Grant Thornton

# Peninsula Gaming Group Limited

## Report & Financial Statements

## 30 June 2021

Company registration number: C 47380

# Contents

# Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2021.

### Principal activity

The principal activity of the company is to act as a holding company.

### Results

The loss for the year amounted to € 8,598 (2020: € 5,243).

### Directors

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

Mr Michael Bianchi
Mr Raphael Bianchi
Mr Johann Schembri
Mr Franco Degabriele
Mr Joseph Mallia

In accordance with the company's Articles of Association, the present directors remain in office.

### Disclosure of information to 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 their 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 period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

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 and a resolution proposing its reappointment will be put to the Annual General Meeting.

**Johann Schembri**
Director

**Raphael Bianchi**
Director

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

31 January 2022

# Statement of comprehensive income

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | € | € |
| Administrative expenses | | (8,598) | (5,243) |
| **Loss before tax** | 5 | **(8,598)** | **(5,243)** |
| Tax income | 6 | - | - |
| **Loss for the year** | | **(8,598)** | **(5,243)** |

# Statement of financial position

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | € | € |
| **Assets** | | | |
| **Non-current** | | | |
| Investment in subsidiaries | 7 | **2,865,650** | **2,865,650** |
| **Current** | | | |
| Receivable | 8 | 11,347 | 11,347 |
| Cash and cash equivalents | 9 | 660 | 7,614 |
| | | **12,007** | **18,961** |
| **Total assets** | | **2,877,657** | **2,884,611** |

# Statement of financial position – continued

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | € | € |
| **Equity** | | | |
| Share capital | 10 | 2,221,525 | 2,221,525 |
| Accumulated losses | | (157,047) | (148,449) |
| **Total equity** | | **2,064,478** | **2,073,076** |
| **Liabilities** | | | |
| **Non-current** | | | |
| Trade and other payables | 11 | **803,687** | **803,067** |
| **Current** | | | |
| Trade and other payables | 11 | **9,492** | **8,468** |
| **Total liabilities** | | **813,179** | **811,535** |
| **Total equity and liabilities** | | **2,877,657** | **2,884,611** |

The financial statements on pages 4 to 18 were approved by the board of directors authorised for issue on 31 January 2022 and signed on its behalf by:

**Johann Schembri**
Director

**Raphael Bianchi**
Director

# Statement of changes in equity

| | Share capital € | Accumulated losses € | Total equity € |
|---|---|---|---|
| At 1 July 2019 | 2,221,525 | (143,206) | 2,078,319 |
| Loss for the year | - | (5,243) | (5,243) |
| **At 30 June 2020** | **2,221,525** | **(148,449)** | **2,073,076** |
| At 1 July 2020 | 2,221,525 | (148,449) | 2,073,076 |
| Loss for the year | - | (8,598) | (8,598) |
| **At 30 June 2021** | **2,221,525** | **(157,047)** | **2,064,478** |

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

# Statement of cash flows

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | € | € |
| **Operating activities** | | | |
| Loss before tax | | (8,598) | (5,243) |
| Net changes in working capital | 12 | 1,644 | (416) |
| **Net cash used in operating activities** | | **(6,954)** | **(5,659)** |
| Net change in cash and cash equivalents | | (6,954) | (5,659) |
| Cash and cash equivalents, beginning of year | | 7,614 | 13,273 |
| **Cash and cash equivalents, end of year** | 9 | **660** | **7,614** |

# Notes to the financial statements

## 1 Nature of operations

The principal activity of the company is to act as a holding company.

## 2 General information, statement of compliance with IFRS and going concern assumption

Peninsula Gaming Group Limited, a private limited liability company, is 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, St. Julian's, Malta. The parent company is IZI Group plc (formerly known as Pinnacle Gaming Group Limited) with registered office and principal place of business at Level 11, Portomaso Business Tower, St. Julian's, Malta.

The company's parent company, IZI Group plc, a company incorporated and domiciled in Malta, prepares consolidated financial statements which are available for public inspection at the Registry of Companies in Malta.

Peninsula Gaming Group Limited met all the other conditions specified under paragraph 4(a) of IFRS 10, *Consolidated Financial Statements* to be exempted from preparing consolidated financial statements. These financial statements therefore represent the separate financial statements of the company.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€) which is also the company's functional currency. The amounts presented are rounded to the nearest euro.

