

MT SECURETRADE LIMITED

Annual Report and Financial Statements  
31 December 2020

Company Registration Number: C56545

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## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

### Principal activities and future developments

The Company's principal activity is the provision of online gaming services, primarily casino and sports.

During 2019, the Company entered into a lease agreement of a particular domain with a 3<sup>rd</sup> party whereby the Company will transfer this same domain by the end of the lease agreement if all terms and conditions of the contract are satisfied. Since certain conditions need to be satisfied in order for the domain to be transferred, the accounting policy of the Group and therefore the Company consider this transaction to be an operating lease and is therefore recognised as such. During 2020, the payment terms of this agreement were amended, whilst retaining the same overall conditions. During 2021, it was agreed to accelerate the maturity date of the lease term to December 2021 and payment terms of this lease agreement were amended further. Further details are included in Note 1.19.

On 14 February 2020, the parent Company, Gaming Innovation Group p.l.c, signed a Share Purchase Agreement with Betsson Group for the divestment of its B2C assets, which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson will, through this agreement, become a long term partner of GiG, generating revenues to GiG's Platform Services. Betsson commits to initially keep the brands operational on GiG's platform for a minimum of 30 months. For the first 24 months, Betsson will pay a premium platform fee based on NGR generated.

In March 2020, as a result of this, the Company migrated the customer database of the operator brands mentioned above to Zecure Gaming Limited which was one of the companies being disposed to Betsson Group.

On 16 April 2020, the Group completed the sale of its B2C assets to Betsson. GiG received, net of transaction costs, an amount of EUR31 million as consideration, including a prepaid platform fee of EUR8.7 million. Subsequently, the consideration was adjusted by EUR 2.3 million, to reflect working capital adjustments of EUR 2.8 million and EUR 0.5m deferred payment.

Although the Company's principal activities are unchanged in nature after this transaction, the number of B2C facing brands operated by the Company diminished considerably, from 15 brands operating on white-label agreements, to only three remaining at the end of 2020, due to the Company's de-risking strategy to sell its own brands and to stop supporting and offering white label licenses. Subsequent to year end, only one white label brand remained.

During Q3 2020, the Company has formally requested the Swedish Gambling Authority (SGA) and the UK Gambling Commission (UKGC) to surrender its respective business to customer licenses as it stopped supporting white labels in the Swedish and the UK market. The Company has received formal acceptance of the surrendering of its licenses from the SGA on the 7<sup>th</sup> of October 2020 and from the UKGC on the 31<sup>st</sup> of October 2020.

As a result of the above changes, the Company's future prospects is to operate its MGA licence for the SkyCity brand.

## Directors' report - continued

### COVID-19

The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In 2020, the existence of a new virus was confirmed, and since then COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, and also impacted global stock markets. It is difficult to ascertain the longer-term impact of COVID-19 on the Group and Company, or to provide a quantitative estimate of this impact. Management has, however, considered the impact based on the experience to-date and took all the necessary steps to mitigate any downside effect from the cessation or postponement of sports events by shifting focus from sports to casino. Some delays were encountered in the onboarding of new customers, and for some jurisdictions responsible gaming measures were enhanced. When considering the impact on the Group's performance for 2020, as well as on the gaming sector at large, Management continues to believe that COVID-19 has no material effect on these financial statements that would affect the going concern basis.

The Group and Company closely monitors the progress of COVID-19 and has introduced contingency measures to reduce the risk for its staff and to ensure business continuity. The Group successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Group operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities. The Group has a robust BCP to ensure continuity of operations and working from home is an integral part of day-to-day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Company's business and its customers. COVID-19 has not resulted in any major disruption to the Company's operations in 2020.

### Going concern

As at 31 December 2020, the Company's current liabilities exceeded its current assets by EUR 322,240. The Directors continue to deem the going concern basis of preparation to be appropriate on the basis that the Group and its subsidiaries will not request amounts due amounting to EUR 1,099,800, and due to the continued support from the parent company to settle the Company's obligations as and when they fall due, as well as a result of the actions mentioned below.

The Company's future performance is intrinsically linked to the outlook for the Group that it forms part of. The Company's and Group's financial position improved following the sale of the B2C business, the repayment of the SEK300m 2020 bond in April 2020, the actions taken to rationalise costs, and the strategic review of operations in line with the Group's new focus.

Also, on the 27<sup>th</sup> of May 2021, the Company's Parent has successfully completed the issuance of a new 3-year SEK 450 million senior secured bond with a SEK 550 million borrowing limit. The transaction was oversubscribed and received strong demand from investors across the Nordics, continental Europe, and the US, with participation in the placement from existing as well as new investors. The net proceeds were used to refinance the existing SEK 400 million bond including any call premium and transaction costs with the balance towards general corporate purposes. The new bond has a floating coupon of 3 months STIBOR + 8.50% per annum and with more favourable terms than the existing SEK 400 million bond.

In order to alleviate short term liquidity pressures, the Company's Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023. However on the 28<sup>th</sup> of May 2021, due to the strong progress of the Company's Parent share, the convertible holders decided to anticipate maturity date and convert the loan to equity. The Company's Parent issued 6,600,000 new shares of its common stock in connection with the conversion of the EUR 8.5 million convertible loan.

## **Directors' report - continued**

### **Financial statement presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Maltese Companies Act (Cap.386). The accounting policies as adopted in the published results for the year ended 31 December 2020 have been consistently applied.

### **Overall Company performance**

During the year, the Company experienced an increase in revenues from continued operations of 2549% and an increase in operating expenses of 625%.

During the year, the Company reported EUR 12.8m revenues from discontinued operations (2019: EUR 46.5m) and a decrease in operating expenses of 60%.

### **Revenues**

Revenues from continuing operations amounted to EUR 12.9m (2019: EUR 0.5m), an increase of 2549%. Increase in revenue is attributed to a spike in revenue for one of the major clients.

Revenues from discontinuing operations in 2020 decreased to EUR 12.8 million (2019: EUR 46.5 million), the decrease of revenue is mainly due to the sale of the B2C segment in April 2020.

### **Operating expenses**

During 2020, for continued operations, operating expenses increased when compared with the previous year to a total cost of EUR 13.7m (2019: EUR 1.9m). Marketing costs amounting to Eur 8.6m (2019: nil) and refer to the lease of the Skycity domain as part of the White Label agreements with same client. This includes depreciation and amortisation cost of EUR 65,125 (2019: nil), and EUR 0.26m (2019: EUR 0.7m) of personnel expenses. Other operating expenses including platform fees, consultancy costs and foreign exchange difference amount to EUR 4.8 m (2019: EUR 1.2m), the main increase is due to the increase in SkyCity activity as explained.

### **Marketing expenses**

Marketing expenses amount to EUR 8.6 million (2019: NIL) and refer to the lease of the Skycity domain as part of the White Label agreement with same client.

### **Loss from operations**

Loss before tax for continuing operations amounted to EUR 0.67 million (2019 loss: EUR 1.4 million).

