



IZI Interactive Limited

Report & Financial Statements

30 June 2021

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 2021.

Principal activities

IZI Interactive Limited (the 'company') was incorporated on the 19 May 2016 to carry on trading activity connected with online gaming in terms of the license issued by the Malta Gaming Authority.

Review of business development

During the year under review the company posted a net loss after tax of €257,378 (2020: €36,184). The directors expect the company's performance, and statement of affairs, to improve within the foreseeable future.

Directors

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

Johann Schembri
Franco De Gabriele
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.



Joseph Mallia
Director

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



Johann Schembri
Director

27 December 2021

Statement of comprehensive income

	Notes	2021 €	2020 €
Net gaming revenue	5	284,446	81,871
Direct operating expenses		(598,427)	(98,534)
Operating loss		(313,981)	(16,663)
Administrative expenses		(161,224)	(47,965)
Other income		106,221	-
Loss before tax	6	(368,984)	(64,628)
Tax income	8	111,606	28,444
Loss for the year		(257,378)	(36,184)

Statement of financial position

	Notes	2021 €	2020 €
Assets			
Non-current			
Intangible assets	9	73,029	50,000
Property, plant and equipment	10	12,466	3,225
Deferred tax asset	11	81,849	-
Other non-current assets	12	46,000	-
		<u>213,344</u>	<u>53,225</u>
Current			
Other receivables	13	177,670	19,541
Cash and cash equivalents	14	28,102	25,529
		<u>205,772</u>	<u>45,070</u>
Total assets		<u>419,116</u>	<u>98,295</u>
Equity			
Share capital	15	200,000	100,000
Accumulated losses		(387,948)	(130,570)
Total equity		<u>(187,948)</u>	<u>(30,670)</u>
Liabilities			
Current			
Trade and other payables	16	607,064	128,865
		<u>607,064</u>	<u>128,865</u>
Total equity and liabilities		<u>419,116</u>	<u>98,295</u>

The financial statements on pages 4 to 20 were approved and authorised for issue by the board of directors on 27 December 2021 and were signed on its behalf by:


 Joseph Mallia
 Director


 Johann Schembri
 Director

Statement of changes in equity

	Share capital €	Accumulated losses €	Total €
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)
At 1 July 2020	100,000	(130,570)	(30,570)
Issuance of share capital	100,000	-	100,000
Loss for the year	-	(257,378)	(257,378)
At 30 June 2021	200,000	(387,948)	(187,948)

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

Statement of cash flows

	Notes	2021 €	2020 €
Cash flows from operating activities			
Loss before tax		(368,984)	(64,628)
Depreciation of property, plant and equipment		776	27
Impairment of intangible asset		50,000	-
Net changes in working capital	17	349,827	89,012
Net cash generated from operating activities		31,619	24,411
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(10,017)	(3,252)
Payments to acquire intangible assets		(73,029)	-
Payments of security deposits		(46,000)	-
Net cash used in investing activities		(129,046)	(3,252)
Cash flows from financing activity			
Issuance of share capital		100,000	-
Net cash generated from financing activity		100,000	-
Net changes in cash and cash equivalent		2,573	21,159
Cash and cash equivalents, beginning of year		25,529	4,370
Cash and cash equivalents, end of year	14	28,102	25,529

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, IZI Group plc (formerly known as 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 IZI Group plc.

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 € 401,292 (2020: € 83,795) and net liabilities of € 187,948 (2020: € 30,570).

However, of the total liabilities € 204,703 (2020: € 37,995) was owed to the company’s parent company (see note 16). 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 2020

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020. These and other amendments to IFRS that became mandatorily effective in 2020 have no material impact on the company's financial results or position. Accordingly, the company has made no changes to its accounting policies in 2020.

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.
- Casino: net win in respect of bets placed on casino games that have concluded in the year, stated net of certain promotional bonuses.

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.

License

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.

Work in progress (software)

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the company intends to and has sufficient resources to complete the project
- the company has the ability to use or sell the software, and
- the software will generate probable future economic benefits.

Any capitalised internally developed software that is not yet complete is not amortised but 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 assets 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.

Accumulated losses 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 assets 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:

	2021 €	2020 €
Sportsbook	269,916	81,871
Casino	14,530	-
Gross gaming revenue	284,446	81,871

6 Loss before tax

Loss before tax is stated after charging:

	2021 €	2020 €
Auditor's remuneration	4,075	3,835
Depreciation of property, plant and equipment	776	27

7 Staff costs

	2021 €	2020 €
Wages and salaries	362,751	2,306
Bonuses	32,397	12
Social security costs	15,787	144
Other staff costs	1,280	-
	412,215	2,462

Wages and salaries include € 116,849 recharged by the parent company and € 87,627 recharged to a related party.

