Grant Thornton

Pinnacle IP Limited

Report & Financial Statements

30 June 2021

Company registration number: C 90608

Contents

Directors' report

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

Principal activities

The company was incorporated on 11 February 2019 to purchase, administer and manage intellectual property, with any rights thereon.

Review of business development

During the year under review, the company posted a profit of € 332,971.

Directors

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

Mr Johann Schembri
Mr Joseph Mallia
Mr Franco De Gabriele

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

Joseph Mallia
Director

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

14 February 2022

Income statement

	Notes	2021	2020 (16 ½ months)
		€	€
Revenue		570,145	1,932,944
Cost of sales		(34,024)	(14,766)
Gross profit		**536,121**	**1,918,178**
Administrative expenses		(23,858)	(9,877)
Profit before tax	4	**512,263**	**1,908,301**
Tax expense	5	(179,292)	(668,053)
Profit for the year/ period		**332,971**	**1,240,248**

Statement of financial position

	Notes	2021	2020
		€	€
Assets			
Non-current			
Intangible assets	6	29,021,316	29,000,000
		29,021,316	**29,000,000**
Current			
Other receivables	7	-	272
Cash	8	1,200	1,200
		1,200	**1,472**
Total assets		**29,022,516**	**29,001,472**
Equity			
Share capital	9	1,200	1,200
Retained earnings		1,573,219	1,240,248
Total equity		**1,574,419**	**1,241,448**
Liabilities			
Non-current			
Payables	10	25,926,000	26,429,557
Deferred tax liability		1,500,404	1,321,112
		27,426,404	**27,750,669**
Current			
Payables	10	**21,693**	**9,355**
Total liabilities		**27,448,097**	**27,760,024**
Total equity and liabilities		**29,022,516**	**29,001,472**

The financial statements on pages 4 to 17 were approved by the board of directors, authorised for issue on 14 February 2022 and signed on its behalf by:

Johann Schembri
Director

Joseph Mallia
Director

Statement of changes in equity

	Share capital	Retained Earnings	Total equity
	€	€	€
Issue of share capital	1,200	-	1,200
Profit for the period	-	1,240,248	1,240,248
At 30 June 2020	**1,200**	**1,240,248**	**1,241,448**
At 1 July 2020	1,200	1,240,249	1,241,448
Profit for the year	-	332,971	332,971
At 30 June 2021	**1,200**	**1,573,219**	**1,574,419**

Statement of cash flows

	Note	2021	2020
			(16 ½ months)
		€	€
Operating activities			
Profit for the period		512,263	1,908,301
Change in other receivables		272	-
Change in trade and other payables		12,338	9,354
Net cash generated from operating activities		**524,873**	**1,917,655**
Financing activities			
Repayments to related party		(524,873)	(1,917,655)
Proceeds from issue of share capital		-	1,200
Net cash used in financing activities		**(524,873)**	**(1,916,455)**
Net changes in cash		-	1,200
Cash at the beginning of the year		1,200	-
Cash at the end of period	8	**1,200**	**1,200**

Notes to the financial statements

1 Nature of operations

The company was incorporated on 11 February 2019 to hold, administer and manage any intellectual property, with any rights thereon.

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

Pinnacle IP 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, Portomaso, St. Julian's, Malta.

The parent company is IZI Group Plc (formerly Pinnacle Gaming Group Limited) of the same address. IZI Group Plc prepares the consolidated financial statements, of which the company forms part.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (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.

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

3 Summary of accounting policies

3.1 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 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' and consequently, management has elected to present only an income statement.

3.2 Revenue

Revenue comprises income from the usage of intellectual property.

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.

3.3 Expense recognition

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

3.4 Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

3.5 Impairment testing of intangible assets

All assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss.

In the case of assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss.

3.6 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 years 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'. 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.

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 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 trade 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.

3.7 Income taxes

Tax expense recognised in income statement 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 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.

Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the income statement, 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.

3.8 Cash

For the purpose of the statement of financial position and statement of cash flows, cash comprises demand deposits with banks.

3.9 Equity

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

Retained earnings include current and prior period results.

3.10 Provisions

Provisions are recognised when present obligations as a result of past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the probable outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

3.11 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the accounting, estimates and 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).

4 Profit for the year/period

The profit for the year/period is stated after charging:

	2021 €	2020 (16 ½ months) €
Auditor's remuneration	8,600	8,200

5 Tax expense

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

	2021 €	2020 (16 ½ months) €
Profit before tax	512,263	1,908,302
Tax rate	35%	35%
Expected tax expense	**(179,292)**	**(667,905)**
Adjustment for non-deductible expense	-	(148)
Actual tax expense, net	**(179,292)**	**(668,053)**
Comprising:		
Surrender of tax losses by fellow subsdiaries	-	653,059
Deferred tax liability	(179,292)	(1,321,112)
	(179,292)	**(668,053)**

6 Intangible assets

	2021	2020
		€
Interllectual property at 1 January	29,000,000	
Additions	21,316	29,000,000
Interllectual property at 31 December	**29,021,316**	**29,000,000**

The intellectual property was transferred to the company from Gaming Operations Limited, a related party on 1 May 2019 through the Intellectul Property Transfer Agreement. The intellectual property includes trademarks, word marks, domain names and other distinctive marks which are registered with the Malta Intellectual Property Registrations Directorate. Both parties agreed that the purchase price was of €29,000,000. The purchase price was determined by means of a valuation on arm's length terms, carried out by a third party selected jointly by parties.