Loss before tax for discontinuing operations for the year 2020 was EUR 3.5 million (2019 profit: EUR 7.3 million).

### **Statement of financial position**

As at 31 December 2020, net current liabilities and net assets of the Company amounted to EUR 0.3 million and EUR 21.2 million respectively.

## Directors' report - continued

### Significant risks and uncertainties

The Company operates on the basis of its international license in Malta.

For internet-based betting operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions and there are legal doubts on whether the availability of a site within foreign markets constitutes a solicitation to persons residing within that market. Legislation concerning online gaming is under review in certain jurisdictions, and in some circumstances, previous opportunities to offer gaming products to certain customers based in some markets on principles of freedom to provide services, would be closed due to legal restrictions being imposed. In some other cases, previously unregulated jurisdictions pass legislation regulating the market creating new opportunities to offer products and services to those markets with legal certainty.

Following the divestment of its B2C segment, together with the de-risking strategy to discontinue the white label model carried out during 2020, GiG is less directly exposed to legal and compliance risks associated with gaming operations. This strategic decision resulted in a reduction from 15 brands operating on white-label agreements, to, only three remaining at the end of 2020, including Sky City. Subsequent to the year end, only one white label brand remained. The majority of white labels were terminated and/or migrated to other white-label platforms although the larger white-labels converted to a SaaS agreement with GiG. As part of the strategy to terminate white-label agreements, GiG rescinded its Swedish and UK B2C licenses in October 2020, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds. As at the year end, GiG has one B2C license with the Malta Gaming Authority, together with various B2B licenses in various regulated markets.

Where local licensing regime is in place, it is the Company's policy not to offer gaming services to consumers residing in such state, unless it is in possession of a valid license. Regulation of online gaming in European markets is generally a positive development, as it reduces uncertainty and enables long term business planning and usually also increases the marketing channels available for the Company in such countries.

Outside the European Union the regulatory frameworks are more fragmented. Regulatory developments in the online gaming sector and their implications for the Company are uncertain and government authorities could make assessments and decisions that differ from the Company's understanding or interpretation. Subsequent to the year end, the Company's revenues are generated from one jurisdiction outside EU.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gaming and anti-money laundering obligations.

These uncertainties represent a risk for the Group and Company's ability to develop and grow the business, as changes in legislation or enforcement practices could force the Group and Company to exit markets, or even result in financial sanctions, litigation, license withdrawal or unexpected tax exposures, which have not duly been provided for in the financial statements. These risks will continue to apply to past exposures on B2C and white labelling lines of business, for as long as related warranties may continue to apply, and until white label licenses are terminated.

## **Directors' report - continued**

### **Events after the reporting period end**

During 2019, the Company entered into a lease agreement for a period of 48 months of a particular domain with a 3<sup>rd</sup> party whereby the Company will transfer this same domain by the end of the lease agreement if all terms and conditions of the contract are satisfied. During 2020, the payment terms of this agreement were amended, whilst retaining the same overall conditions. During 2021, it was agreed to accelerate the maturity date of the lease term to December 2021 and payment terms of this lease agreement were amended further.

### **Pledged securities**

The Company has pledged its issued share capital with a nominal value of EUR0.01 which is owned by the immediate parent and this has been pledged to Nordic Trustee AS, acting as the agent on behalf of bond holders.

### **Results and dividends**

The financial results are set out on page 12. The directors did not declare a dividend during the current and preceding financial years.

### **Financial risk management**

Information on the Company's financial risk management is disclosed in Note 2 of the financial statements.

### **Directors**

The directors of the Company who held office during the year were:

- Mr Justin Psaila
- Mr Richard Brown

The company's Articles of Association do not require the directors to retire.

### **Statement of directors' responsibilities for the financial statements**

The directors are required by the Maltese Companies Act, Cap. 386 to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the director is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

**Directors' report** - continued

**Statement of directors' responsibilities for the financial statements** - continued

The director is also responsible for designing, implementing and maintaining internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Mr Richard Brown  
Director



Mr Justin Psaila  
Director

**Registered office:**  
@GiG Beach  
Dragunara Road  
St. Julians, STJ 3148  
Malta

12th November 2021





## *Independent auditor's report*

To the Shareholders of MT SecureTrade Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- The financial statements give a true and fair view of the financial position of MT SecureTrade Limited (the Company) as at 31 December 2020, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

#### **What we have audited**

MT SecureTrade Limited's financial statements, set out on pages 12 to 42, comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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#### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 Codes.



*Independent auditor's report - continued*  
To the Shareholders of MT SecureTrade Limited

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*Other information*

The directors are responsible for the other information. The other information comprises the *Directors' 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 and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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*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 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.



## *Independent auditor's report - continued*

To the Shareholders of MT SecureTrade Limited

- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern .
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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*

The *Annual Report and Financial Statements 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.



*Independent auditor's report - continued*  
 To the Shareholders of MT SecureTrade Limited

<b>Area of the Annual Report and Financial Statements 2020 and the related Directors' responsibilities</b>	<b>Our responsibilities</b>	<b>Our reporting</b>
<p><b>Directors' report</b>            (on pages 1 to 6)            The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> <li>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</li> <li>the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).</li> </ul> <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>
	<p><b>Other matters on which we are required to report by exception</b>            We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.</li> <li>the financial statements are not in agreement with the accounting records and returns.</li> <li>we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.</li> </ul>	<p>We have nothing to report to you in respect of these responsibilities.</p>



*Independent auditor's report - continued*

To the Shareholders of MT SecureTrade Limited

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*Other matter – use of this report*

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

**PricewaterhouseCoopers**

78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

A blue ink handwritten signature, appearing to be 'Romina Soler', written in a cursive style.

Romina Soler  
Partner

12 November 2021

## Statement of financial position

		As at 31 December	
	Notes	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4	178,963	212,228
Property, plant and equipment	5	28,939	48,805
Investments in subsidiaries	7	6,000	6,000
Other receivables	8	21,332,664	19,497,916
Deferred income tax assets	20	12,919	12,919
<b>Total non-current assets</b>		<b>21,559,485</b>	<b>19,777,868</b>
<b>Current assets</b>			
Trade and other receivables	8	5,392,783	10,383,273
Cash and cash equivalents	9	1,882,413	3,531,390
<b>Total current assets</b>		<b>7,275,196</b>	<b>13,914,663</b>
<b>Assets classified as held for sale</b>	6	-	5,306,981
<b>Total assets</b>		<b>28,834,681</b>	<b>38,999,512</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	10	1,739	1,739
Share premium	10	1,461,551	1,461,551
Capital reserves	11	16,491,948	16,533,195
Merger reserve	12	9,444,610	9,444,610
Other reserves	13	3,653	3,653
Accumulated losses		(6,166,256)	(2,013,738)
<b>Total equity</b>		<b>21,237,245</b>	<b>25,431,010</b>
<b>Current liabilities</b>			
Trade and other payables	15	7,597,436	8,731,166
<b>Total liabilities</b>		<b>7,597,436</b>	<b>8,731,166</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	6	-	<b>4,837,336</b>
<b>Total equity and liabilities</b>		<b>28,834,681</b>	<b>38,999,512</b>

The notes on pages 16 to 42 are an integral part of these financial statements.