## 3 New or revised Standards or Interpretations

### 3.1 New standards adopted as at 1 January 2020

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.

### 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, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are 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.

### 4.2 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

### 4.3 Investment in subsidiaries

Investment in subsidiaries are included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investment is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At each reporting date the company reviews the carrying amount of its investment in subsidiary to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in profit or loss.

### 4.4 Financial instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company become 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 the 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

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

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

In the periods presented the company did 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
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other 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
- 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 most other receivables fall into this category of financial instruments.

### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and trade receivables.

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.

### Receivables

The company makes use of a simplified approach in accounting for 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 company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of receivables on a collective basis as they possess shared credit risk characteristics.

### Classification and measurement of financial liabilities

The company's financial liabilities include trade and other payables.

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 are included within finance costs or finance income.

### 4.5 Income taxes

Tax income recognised in profit or loss comprises the sum of deferred tax and current tax not recognised 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 periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss 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 affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future.

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 they will be able to be utilised against future taxable income.

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 directly in equity, respectively.

### 4.6 Cash and cash equivalents

For the purposes of the statement of cash flows and statement of financial position, cash and cash equivalents comprise cash at bank.

### 4.7 Equity

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period losses.

### 4.8 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### Significant management judgement

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised.

### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

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.

## 5 Loss before tax

The loss before tax is stated after charging:

| | 2021 € | 2020 € |
|---|---|---|
| Auditor's remuneration | 3,717 | 3,481 |

## 6 Tax income

The relationship between the expected tax income based on the effective tax rate of Peninsula Gaming Group Limited 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 | (8,598) | (5,243) |
| Tax rate | 35% | 35% |
| **Expected tax income** | **3,009** | **1,835** |
| Adjustment for non-deductible expenses | (3,009) | (1,835) |
| **Actual tax income, net** | - | - |

As at 30 June 2021, the company has deductible temporary differences arising from unused capital allowances and other temporary differences amounting to € 45,074 (2020: € 45,074), which give rise to a deferred tax asset amounting to € 15,776 (2020: € 15,776) which has not been recognised in the financial statements.

## 7 Investments in subsidiaries

The company holds 99.9% (2020: 99.9%) voting and equity interest in Dragonara Gaming Limited which carries on the business of casino and all activities related thereto. The company also holds 99.99% (2020: 99.9%) voting and equity interest in Dragonara Interactive Limited which is an online gaming company. The shares in both companies are not publicly listed on a stock exchange and hence published price quotes are not available.

| | 2021 | 2020 |
|---|---|---|
| | € | € |
| Dragonara Gaming Limited | 2,840,650 | 2,840,650 |
| Dragonara Interactive Limited | 25,000 | 25,000 |
| | **2,865,650** | **2,865,650** |

## 8 Receivables

| | 2021 | 2020 |
|---|---|---|
| | € | € |
| Amount owed by fellow subsidiary | 11,347 | 11,347 |
| **Financial asset** | **11,347** | **11,347** |

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

The amount owed by a fellow subsidiary is unsecured, interest free and repayable on demand.

## 9 Cash and cash equivalents

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

| | 2021 | 2020 |
|---|---|---|
| | € | € |
| Cash at bank | **660** | **7,614** |

The company did not have any restrictions on its cash at bank as at year end.

## 10 Share capital

The share capital of Peninsula Gaming Group Limited consists of ordinary A and B shares with a par value of € 1. Each share shall be entitled to one vote and each class shall have equal rights of participation in the company.

| | 2021 € | 2020 € |
|---|---|---|
| **Authorised, issued and fully paid up** | | |
| 888,610 ordinary A shares of € 1 each and 100% paid-up | 888,610 | 888,610 |
| 1,332,915 ordinary B shares of € 1 each and 100% paid-up | 1,332,915 | 1,332,915 |
| | **2,221,525** | **2,221,525** |

## 11 Trade and other payables

| | 2021 € | 2020 € |
|---|---|---|
| **Non-current** | | |
| Shareholders' loan | 281,529 | 280,909 |
| Amounts owed to subsidiary | 522,158 | 522,158 |
| **Non-current financial liabilities** | **803,687** | **803,067** |
| **Current** | | |
| Trade payables | 3,521 | - |
| Accrued expenses | 5,971 | 8,468 |
| **Current financial liabilities** | **9,492** | **8,468** |
| **Total trade and other payables** | **813,179** | **811,535** |

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

The long term payables to related parties are unsecured, interest free and are not expected to be settled within twelve months from the reporting date.

