by category.

17.1 Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Notes	2020	2019
		€	€
Classes of financial assets - carrying amounts			
Trade and other receivables	11	18,996	9,162
Cash and cash equivalents	12	25,529	4,370
		<u>44,525</u>	<u>13,532</u>

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties. None of the company's financial assets is secured by collateral or other credit enhancements.

Trade and other receivables primarily include amounts due from payment processors. The company considers the credit risk associated with balances with payment processors to be low, having assessed the credit ratings and financial strength of the counterparties involved. The company further reduces credit risk on its receivables from payment processors through spreading the risk across a multitude of payment processors with varying deposits and withdrawal methods.

The company holds money exclusively with an institution having high quality external credit ratings. The cash and cash equivalents held with such bank are callable on demand. The bank with whom cash and cash equivalents are held forms part of an international group with A-3 credit rating by Standard & Poor's and similar high ratings by other agencies. Management considers the possibility of default to be close to zero and the amount calculated using the 12-month ECL model to be very insignificant. Therefore, no loss allowance has been recognized.

17.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities (see note 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

The company manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis. The company's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instrument.

As at 30 June 2020 and 2019 the company's financial liabilities are all current.

17.3 Summary of financial assets and financial liabilities by category

The carrying amounts of the company's financial assets and financial liabilities as recognised at the reporting date may also be categorised as follows. See note 4.9 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2020 €	2019 €
Current assets			
Financial assets at amortised cost:			
- Trade and other receivables	11	18,996	9,162
- Cash and cash equivalents	12	25,529	4,370
		<u>44,525</u>	<u>13,532</u>
Current liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	14	<u>127,523</u>	<u>79,608</u>

18 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and provide an adequate return to shareholders.

The company monitors the level of debt, which includes payables less the bank balance against total capital on an ongoing basis. The directors consider the company's gearing level at year end to be appropriate for its business.

Independent auditor's report

To the shareholders of IZI Interactive Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IZI Interactive Limited set out on pages 4 to 19 which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The directors are responsible for the other information. The other information comprises the directors' report shown on pages 2 and 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, 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 relating 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.

The directors are responsible for overseeing the company's financial reporting process.

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 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 the ISAs, 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 purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

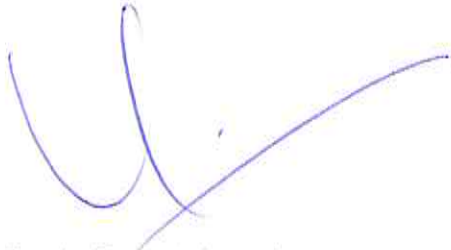
Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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18 February 2021