The financial statements on pages 12 to 42 were authorised for issue by the directors on 12<sup>th</sup> November 2021 and were signed by:



Mr Richard Brown  
Director



Mr Justin Psaila  
Director

## Statement of comprehensive income

	Notes	<u>Year ended 31 December</u>	
		2020 €	2019 €
<b>Net revenue</b>		11,443,675	488,877
<b>Other operating income</b>	16	1,504,636	-
<b>Operating expenses</b>			
Personnel expenses	18	(261,712)	(666,953)
Marketing and commission fees	17	(8,611,641)	-
Depreciation and amortisation	4, 5	(65,125)	-
Other operating expenses	17	(4,687,470)	(1,206,223)
<b>Total operating expenses</b>		<u>(13,625,948)</u>	<u>(1,873,176)</u>
<b>Operating loss</b>		(677,637)	(1,384,299)
Finance costs	19	226	-
<b>Loss before tax</b>		<u>(677,412)</u>	<u>(1,384,257)</u>
Income tax expense	20	-	(43)
<b>Loss for the year from continuing operations</b>		<u>(677,412)</u>	<u>(1,384,300)</u>
<b>Loss from discontinued operations</b>	6	(3,475,106)	7,338,814
<b>Loss for the year</b>		<u>(4,152,518)</u>	<u>5,954,514</u>

The notes on pages 16 to 42 are an integral part of these financial statements.

### Statement of changes in equity

	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Accumulated losses €	Total €
<b>Balance at 1 January 2019</b>		1,739	1,461,551	16,875,432	(2,149,248)	3,653	(7,968,251)	8,224,875
<b>Comprehensive income</b>								
Profit for the year - total comprehensive income		-	-	-	-	-	5,954,514	5,954,514
Transactions with owners								
Value of employee services	11	-	-	(42,583)	-	-	-	(42,583)
Waiver of loans and amounts payable	11	-	-	(299,654)	-	-	-	(299,654)
Merger reserve created upon business combinations	12	-	-	-	11,593,858	-	-	11,593,858
<b>Balance at 31 December 2019</b>		<b>1,739</b>	<b>1,461,551</b>	<b>16,533,195</b>	<b>9,444,610</b>	<b>3,653</b>	<b>(2,013,738)</b>	<b>25,431,010</b>
<b>Comprehensive income</b>								
Loss for the year - total comprehensive income		-	-	-	-	-	(4,152,518)	(4,152,518)
Transactions with owners								
Value of employee services	11	-	-	(41,247)	-	-	-	(41,247)
<b>Balance at 31 December 2020</b>		<b>1,739</b>	<b>1,461,551</b>	<b>16,491,948</b>	<b>9,444,610</b>	<b>3,653</b>	<b>(6,166,256)</b>	<b>21,237,245</b>

The notes on pages 16 to 42 are an integral part of these financial statements.



## Statement of cash flows

		<u>Year ended 31 December</u>	
	Notes	2020 €	2019 €
<b>Cash flows from operating activities</b>			
Cash generated used in operations	21	(659,238)	(2,845,720)
Interest		220	42
Tax paid		-	(43)
<b>Net cash used in operations</b>		<u>(659,018)</u>	<u>(2,845,721)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(2,823)	-
Purchase of intangible assets	4	(9,171)	(996,528)
<b>Net cash used in investing activities</b>		<u>(11,994)</u>	<u>(996,528)</u>
Net movement in cash and cash equivalents		(671,012)	(3,842,249)
<b>Cash and cash equivalents at beginning of year</b>		1,140,426	3,732,467
<b>Cash and cash equivalents received upon business combinations</b>		-	1,250,208
<b>Cash and cash equivalents at end of year</b>	9	<u>-</u>	<u>1,140,426</u>

The notes on pages 16 to 42 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). A parent (Note 25) prepares consolidated financial statements in a manner equivalent to that required by the Maltese Companies Act (Cap. 386), and these are delivered to the Registrar of Companies in Malta. Accordingly, MT SecureTrade Limited is exempt from the preparation of consolidation financial statements by virtue of Section 174 of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

#### *Going concern*

As at 31 December 2020, the Company's current liabilities exceeded its current assets by EUR 322,240. The Directors continue to deem the going concern basis of preparation to be appropriate on the basis that the Group and its subsidiaries will not request amounts due amounting to EUR 1,099,800, and due to the continued support from the parent company to settle the Company's obligations as and when they fall due, as well as a result of the actions mentioned below.

The Company's future performance is intrinsically linked to the outlook for the Group that it forms part of. The Company's and Group's financial position improved following the sale of the B2C business, the repayment of the SEK300m 2020 bond in April 2020, the actions taken to rationalise costs, and the strategic review of operations in line with the Group's new focus.

Also, on the 27<sup>th</sup> of May 2021, the Company's Parent has successfully completed the issuance of a new 3-year SEK 450 million senior secured bond with a SEK 550 million borrowing limit. The transaction was oversubscribed and received strong demand from investors across the Nordics, continental Europe, and the US, with participation in the placement from existing as well as new investors. The net proceeds were used to refinance the existing SEK 400 million bond including any call premium and transaction costs with the balance towards general corporate purposes. The new bond has a floating coupon of 3 months STIBOR + 8.50% per annum and with more favorable terms than the existing SEK 400 million bond.

In order to alleviate short term liquidity pressures, the Company's Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023. However, on the 28<sup>th</sup> of May 2021, due to the strong progress of the Company's Parent share, the convertible holders decided to anticipate maturity date and convert the loan to equity. The Company's Parent issued 6,600,000 new shares of its common stock in connection with the conversion of the EUR 8.5 million convertible loan.

## 1. Summary of significant accounting policies - continued

### 1.1 Basis of preparation - continued

*Standards, interpretations and amendments to published standards effective in 2020*

No new standards were adopted during the year that would have a material effect on the company's accounting policies.

*New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 1.2 Business combinations between entities under common control

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values which are the carrying amounts of assets and liabilities of the acquired entity from the financial statement amounts of the acquired entity.

No new goodwill arises in predecessor accounting, and any differences between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity in a separate reserve. The financial statements incorporate the acquired entities' results and balance sheet prospectively from the date on which the business combination between entities under common control occurred.

### 1.3 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in euro which is the Company's functional and presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The Company's accounting policy is to present all exchange differences within finance income or finance costs including exchange differences arising on cash and cash equivalents and amounts due from payment providers.

### 1.4 Investments in subsidiaries

Investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of the subsidiaries are reflected in the financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

## 1. Summary of significant accounting policies - continued

### 1.5 Intangible assets

#### (a) Domains and licenses

Separately acquired domains and licenses are shown at historical cost. The majority of separately acquired domains have an indefinite useful life. The useful life of domains that had a finite useful life, which comprise a small number of domains acquired in the past, was 3 years. The useful life of licenses is determined in relation to the term of the license agreement, which is three years. Amortisation is calculated using the straight-line method to allocate the cost of domains over their estimated useful lives.