7 Other receivables

	2021	2020
	€	€
Prepayments	-	272
Other receivables	-	272

Short term financial assets are carried at their nominal value which is considered a reasonable approximation of fair value.

8 Cash

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

	2021	2020
	€	€
Cash in hand	**1,200**	**1,200**

9 Share capital

The share capital of Pinnacle IP Limited consists of ordinary shares with a par value of € 1 each. Ordinary shares are equally eligible to receive dividends and represent one vote at the shareholders' meeting of Pinnacle IP Limited.

	2021	2020
	€	€
Shares issued and fully paid at 30 June		
1,200 ordinary shares of € 1 each	**1,200**	**1,200**
Shares authorised at 30 June		
1,200 ordinary shares of € 1 each	**1,200**	**1,200**

10 Payables

	2021 €	2020 €
Amounts owed to parent company	25,926,000	26,429,557
Accruals	21,693	9,355
Financial liabilities	**25,947,693**	**26,438,912**
Comprising:		
Non-current	25,926,000	26,429,557
Current	21,693	9,355
	25,947,693	**26,438,912**

Amounts owed to parent company are unsecured, interest free and repayable after more than a year.

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

11 Deferred tax liability

Deferred taxes arising from temporary differences can be summarised as follows:

	1 July 2019 €	Recognised in profit and loss €	30 June 2020 €
Non-current assets			
Plant and equipment	-	3,383,333	3,383,333
Losses carried forward	-	(2,062,221)	(2,062,221)
Total	-	1,321,112	1,321,112

	1 July 2020 €	Recognised in profit and loss €	30 June 2021 €
Non-current assets			
Plant and equipment	3,383,333	-	3,383,333
Losses carried forward	(2,062,221)	179,292	(1,882,929)
Total	1,321,112	179,292	1,500,404

12 Related party transactions

The company's related parties include its parent company, ultimate controlling parties and key management personnel.

During the year the company recharged intellectual property fees of € 570,145 (2020: € 1,932,944) to a related party.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Amounts owed to the parent company are shown separately in note 10.

13 Financial instrument risks

Risk management objectives and policies

The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised in note 3.6. The main types of risks are market risk, credit risk and liquidity risk.

The company's risk management is coordinated by the directors and focus on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the company is exposed are described below.

13.1 Market risk

Foreign currency risk

The company's transactions are mainly carried out in euro, thus foreign currency risk is negligible.

Interest rate risk

The company is not exposed to interest rate risk as it does not have borrowings with variable interest rates.

13.2 Credit risk

The company's exposure to credit risk is limited to the carrying amount of cash at bank recognised at the reporting date.

The credit risk for cash at bank is negligible since the counterparty is a reputable bank with high quality external credit ratings.

The company holds money exclusively with an institution having high quality external credit ratings. The cash held with such bank are callable on demand. The bank with whom cash are held forms part of an international group with BBB- credit rating by Standard & Poor's and similar ratings by other agencies.

13.3 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables (see note 10). 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 manages its liquidity needs through the financial support from its shareholders and other fellow group companies.

At 30 June 2021 and 30 June 2020, the company's financial liabilities have contractual maturities which are summarised below:

	Current within 1 year €	Non-current 2 to 5 years €
At 30 June 2021		
Amounts owed to parent company	-	25,926,000
Accruals	21,693	-
	21,693	**25,926,000**
At 30 June 2020		
Amounts owed to parent company	-	26,429,557
Accruals	9,355	-
	9,355	**26,429,557**

13.4 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 period under review may also be categorised as follows. See note 3.6 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2021 €	2020 €
Current assets			
Loans and receivables:			
- Cash in hand	8	1,200	1,200
Non-current liabilities			
Amounts owed to parent company	10	25,926,000	26,429,557
Current liabilities			
Financial liabilities measured at amortised cost:			
- Payables	10	21,693	9,355

14 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 and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

The company monitors the level of debt, which includes trade and other 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.

15 Ultimate controlling party

The company's parent company, IZI Group Plc, is ultimately controlled by Johann Schembri, who owns 100% of the parent company's issued share capital.

16 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 Pinnacle IP Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pinnacle IP Limited set out on pages 4 to 17 which comprise the statement of financial position as at 30 June 2021, and the income statement, statement of changes in equity and statement of cash flows for the period 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
Certified Public Accountants

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14 February 2022