Total staff costs are 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:

	2021 No.	2020 No.
Operations	7	1

8 Tax income

The relationship between the expected tax income based on the effective tax rate of the company at 35% (2020: 35%) and the tax income actually recognised in the statement of comprehensive income can be reconciled as follows:

	2021 €	2020 €
Loss before tax	(368,984)	(64,628)
Tax rate	35%	35%
Expected tax income	129,144	22,620
Adjustment for non-deductible expenses	(17,776)	(9)
Amortisation of ineligible asset	-	5,833
Prior year deferred tax not recognised	238	-
Actual tax income	111,606	28,444
Comprising:		
Group loss relief surrendered to a related company	29,757	28,444
Deferred tax	81,849	-
	111,606	28,444

9 Intangible asset

	License €	Work in progress €	Total €
Cost			
At 1 July 2019/30 June 2020	50,000	-	50,000
At 1 July 2020	50,000	-	50,000
Additions	-	73,029	73,029
Impairment charge	(50,000)	-	(50,000)
At 30 June 2021	-	73,029	73,029

The intangible asset is not being amortised since management considers this asset to have an indefinite useful life. In 2021, the company fully impaired its license as it switched to a new gaming service provider.

10 Property, plant and equipment

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

	Computer equipment €
Cost	
At 1 July 2020	3,252
Additions	10,017
At 30 June 2021	<u>13,269</u>
Accumulated depreciation	
At 1 July 2020	27
Charge for the year	776
At 30 June 2021	<u>803</u>
Carrying amount at 30 June 2021	<u>12,466</u>

11 Deferred tax asset

Deferred tax arising from temporary differences, unutilised tax losses and unused capital allowances is summarised as follows:

	1 July 2020	Recognised in statement of comprehensive income	30 June 2021
	€	€	€
Property, plant and equipment	-	1,446	1,446
Losses carried forward	-	81,568	81,568
Unutilised capital allowances	-	(1,165)	(1,165)
Total	<u>-</u>	<u>81,849</u>	<u>81,849</u>

In the prior year, the company had deductible temporary difference arising from unused capital allowances, unused tax losses and depreciation of tangible fixed assets amounting to € 677 that gives rise to a deferred tax asset amounting € 238 which had not been recognised in these financial statements.

12 Other non-current assets

	2021 €	2020 €
Security deposits	<u>46,000</u>	<u>-</u>

13 Other receivables

	2021 €	2020 €
Payment processors	101,589	18,996
Amounts owed by a related party	39,173	-
Financial assets	<u>140,762</u>	<u>18,996</u>
Prepayments	36,908	545
Total trade and other receivables	<u>177,670</u>	<u>19,541</u>

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

Amounts owed by a related party are unsecured, interest free and repayable on demand.

14 Cash and cash equivalents

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

	2021 €	2020 €
Cash at bank	<u>28,102</u>	<u>25,529</u>
Allocated as:		
Own funds	3,081	7,871
Players' funds	<u>25,021</u>	<u>17,658</u>
	<u>28,102</u>	<u>25,529</u>

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

15 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.

	2021 €	2020 €
Shares authorised, issued and paid up at 30 June		
200,000 (2020: 100,000) ordinary shares of € 1 each	<u>200,000</u>	<u>100,000</u>
	<u>200,000</u>	<u>100,000</u>

16 Trade and other payables

	2021 €	2020 €
Trade payables	184,219	49,974
Players' liability	31,222	10,662
Amounts owed to parent company	204,703	37,995
Accrued expenses	80,400	28,892
Financial liabilities	<u>500,544</u>	<u>127,523</u>
Statutory liabilities	106,520	1,342
	<u>607,064</u>	<u>128,865</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.

17 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:

	2021 €	2020 €
Net changes in working capital:		
Change in trade and other receivables	(158,129)	39,755
Change in trade and other payables	<u>507,956</u>	<u>49,257</u>
	<u>349,827</u>	<u>89,012</u>

18 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 by/to related parties are shown separately in notes 13 and 16.

Transactions with parent company

	2021 €	2020 €
Salaries recharged by the parent	116,849	-
Group loss relief surrendered to the parent	(29,757)	(28,444)

Transactions with a related party

Salaries recharged to a related party	(87,627)	-
Revenue share charged to a related party	(90,000)	-

19 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 19.3 for a summary of the company's financial assets and financial liabilities by category.

19.1 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	2021 €	2020 €
Classes of financial assets - carrying amounts			
Financial assets at amortised cost:			
Security deposits	12	46,000	-
Trade and other receivables	13	140,762	18,996
Cash and cash equivalents	14	28,102	25,529
		<u>214,864</u>	<u>44,525</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 BBB- 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.

19.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities (see note 16). 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 2021 and 2020 the company's financial liabilities are all current.

19.3 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	2021 €	2020 €
Current assets			
Financial assets at amortised cost:			
- Security deposits	12	46,000	-
- Trade and other receivables	13	140,762	18,996
- Cash and cash equivalents	14	28,102	25,529
		<u>214,864</u>	<u>44,525</u>
Current liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	16	<u>500,544</u>	<u>127,523</u>

20 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.

21 Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

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 20 which comprise the statement of financial position as at 30 June 2021, 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 2021, 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
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27 December 2021