#### (b) Computer software

Acquired computer software and platforms are capitalised on the basis of the costs incurred to acquire and bring to use these assets. These costs are amortised over their estimated useful lives of 3 years or, in the case of computer software, over the term of the license agreement, if different.

Acquired computer software and platforms are capitalised on the basis of the costs incurred to acquire and bring to use these assets. These costs are amortised over their estimated useful lives of three years or, in the case of computer software, over the term of the licence agreement, if different.

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of these intangible assets include the development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### 1.6 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and are subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Computer equipment	3
Plant and office equipment	3-6
Installations and improvements to leasehold premises	3-6

## 1. Summary of significant accounting policies - continued

### 1.6 Property, plant and equipment - continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.8 Financial assets

#### 1.8.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### 1.8.2 Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

1. **Summary of significant accounting policies - continued**

**1.8.3 Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*(a) Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

*(b) Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

**1.8.4 Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 2.1 for further details.

**1.9 Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 1.8.4). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

**1. Summary of significant accounting policies - continued**

**1.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks and e-wallets.

Cash and cash equivalents exclude balances held on behalf of customers, which are held separately and distinct from the funds of the Company, and whose use is restricted.

**1.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**1.12 Financial liabilities**

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled, or expires.

**1.13 Trade and other payables**

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.14 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**1.15 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

## 1. Summary of significant accounting policies - continued

### 1.15 Current and deferred taxation - continued

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 1.16 Share-based payments

The Company's ultimate parent operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees and consultants as consideration for equity instruments (options) of the ultimate parent Company. The fair value of the employee services received in exchange for the grant of the options is recognised by the Company as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to hold shares for a specific period of time).

At the end of each reporting period, the ultimate parent Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the ultimate parent Company, or another entity at the request of the ultimate parent Company, transfers shares to the employees.

The grant by the ultimate parent Company of options over its equity instruments to the employees of the Company is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense, with a corresponding credit to equity.

### 1.17 Leases

The Group leases out one of its domains, which will be transferred to the counterparty at the end of the agreement if all the terms of the agreement are met. The Group will receive monthly fixed payments as well as variable payments based on the performance of the domain for a minimum of 3 years and until the terms of the agreement are satisfied. The first payment was due in April 2020. Based on the conditions of the agreement, management has classified this lease as an operating lease.

	2020	2019
	€	€
Income in relation to operating leases are receivable as follows:		
Less than one year	3,014,606	1,125,000
Between one and three years	922,894	3,025,000
	3,937,500	4,150,000



**1. Summary of significant accounting policies - continued**

**1.18 Revenue recognition**

In contracting with white label operators in the current year, the Company considers that it is acting as principal as it is responsible for all interactions with the third-party platform and the related service providers, as well as managing all the operations of the remaining white label through the use of the third party's domain. On this basis revenue is recognised gross as included below.

Gaming transactions that are not deemed to be financial instruments, where the Company revenues stem from commissions, are recorded in accordance with IFRS 15 'Revenue from Contracts with Customers'. The revenue recognised in this manner relates to Poker. Such revenue represents the commission charged at the conclusion of each poker hand in cash games (i.e. rake). The Company's performance obligation in this service is the provision of the poker game to the individual players. The performance obligation is satisfied and the Company is entitled to its share of the pot (i.e. the rake) once each poker hand is complete. In this respect, revenue recognition under IFRS 15 should remain consistent with that under IAS 18 (i.e. to recognise revenue as each hand is complete).

Revenue from gaming transactions that are deemed to be financial instruments, where the Company takes open positions against players, are recognised as a net fair value gain or loss after the deduction of players' winnings, bonuses and gaming taxes. The revenue recognised in this manner relates to sports betting and casino. These are governed by IFRS 9 and thus out of scope of IFRS 15.

Revenue from transactions where the Company is taking positions against players, such as sports betting and online casino, is recognised when the outcome of an event is known. Revenue from commission arising on transactions where the Company does not take open position against players, such as poker, is recognised when players place wagers in a pool.

Shared conduct of business arrangements are all contractual agreements whereby two or more parties jointly undertake an economic activity. In respect of its interest in such arrangements, the Company recognises the assets that it controls, the expenses and liabilities that it incurs and its share of the income that it earns from the sale of goods or services through the shared conduct of business arrangements.

Other income is recognised as it accrues unless collectability is in doubt.

Interest income is recognised in profit or loss for interest-bearing instruments as it accrues, on a time-proportion basis, using the effective interest method, unless collectability is in doubt.

**1.19 Other Operating Income**

During 2019, the Company entered into a lease agreement for a period of 48 months of a particular domain with a 3<sup>rd</sup> party whereby the Company will transfer this same domain by the end of the lease agreement if all terms and conditions of the contract are satisfied. During 2020, the payment terms of this agreement were amended, whilst retaining the same overall conditions. During 2021, it was agreed to accelerate the maturity date of the lease term to December 2021 and payment terms of this lease agreement were amended further.

**1.20 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the obligation to pay a dividend is established.

## 2. Financial risk management

### 2.1 Financial risk factors

The Company's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The management of the Company's financial risk is based on a financial policy approved by the ultimate parent's Board of directors, and exposes the Company to a low level of risk. Risk management is coordinated at a group level in respect of all companies of which Gaming Innovation Group Inc. is the ultimate parent. The Company did not make use of derivative financial instruments to hedge risk exposures during the current and preceding period.

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company operates in various countries with various currency exposures, such as Norwegian krone, Danish krone, New Zealand dollar, Canadian dollar, Swedish kronor, GB pound and US dollar. The Company's operations partially result in a natural hedge of operating currency risks since customer deposits and customer withdrawals, as far as practicable, are transacted in the original currency.

The table below summarises the Company's main exposure to foreign currencies other than the functional currency:

	Assets €	Liabilities €	Net exposure €
<b>As at 31 December 2020</b>			
CAD to EUR	302,640	(42,412)	260,228
DKK to EUR	75,441	(151)	75,289
GBP to EUR	-	(939,968)	(939,968)
NOK to EUR	305,058	(64,985)	240,073
NZD to EUR	749,881	(198,890)	550,991
SEK to EUR	-	(191,518)	(191,518)
USD to EUR	726,664	(7,076)	719,588
	<b>2,159,684</b>	<b>(1,444,999)</b>	<b>714,685</b>
	Assets €	Liabilities €	Net exposure €
<b>As at 31 December 2019</b>			
CAD to EUR	912,450	(174,893)	737,557
GBP to EUR	1,351,665	(1,706,985)	(355,320)
SEK to EUR	1,181,031	(529,645)	651,386
NZD to EUR	945,533	(146,937)	798,596
NOK to EUR	680,318	(718,760)	(38,442)
USD to EUR	835,209	(103,748)	731,461
	<b>5,906,206</b>	<b>(3,380,968)</b>	<b>2,525,238</b>

## 2. Financial risk management

### 2.1 Financial risk factors

#### (a) Market risk - continued

##### (i) Foreign exchange risk - continued

A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary since the exposure is not deemed to be significant.

