

MT SECURETRADE LIMITED

Interim Financial Statements (Unaudited)
30 September 2021

	Pages
Statement of financial position	2
Statement of comprehensive income	3
Statement of cash flows	4
Notes to the financial statements	5 – 7

Statement of financial position

	€'000 30 September 2021	€'000 30 September 2020	€'000 31 December 2020
Property, plant and equipment	24	32	29
Intangible assets	1,451	190	179
Financial assets	6	6	6
Non-current assets	1,480	228	214
Trade and other receivables	24,895	32,439	38,659
Amounts due from related parties	-	-	-
	24,895	32,439	38,659
Cash and cash equivalents	5,613	3,369	1,882
Total assets	31,988	36,035	40,755
	-	-	-
Other liabilities	4,552	6,168	17,008
Trade and other payables	4,552	6,168	17,008
Share capital	2	2	2
Accumulated losses	33	2,564	3,656
Other reserves	25,940	25,840	25,940
Total equity	27,437	29,867	23,747
Total equity and liabilities	31,988	36,035	40,755

Income statement

	€'000 30 September 2021	€'000 30 September 2020	€'000 31 December 2020
Net revenue	12,744	10,844	489
	-	-	-
Total operating expenses	(8,920)	(4,957)	(1,873)
EBITDA	3,824	5,887	(1,384)
Depreciation and amortisation	(158)	(537)	-
EBIT	3,666	5,350	(1,384)
Financial income/expenses	(176)	(971)	0
Profit before tax	3,491	4,379	(1,384)
Tax expense	-	-	(0)
Profit from discontinued operations	-	-	7,339
Profit after tax	3,491	4,379	5,955

Statement of cashflows

	€'000	€'000	€'000
	30 September 2021	30 September 2020	31 December 2020
Cashflows from operating activities			
Result before income taxes	(3,491)	4,379	(4,153)
<i>Adjustment to reconcile result before tax to net cashflow:</i>	0	0	0
Amortisation of intangible assets	152	20	42
Depreciation	5	32	23
Share base payment	0	0	(41)
Interest	0	0	0
Change in trade and other receivables	17,231	31	3,625
Change in trade and other payables	(8,744)	(4,611)	(1,134)
Restricted cash	0	0	978
Net cash (used in)/generated from operating activities	<u>5,155</u>	<u>(150)</u>	<u>(659)</u>
Cashflow from investing activities			
Purchase of intangible assets	(1,424)	(9)	(9)
Purchase of property plant and equipment	0	(3)	(3)
Acquisition of a subsidiary	0	0	0
Net cash flows used in investing activities	<u>(1,424)</u>	<u>(12)</u>	<u>(12)</u>
Cashflows from financing activities			
Net cash flows used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	(162)	(671)
cash and cash equivalents at beginning of period	<u>1,882</u>	<u>3,531</u>	<u>671</u>
Cash and cash equivalents at the end of the period	<u>5,613</u>	<u>3,369</u>	<u>-</u>

Selected notes to condensed financial statements as of and for the periods ending 30 September 2021 and 2020

1. General Information

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

The company's immediate parent company is Gaming Innovation Group plc, a company registered in Malta, with its registered address at @GIG Beach, Dragunara Street, St. Julians, STJ 3148 Malta. GIG Inc is the ultimate parent company whose registered office is 10700 Strigfellow Rd, Suite 10, Bokeelia, FL 33922, USA.

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

1.1 Basis of preparation

The condensed interim financial statements have been prepared in conformity with IAS 34 and do not include all the information required for full annual financial statements. The condensed interim financial statements for the periods ended 30 September 2021 and 2020 have not been audited by the Company's auditors.

These unaudited interim condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed financial statements report the six months of operations of both 2020 and 2021 of MT SecureTrade Limited.

The Company's condensed financial statements are presented in Euros (EUR), which is the presentation and functional currency of the Company.

2. Summary of significant accounting policies

Accounting policies

The accounting policies adopted and used in preparing the condensed financial statements as of and for the periods ended 30 September 2021 and 2020 are consistent with those used in preparing the Company's financial statements as of and for the year ended 31 December 2020.

Revenue Recognition Policy

Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Company's activities. The Company recognizes revenue, including other operating revenue, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met as described below.

GiG Gaming Operators

Gaming transactions that are not deemed to be financial instruments, where the Company revenues stem from commissions. 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).

2. Summary of significant accounting policies – continued

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 the 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.

Other

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

3. Standards, Interpretations and Amendments to Published Standards Effective in 2021

In 2021, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting periods beginning 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

In the opinion of management, there are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

4. Impairment of intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets on an annual basis (or more frequently if events or changes in circumstances indicate a potential impairment) to determine if there are any indications that the assets have decreased in value. If any such indications exist, the recoverable amount is set to determine the need to recognise an impairment. When calculating the recoverable amount, future cash flows are discounted to present value using a discount rate before tax. If the recoverable amount is determined to be lower than the carrying amount an impairment is recorded through a charge to the statement of operations. No impairments were noted during 2021 or 2020.

5. Changes in equity

As at 30 September 2021, 1,739 shares were outstanding, where of the Company owned no treasury shares.

6. Litigation

From time to time, the Company is involved in litigation brought by previous employees or other persons. The Company and its legal counsel believe that these claims are without merit.

7. Related party transactions

There were no material related party transactions in the first, second and third quarter 2021.

8. Subsequent events

There have been no material subsequent events after 30 September 2021.

9. Alternative performance measures

Certain financial measures and ratios related thereto in this interim report are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this report because they are amount the measures used by management and they are frequently used by other interested parties for valuation purposes. In addition, the Company provides information on certain costs in the income statement, as these are deemed to be significant from an industry perspective.

EBIT: Operating profit

EBITDA: Operating profit less depreciation and amortization

Gaming tax: Taxes paid on revenues in regulated markets

Gross profit: Operating revenue less cost of sales