## 12 Cash flow net changes in working capital

The following net changes in working capital have been made to the result for the year to arrive at operating cash flow:

| | 2021 € | 2020 € |
|---|---|---|
| **Net changes in working capital:** | | |
| Change in trade and other receivables | - | 50 |
| Change in trade and other payables | 1,644 | (466) |
| | **1,644** | **(416)** |

## 13 Related party transactions

The company's related parties include its parent company, companies under common control, key management personnel and shareholders.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 8 and 11.

The company considers that its key management personnel are solely its directors. The directors did not receive any remuneration from the company during the period under review.

The ultimate controlling party is considered to be Mr. J. Schembri as 99.9% shareholder of the parent company.

## 14 Financial instrument risks

### Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market 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 risk to which the company is exposed are described below. See also note 14.5 for a summary of the company's financial assets and liabilities by category.

### 14.1 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<br>€ | 2020<br>€ |
|---|---|---|---|
| **Classes of financial assets - carrying amounts:** | | | |
| Receivables | 8 | 11,347 | 11,347 |
| Cash and cash equivalents | 9 | 660 | 7,614 |
| **Loans and receivables** | | **12,007** | **18,961** |

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.

The company's management considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

The company has an overall credit policy that monitors its receivables and evaluates the amount of credit extended based on the credit worthiness of the counterparty and its history of payments. Dealings with counterparties may be suspended if counterparties default in their payments and, in some cases, legal action may be taken to recover amounts outstanding for an extended period.

None of the company's financial assets is secured by collateral or other credit enhancements.

The company does not have significant exposure with respect to receivables since the major debtors are related companies which are creditworthy.

With respect to balances with related parties (as disclosed in note 8) the company assesses the credit quality of these related parties by taking into account financial position, performance and other factors. In measuring the expected credit losses in these balances, management determined the impairment provision independently from third party receivables and as at 30 June 2021, there was no impairment in relation to related party balances. Management take cognisance of the related party relationship with these entities and settlement arrangements in place and management does not expect any losses from non-performance or default.

The company banks only with reputable local financial institutions with high quality standing or rating. At 30 June 2021, cash and cash equivalents are held with counterparties with credit rating of BBB- and are callable on demand. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the company.

### 14.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 11). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

The company's financial liabilities have contractual maturities which are summarised below:

| | Current Within 1 year € | Non-current More than 5 years € |
|---|---|---|
| **30 June 2021** | | |
| Shareholders' loan | - | 281,529 |
| Amounts owed to subsidiary | - | 522,158 |
| Trade payables | 3,521 | - |
| Accrued expenses | 5,971 | - |
| | **9,492** | **803,687** |
| **30 June 2020** | | |
| Shareholders' loan | - | 280,909 |
| Amounts owed to subsidiary | - | 522,158 |
| Trade payables | - | - |
| Accrued expenses | 8,468 | - |
| | **8,468** | **803,067** |

### 14.3 Foreign currency risk

The company transacts business mainly in euro and had no foreign currency denominated financial assets and liabilities at the end of the financial reporting date under review. Accordingly, the company is not exposed to foreign exchange risk.

### 14.4 Interest rate risk

The company is not exposed to interest rate risk as the company has no interest bearing financial assets and liabilities.

### 14.5 Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.4 for explanations about how the category of financial instruments affects their subsequent measurement.

| | Notes | 2021 € | 2020 € |
|---|---|---|---|
| **Current assets** | | | |
| Loans and receivables: | | | |
| - Receivables | 8 | 11,347 | 11,347 |
| - Cash and cash equivalents | 9 | 660 | 7,614 |
| | | **12,007** | **18,961** |
| **Non-current liabilities** | | | |
| *Financial liabilities measured at amortised cost:* | | | |
| - Trade and other payables | 11 | 803,687 | 803,067 |
| **Current liabilities** | | | |
| - Trade and other payables | 11 | 9,492 | 8,468 |
| | | **813,179** | **811,535** |

## 15 Capital management policies and procedures

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

## 16 Post-reporting date events

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

# Independent auditor's report

To the shareholders of Peninsula Gaming Group Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Peninsula Gaming Group Limited set out on pages 4 to 18 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.
- 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**

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

31 January 2022