##### (ii) Price risk

Management does not consider the Company to be exposed to significant market risk in terms of its online casino since the outcome of wagers is based on a fixed winnings percentage.

The Company is exposed to market risk due to the possibility of an unfavourable outcome on events on which the Company has accepted bets. The Company has adopted risk management policies to mitigate this risk. Management monitors the odds real time to determine the appropriate risk levels for certain events and where possible reacts to large risks by, inter-alia, not accepting bets that exceed the maximum risk limit on an individual bet or by closing the event that was offered as a bet. The risk is spread across a larger number of events and sports. The Company's exposure to open bets was not significant at 31 December 2020 and 2019 and on this basis, management considers the potential impact on profit or loss of a shift in odds that is reasonably possible at the end of the reporting period to be immaterial.

#### (b) Credit risk

Credit risk mainly arises on cash at bank and other intermediaries, trade receivables, receivables from payment providers, amounts due from ultimate parent, related parties, group undertakings and other receivables as follows:

	2020	2019
	€	€
Financial assets at amortised cost:		
Cash at bank and other intermediaries (Note 9)	1,882,413	3,531,390
Trade Receivables (Note 8)	125,904	2,328
Receivables from payment providers (Note 8)	596,587	7,048,064
Amounts due from related parties (Note 8)	20,386,175	100,231
Other receivables (Note 8)	4,018,974	838,143
Net exposure	<u>27,010,053</u>	<u>11,520,156</u>

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Company does not hold any collateral as security in this respect. The Company deals only with financial institutions or payment intermediaries with quality standing and does not consider that there was any material credit risk at the end of the reporting period.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (b) Credit risk - continued

The Company seeks to manage credit risk by only undertaking transactions with counterparties which include financial institutions or intermediaries and payment providers with quality standing. It has processes in place to ensure that sales of services are affected to customers with an appropriate credit history. The Company manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from trade receivables are within controlled parameters. The following table provides information regarding the aggregated credit risk exposure, for deposits with bank and financial institutions or intermediaries with external credit ratings as at 31 December 2020 and 2019.

	2020 €	2019 €
A+	595,868	2,917,160
BBB+	443	-
BBB	103,185	363,415
BB+	4,262	20,919
Below BB or not rated	1,178,655	5,536,877
	<u>1,882,413</u>	<u>8,838,371</u>

#### *Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- other receivables
- other financial assets carried at amortised cost

While cash and cash equivalents and payment providers are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company expects to recover other receivables amounting to EUR 1,688,491 in relation to the domain it has leased out as included in note 1.17 and 1.19. Subsequent to year end, contractual terms were amended for the payment terms to be accelerated, and for part of the consideration amounting to EUR 1,424,193 to be settled through collaboration on future services. As part of this arrangement, an amount of EUR 92,016 due to the Company was forfeited.

The Company monitors intra-group exposures at individual entity level on a regular basis and ensures timely performance of these assets in context of its overall liquidity management at a Group level. On the basis of prospects for the Group, the credit risk attaching to intra-group receivables is considered to be immaterial.

## 2. Financial risk management – continued

### 2.1 Financial risk factors - continued

#### (c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which include players' accounts of EUR 1,454,398 (2019: EUR 2,341,448), trade payables of EUR 42,951 (2019: EUR 332,516), jackpots EUR 1,094,569 (2019: EUR 655,776) amounts due to immediate parent of EUR 1,099,800 (2019: EUR 240,000), other payables of EUR 2,267,921 (2019: EUR 1,182,690) and indirect taxation and social security of EUR 682,608 (2019: EUR 2,392,179).

Liquidity risk is monitored at a group level by ensuring that sufficient funds are available to each subsidiary within the Group. As at 31 December 2020, the Company's current liabilities exceeded its current assets by EUR 322,240 . Further information on the support of the Group is included in Note 1.1 to the financial statements.

### 2.2 Capital risk management

The Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure (including the additional paid-in capital) is monitored at a Group level with appropriate reference to subsidiaries' financial conditions and prospects.

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

### 2.3 Fair values of financial instruments

At 31 December 2020 and 2019 the carrying amounts of cash at bank, receivables, payables and accrued expenses, reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The carrying amount of the Company's non-current receivables also approximated their value as changes in market interest rates did not have a significant impact.

### 3. Critical accounting estimates and judgements

#### (a) Significant estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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, other than significant uncertainty associated with the legal environment that the Company operates in as referred to in Note 25 to these financial statements and the matters addressed below.

#### (b) The Company as a lessor, and related amounts receivable

In 2019 the Company entered into a contract whereby the Company leased out one of its domains which will be transferred to the counterparty at the end of the agreement if all the terms of the agreement are met. The Company receives monthly fixed payments as well as variable payments based on the performance of the domain for a minimum of 3 years and until the terms of the agreement are satisfied. The first payment was due in April 2020. Based on the conditions of the agreement, management has classified this lease as an operating lease.

As disclosed in Note 8 to the financial statements, EUR 1,562,692 was outstanding in relation to this arrangement as at 31 December 2020. Subsequent to the year end, contractual terms were amended for the payment terms to be accelerated, and for part of the consideration amounting to EUR 1,424,193 to be settled through collaboration on future services. As part of this arrangement, an amount of EUR 92,016 due to the Company was forfeited. Management considers that this balance is not impaired and the related impairment assessment will continue to be reviewed on an annual basis.

#### (c) Accrual for overpaid taxes

As disclosed in Note 8 other income of EUR1,910,374 relates to a claim for overpaid taxes to the relevant authorities. On the basis of advice received from legal experts, and communications with the said authorities, management considers the basis for recognition of such claim to be virtually certain.

**4. Intangible assets**

	Domains €	Licences €	Computer software €	Total €
<b>Cost</b>				
As at 1 January 2019	137,960	335,146	167,081	640,187
Acquisitions upon merger (Note 22)	300,000	-	1,222,654	1,522,654
Additions	-	12,608	983,920	996,528
<b>As at 31 December 2019</b>	<b>437,960</b>	<b>347,754</b>	<b>2,373,655</b>	<b>3,159,369</b>
As at 1 January 2020	437,960	347,754	2,373,655	3,159,369
Additions	-	-	9,171	9,171
<b>As at 31 December 2020</b>	<b>437,960</b>	<b>347,754</b>	<b>2,382,826</b>	<b>3,168,540</b>
<b>Accumulated amortisation</b>				
As at 1 January 2019	124,336	183,037	78,400	385,773
Amortisation charge attributable to discontinued operations	87,772	57,813	799,571	945,156
Accumulated depreciation upon merger	-	-	532,559	532,559
Impairment loss attributed to discontinued operations	13,624	106,904	963,125	1,083,653
<b>As at 31 December 2019</b>	<b>225,732</b>	<b>347,754</b>	<b>2,373,655</b>	<b>2,947,141</b>
As at 1 January 2020	225,732	347,754	2,373,655	2,947,141
Amortisation charge	38,587	-	3,849	42,436
<b>As at 31 December 2020</b>	<b>264,319</b>	<b>347,754</b>	<b>2,377,504</b>	<b>2,989,577</b>
<b>Carrying amount</b>				
As at 1 January 2019	13,624	152,109	88,681	254,414
As at 31 December 2019	212,228	-	-	212,228
<b>As at 31 December 2020</b>	<b>173,641</b>	<b>-</b>	<b>5,322</b>	<b>178,963</b>

Domain with a carrying amount of EUR 173,641 (2019: EUR 212,228) was leased out as an operating lease during the financial year.

**5. Property, plant and office equipment**

	Installations and improvements to leasehold premises €	Plant and office equipment €	Computer equipment €	Total €
<b>Cost</b>				
As at 1 January 2019	23,245	210,587	295,445	529,277
Acquisitions upon merger (Note 22)	171,853	110,313	135,406	417,572
<b>As at 31 December 2019</b>	<b>195,098</b>	<b>320,900</b>	<b>430,851</b>	<b>946,849</b>
As at 1 January 2020	195,098	320,900	430,851	946,849
Acquisitions	-	-	2,823	2,823
<b>As at 31 December 2020</b>	<b>195,098</b>	<b>320,900</b>	<b>433,621</b>	<b>949,619</b>
<b>Accumulated depreciation</b>				
As at 1 January 2019	19,371	146,743	265,286	431,400
Depreciation charge attributable to discontinued operations	15,292	34,210	33,815	83,317
Accumulated depreciation upon merger (Note 22)	160,435	101,501	121,338	383,274
<b>As at 31 December 2019</b>	<b>195,098</b>	<b>282,454</b>	<b>420,439</b>	<b>897,991</b>
As at 1 January 2020	195,098	282,454	420,439	897,991
Depreciation charge	-	10,044	12,645	22,689
<b>As at 31 December 2020</b>	<b>195,098</b>	<b>292,498</b>	<b>433,031</b>	<b>920,680</b>
<b>Net book value</b>				
As at 1 January 2019	3,874	63,844	30,160	97,877
As at 31 December 2019	-	38,393	10,412	48,805
<b>As at 31 December 2020</b>	<b>-</b>	<b>28,349</b>	<b>590</b>	<b>28,939</b>

**6. Discontinued operations**

On 14 February 2020, the Group signed a Share Purchase Agreement (SPA) with Betsson Group (Betsson) for the divestment of its B2C assets which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson through this agreement, is a long-term partner of the Group, generating revenues to the Group's Platform Services. On the day of closing, Betsson paid EUR31 million, consisting of a EUR23.9 million cash payment for the acquisition, plus a prepaid platform fee of EUR8.7 million. The Group used the proceeds to repay the Company's SEK300 million 2017 - 2020 bond. Subsequently, the consideration was adjusted by EUR2.3 million, to reflect working capital adjustments of EUR2.8 million and EUR0.5m deferred payment.



6. **Discontinued operations** - continued

(a) *Financial performance and cash flow information*

	<b>Year ended 31 December</b>	
	2020	2019
	€	€
Net revenue	10,934,997	46,463,546
Other Income	1,910,374	-
Expenses	(15,220,477)	(38,041,079)
Impairment losses	(1,100,000)	(1,083,653)
<b>Operating (loss)/profit</b>	<b>(3,475,106)</b>	<b>7,338,814</b>
Income tax expense	-	-
<b>Operating (loss)/profit from discontinued operations</b>	<b>(3,475,106)</b>	<b>7,338,814</b>
Net cash (outflow)/inflow from operating activities	(1,889,547)	8,921,753
Net cash outflow from investing activities	-	(1,011,849)
<b>Net cash (used in)/generated by discontinued operations</b>	<b>(1,889,547)</b>	<b>7,909,904</b>

Other Income of EUR1,910,374 relates to a claim for overpaid taxes to the relevant authorities. On the basis of advice received from legal experts, and communications with the said authorities, management considers the basis for recognition of such claim to be virtually certain. Expenses include an amount of EUR1,910,374 which relates to a settlement with a third-party software provider on a previously disputed case occurring during 2019 regarding a potential fraudulent transaction.

(b) *Assets and liabilities of disposal Group classified as held for sale*

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020:

	<b>As at 31 December</b>	
	2020	2019
	€	€
<b>Assets classified as held for sale</b>		
Cash and cash equivalents	-	5,306,981
<b>Total assets of disposal group held for sale</b>	<b>-</b>	<b>5,306,981</b>
<b>Liabilities directly associated with assets classified as held for sale</b>		
Players liability	-	(3,052,472)
Jackpot liability	-	(1,784,864)
<b>Total liabilities of disposal group held for sale</b>	<b>-</b>	<b>(4,837,336)</b>

**7. Investment in subsidiary**

	€
<b>Years ended 31 December 2020 and 2019</b>	
Opening and closing net book amount	<b>6,000</b>

Subsidiary	Country of incorporation	Class of shares held	Percentage of voting rights held	
			directly by parent	
			2020	2019
			%	%
NV SecureTrade	Curacao	Ordinary shares	100	100
Mavrix Services Limited*	Spain	Ordinary shares	-	100

\*Subsidiary was transferred during 2020 as part of the Group's divestment of its B2C assets.

**8. Trade and other receivables**

	2020	2019
	€	€
<b>Non-current</b>		
Amounts due from fellow subsidiaries	20,386,175	19,497,916
Other receivables	3,473,066	-
	<b>23,859,241</b>	19,497,916
<b>Current</b>		
Trade receivables	125,904	2,328
Amounts due from payment providers	596,587	7,048,064
Amounts due from related parties	-	100,231
Indirect taxation	1,208,983	1,901,690
Other receivables	545,908	840,471
Prepayments and accrued income	388,824	490,489
	<b>2,866,206</b>	10,383,273

Amounts from fellow subsidiaries and related parties are unsecured, interest free and repayable on demand. However, the Company does not expect to receive such amounts within 12 months and as a result has classified them as non-current. Amounts due from payment providers are covering part of the restricted cash amounting to EUR 324,269. Other receivables include EUR 1,688,491 due in relation to an operating lease of a domain. As disclosed in Note 1.19 the terms attaching to this domain changed subsequent to the year end.

Included within other receivables is an amount of EUR1,910,374 which relates to a claim for overpaid taxes to the relevant authorities. As disclosed in Note 3, on the basis of advice received from legal experts, and communications with the said authorities, management considers the basis for recognition of such claim to be virtually certain.

## 9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2020	2019
	€	€
Cash at bank and other intermediaries	1,882,413	3,531,390
Less: restricted cash	<u>(1,882,413)</u>	<u>(2,860,609)</u>
Cash and cash equivalents	<u>-</u>	<u>670,781</u>

At 31 December 2020 EUR 1,882,413 (2019: EUR 2,860,609) was held in a fiduciary capacity and represented customer monies whose use is restricted in terms of the Malta Gaming Act 2018. The aforementioned restricted cash balances exclude amounts that are recoverable from payment providers (the latter included in other trade receivables) on account of customer monies.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2020	2019
	€	€
Cash at bank and other intermediaries	1,882,413	3,531,390
Cash at bank and other intermediaries attributable to discontinued operations (Note 6)	-	5,306,981
Less: restricted cash	<u>(1,882,413)</u>	<u>(2,860,609)</u>
Less: restricted cash attributable to discontinued operations (Note 6)	-	<u>(4,837,336)</u>
Cash and cash equivalents	<u>-</u>	<u>1,140,426</u>

## 10. Share capital and share premium

	Number of ordinary shares	Ordinary shares €	Share premium €	Total €
<b>Authorised share capital</b>				
<i>Ordinary A shares</i>				
At 1 January and 31 December 2019	176,680	1,767	-	1,767
At 1 January and 31 December 2020	<u>176,680</u>	<u>1,767</u>	-	<u>1,767</u>
<i>Ordinary B shares</i>				
At 1 January and 31 December 2019	100	1	-	1
At 1 January and 31 December 2020	<u>100</u>	<u>1</u>	-	<u>1</u>

The ordinary 'B' shares shall not carry a right to receive dividends and are not entitled to any assets upon dissolution or winding up of the Company, but in all other matters shall rank pari passu with the ordinary 'A' shares.

**10. Share capital and share premium - continued**

	Number of ordinary shares	Ordinary shares €	Share premium €	Total €
<b>Issued and fully paid</b>				
<i>Ordinary A shares</i>				
As at 1 January and 31 December 2019	173,847	1,738	1,461,551	1,463,289
As at 1 January and 31 December 2020	<b>173,847</b>	<b>1,738</b>	<b>1,461,551</b>	<b>1,463,289</b>
<i>Ordinary B shares</i>				
At 1 January and 31 December 2019	100	1	-	1
At 1 January and 31 December 2020	<b>100</b>	<b>1</b>	<b>-</b>	<b>1</b>

**11. Capital contribution reserve**

	2020 €	2019 €
At 1 January	16,533,195	16,875,432
Capital contribution arising on granting of share options by the ultimate parent company	(41,247)	(42,583)
Deemed distribution	-	(299,654)
<b>At 31 December</b>	<b>16,491,948</b>	<b>16,533,195</b>

In 2019, the Company has waived amounts due to it by the ultimate parent company amounting to EUR 299,654 which is regarded as a deemed distribution.

**12. Merger reserve**

	2020 €	2019 €
At 1 January	9,444,610	(2,149,248)
Reserve created upon business combination	-	11,593,858
<b>At 31 December</b>	<b>9,444,610</b>	<b>9,444,610</b>

**13. Other reserves**

	<b>Currency translation reserve €</b>
<b>At 1 January 2020 and 31 December 2020</b>	<b>3,653</b>

*Currency translation reserve*

Translation differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

**14. Share based payments**

*a. Employee share option plan*

Share options are granted to selected employees as well as to consultants. All options are conditional on the employees and the consultants completing a specified number of years of service (the vesting period); certain options are also conditional on the Group achieving certain earnings targets. The options are exercisable starting between 1 and 6 years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

*b. Share options granted as consideration for employee services*

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	<b>Average exercise price in € per option</b>	Options	Average Exercise price in € per option	Options
<b>Share options which were granted or converted into options of GIG Inc.</b>				
At 1 January	3.54	65,000	2.99	90,797
At 31 December	-	-	3.54	65,000
<hr/>				
<b>Share options which were granted or converted into options of GIG Inc.</b>				
Granted	-	-	3.00	30,000
Exercised	-	-	-	(59,225)
Transferred from another subsidiary company within group	3.54	(65,000)	0.12	53,428
Forfeited during the year	-	-	4.00	(50,000)
<hr/>				

There were no share options which were not converted into options of GIG Inc, outstanding at the end of the current and prior periods.

Share options which were granted or converted into options of GIG Inc, outstanding at the end of the year, have the following expiry dates and exercise prices:

**14. Share based payments - continued**

*b. Share options granted as consideration for employee services - continued*

Grant dates (range)	Vest dates (range)	Expiry dates (range)	Exercise prices in option (range) €	Share options	
				2020	2019
2017	2018-2020	December 2022	4.50 - 4.80	-	35,000
2019	2020-2022	March 2025	3.00 - 4.00	-	30,000
				-	65,000

There were no share options which were not converted into options of GIG Inc, outstanding at the end of the current and prior periods.

*c. Valuation of share options for the year ended 31 December 2020*

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was nil (2019: EUR0.10) per option as no new share options were granted during the year. The significant inputs into the model were weighted average share price of nil (2019: EUR2.20) at the grant date, exercise price shown above, volatility of nil (2019: 58%), dividend yield of nil (2019: 0%), an expected option life of nil (2019: 2) years and an annual risk-free interest rate of nil (2019: 1.31%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 3 years.

**15. Trade and other payables**

	2020	2019
	€	€
Trade payables	42,951	332,516
Players' accounts	1,454,398	2,341,448
Jackpot balances	1,094,569	655,776
Amounts due to immediate parent company	1,099,800	240,000
Other payables	2,267,921	1,182,690
Indirect taxation and social security	682,608	2,392,179
Accruals and deferred income	955,189	1,586,557
	7,597,436	8,731,166

Amounts due to the immediate parent company is unsecured, interest free and repayable on demand. As included in Note 1.1, this will not be requested unless alternative funds are made available.

**16. Other operating income**

During 2019, the Company entered into a lease agreement for a particular domain with a 3rd party whereby the Company will transfer this same domain by the end of the lease agreement if all terms and conditions of the contract are satisfied. As disclosed in Note 3, this lease agreement has been classified as an operating lease.

**17. Other operating expenses**

	2020	2019
	€	€
Platform and service provider fees	3,017,673	20,970
Gaming taxes	90,617	982
Consultancy fees	600,646	94,342
Office expenses	31,538	1,337
Foreign exchange differences	905,974	737,123
Other operating expenses	41,022	351,469
	4,687,470	1,206,223

Included on the face of the Income Statement are marketing costs amounting to EUR 8,611,641 (2019: nil) relating to the lease of the Skycity domain as part of the White Label agreement with same client. In contracting with SkyCity, the Company considers that it is acting as principal as it is responsible for all interactions with the third-party platform and the related service providers, as well as managing all the operations of the remaining white label through the use of the third party's domain.

Fees charged by the auditor for services rendered during the financial period ended 31 December 2020 and 2019 (exclusive of VAT) are shown in the table below.

	2020	2019
	€	€
Tax advisory and compliance services	1,600	1,500
Other	150	130
	1,750	1,630

In the current and preceding year, the audit fees were borne by a fellow subsidiary.

**18. Employee benefit expense**

	2020	2019
	€	€
Gross wages and salaries	-	695,835
Less: employee costs capitalised as part of software development	-	(25,299)
Net wages and salaries, including other benefits	-	670,536
Salary recharges	<b>303,421</b>	-
Social security costs	<b>8</b>	15,522
Share options granted to employees	<b>(41,717)</b>	(19,105)
	<b>261,712</b>	<b>666,953</b>

The average number of persons employed during the year:

	2020	2019
Managerial	-	1
Administrative	-	49
	-	<b>50</b>

Director's remuneration

	2020	2019
	€	€
Remuneration and other emoluments	-	141,164

**19. Finance income**

	2020	2019
	€	€
Other interest income	226	42
	<b>226</b>	<b>42</b>

**20. Tax expense**

	2020	2019
	€	€
Current tax expense	-	(43)
	-	<b>(43)</b>

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:



**20. Tax expense - continued**

	2020 €	2019 €
(Loss)/Profit before tax	<u>(4,152,517)</u>	5,954,557
Tax at 35%	(1,453,381)	2,084,095
Tax effect of:		
Disallowed expenses	1,771,051	149,507
Unrecognised deferred tax movement	<u>(317,670)</u>	<u>(2,233,645)</u>
Tax expense	<u>-</u>	<u>(43)</u>

As at 31 December 2020, the Company had unutilised trading losses, capital allowances and group relief amounting to EUR 3,299,176 (2019: EUR 2,981,506). The related net deferred tax asset was not recognised.

**21. Deferred taxation**

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2019: 35%). The movement on the deferred tax is as follows:

	2020 €	2019 €
<b>As at 1 January and 31 December</b>	<u>12,919</u>	<u>12,919</u>

The amounts disclosed in the table above are recognised in the statement of comprehensive income.

The balance as at 31 December represents:

	2020 €	2019 €
Exchange variances	(5,299)	(5,299)
Difference between the tax base and carrying amounts of intangible and tangible assets	5,138	5,138
Capital allowances and tax losses	<u>13,080</u>	<u>13,080</u>
	<u>12,919</u>	<u>12,919</u>

The recognised deferred tax asset is expected to be realised principally after more than twelve months. Unrecognised temporary differences are disclosed in Note 19 to the financial statements.

**22. Cash used for operations**

**(a) Reconciliation of operating profit/(loss) to cash used in operations:**

	2020	2019
	€	€
<i>Operating profit(loss) from:</i>		
Loss from continuing operations	<b>(677,637)</b>	(1,384,299)
(Loss)/Profit from discontinued operations	<b>(3,475,106)</b>	7,338,814
 Adjustments for:		
Amortisation of intangible assets (Note 4)	<b>42,436</b>	945,156
Depreciation of property, plant and equipment (Note 5)	<b>22,689</b>	83,317
Share-based payment	<b>(41,247)</b>	(42,583)
Impairment losses (Note 4)	-	1,083,653
 Changes in working capital:		
Trade and other receivables	<b>3,625,161</b>	(6,654,368)
Trade and other payables	<b>(1,133,730)</b>	(3,305,131)
Restricted cash	<b>978,196</b>	(910,279)
Cash used in operations	<b><u>(659,238)</u></b>	<b><u>(2,845,720)</u></b>

During the year 2019, the Company has waived amounts due to it by the ultimate parent company amounting to EUR 299,654 which is a deemed distribution.

**23. Related party transactions**

All companies forming part of the Gaming Innovation Group are considered by the directors to be related parties as these companies are also ultimately owned by Gaming Innovation Group Inc.

MT SecureTrade Limited and a fellow subsidiary entered into an agreement for the purpose of sharing the conduct of their business for the pursuit of common business goals whereby MT SecureTrade Limited is engaged in the operation of the licensed activity whilst the fellow subsidiary provides ancillary services. The revenue share payable in terms of the joint venture operations is EUR 7,863,875 (2019: EUR 27,247,754).

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 17.

**23. Related party transactions - continued**

*(a) Year-end balances arising from amounts due from related parties and other transactions, including cash advances and central recharges.*

	2020	2019
	€	€
Receivables from related parties (Note 8)		
ultimate parent	574,599	-
fellow subsidiaries	19,769,972	19,497,916
group undertakings	41,604	100,231
	1,099,800	240,000
Payables to related parties (Note 15)		
immediate parent company	1,099,800	240,000
	1,099,800	240,000
Recharges from fellow subsidiary attributable to discontinued operations:		
Administrative expenses	1,204,552	3,285,768
Personnel expenses	1,952,736	1,731,675
	1,952,736	1,731,675

**24. Significant risks and uncertainties**

The Company operates on the basis of its international license in Malta.

For internet-based betting operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions and there are legal doubts on whether the availability of a site within foreign markets constitutes a solicitation to persons residing within that market. Legislation concerning online gaming is under review in certain jurisdictions, and in some circumstances, previous opportunities to offer gaming products to certain customers based in some markets on principles of freedom to provide services, would be closed due to legal restrictions being imposed. In some other cases, previously unregulated jurisdictions pass legislation regulating the market creating new opportunities to offer products and services to those markets with legal certainty.

Following the divestment of its B2C segment, together with the de-risking strategy to discontinue the white label model carried out during 2020, GiG is less directly exposed to legal and compliance risks associated with gaming operations. This strategic decision resulted in a reduction from 15 brands operating on white-label agreements, to, only three remaining at the end of 2020, including Sky City. Subsequent to the year end, only one white label brand remained. The majority of white labels were terminated and/or migrated to other white-label platforms although the larger white-labels converted to a SaaS agreement with GiG. As part of the strategy to terminate white-label agreements, GiG rescinded its Swedish and UK B2C licenses in October 2020, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds. As at the year end, GiG has one B2C license with the Malta Gaming Authority, together with various B2B licenses in various regulated markets.

Where local licensing regime is in place, it is the Company's policy not to offer gaming services to consumers residing in such state, unless it is in possession of a valid license. Regulation of online gaming in European markets is generally a positive development, as it reduces uncertainty and enables long term business planning and usually also increases the marketing channels available for the Company in such countries.

**24. Events after the reporting period end**

During 2019, the Company entered into a lease agreement for a period of 48 months of a particular domain with a 3<sup>rd</sup> party whereby the Company will transfer this same domain by the end of the lease agreement if all terms and conditions of the contract are satisfied. During 2020, the payment terms of this agreement were amended, whilst retaining the same overall conditions. During 2021, it was agreed to accelerate the maturity date of the lease term to December 2021 and payment terms of this lease agreement were amended further.

**25. Statutory information**

MT SecureTrade Limited is a limited liability Company and is incorporated in Malta.

The Company's immediate parent Company is Gaming Innovation Group p.l.c., a Company registered in Malta, with its registered address at @GiG Beach, Dragunara Road, St. Julians, Malta. GIG Inc is the ultimate parent Company whose registered office is 10700 Strigfellow Rd, Suite 10, Bokeelia, FL 33922, USA.

Gaming Innovation Group p.l.c. prepares consolidated financial statements which are available at the registered office of MT SecureTrade Limited.