

Company Registration No. 11368792 (England and Wales)

STRIVE HOLDING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

STRIVE HOLDING LIMITED

COMPANY INFORMATION

Director	Lasse Rantala
Company number	11368792
Registered office	Office 9.17 3A Capital Tower 91 Waterloo Road London SE1 8RT
Auditor	Bright Grahame Murray Emperor's Gate 114a Cromwell Road Kensington London SW7 4AG

STRIVE HOLDING LIMITED

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STRIVE HOLDING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for the year ended 31 December 2020.

Fair review of the business

During the year, the Group reported total revenue of €179,559,038 (2019: €25,587,718) with the main revenue stream arising from gross gaming revenue of €179,361,184 (2019: €25,587, 718). The Group's administrative and marketing expenditure, as expected, increased exponentially in line with the overall growth of the Group through the increasing popularity of the Group's casino brands. Administrative expenditure increased to €36,614,505 (2019: €5,338,305), mainly due to marketing and affiliate expenditure increased to €30,556,324 (2019: €3,312,361). As a result, the Group registered a profit before taxation amounting to 27,954,019 (2019: €1,497,924). After deducting taxation thereon, the profit for the year amounted to €18,195,354 (2019: €1,431,166).

The group reported revenue growth of 601.7% in the year, with gross profit margin increasing to 36.1% from 26.6% in 2019.

Principal risks and uncertainties

Significant risk and factors of uncertainty

The Group operates in an emerging online gaming industry. For internet based casino operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions. Legalisation concerning online gaming is under investigation in many jurisdictions. As at today certain EU countries have regulated their market by means of country specific licenses, whilst at present, discussions are in progress on the liberalisation of a number of other markets in Europe. The group monitors the legal situation within EU, and if any of its key markets where to regulate the market, Rootz Ltd would obtain the required license to be in a position to continue operating in that jurisdiction. This regulatory uncertainty represents both a risk and an opportunity for the company's ability to develop and grow the business. Reviews of gaming taxation laws are taking place in a number of EU jurisdictions, including certain jurisdictions from which the Company accepts bets. The director is of the view that any potential exposure to unpaid taxes is not material.

Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to the Canadian dollar, Norwegian Krone, New Zealand Dollar & Indian Rupee. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. Risk control assesses the credit quality of customers, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the year and management does not expect any losses from non-performance by these counterparties.

Price Risk

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

STRIVE HOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

Similarly to other operators in the gambling sector, the Group receives claims relating to losses incurred by consumers ("players") following the use of the Company's Casino game offering. During the first half of 2021, the Group experienced a particular increase in claims made in a specific jurisdiction following marketing campaigns by litigation funders in that same jurisdiction. A number of these claims were for losses suffered by players during the year ended 31 December 2020 as further described in Note 19 of these financial statements. Albeit not material to the financial statements in amount, this event is deemed to be of an adjusting nature by management as the claims relate to losses suffered by players in 2020.

Research and development

During the year, the only research and development costs for the group related to the exploration of which international jurisdictions to apply for a gambling license. These research and development costs were expensed in the year they were incurred.

On behalf of the board

Lasse Rantala

Director

18 May 2022

STRIVE HOLDING LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the group continued to be that of online gaming.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Lasse Rantala

Supplier payment policy

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the group at the year end were equivalent to 15.4 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

Bright Grahame Murray were appointed as auditor and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

STRIVE HOLDING LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group and parent company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the group and parent company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

Lasse Rantala

Director

18 May 2022

STRIVE HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRIVE HOLDING LIMITED

Opinion

We have audited the financial statements of Strive Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group income statement, the group and parent company statement of financial position, the group and parent company statement of changes in equity, the group and parent company statement of cash flows and the group and parent company notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and the parent company financial statements have been properly prepared in accordance with IFRSs and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

STRIVE HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STRIVE HOLDING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such 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.

In preparing the financial statements, the director is responsible for assessing the group's and parent 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

STRIVE HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STRIVE HOLDING LIMITED

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation and landlord and tenant regulations.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition, related parties outside normal course of business and management override.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Moore

For and on behalf of Bright Grahame Murray

24 May 2022

Chartered Accountants

Statutory Auditor

Emperor's Gate

114a Cromwell Road

Kensington

London

SW7 4AG

STRIVE HOLDING LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 €	2019 €
Revenue	4	179,559,038	25,587,718
Cost of sales		(114,688,115)	(18,765,843)
Gross profit		64,870,923	6,821,875
Other operating income		-	44,128
Administrative expenses		(36,614,505)	(5,338,305)
Operating profit	5	28,256,418	1,527,698
Finance costs	10	(302,399)	(29,774)
Profit before taxation		27,954,019	1,497,924
Income tax expense	11	(9,758,665)	(66,758)
Profit and total comprehensive income for the year		18,195,354	1,431,166

Profit for the financial year is all attributable to the owners of the parent company.

STRIVE HOLDING LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	€	€
Profit for the year	18,195,354	1,431,166
	<u><u> </u></u>	<u><u> </u></u>
Other comprehensive income:		
Total comprehensive income for the year	18,195,354	1,431,166
	<u><u> </u></u>	<u><u> </u></u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

STRIVE HOLDING LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 €	2019 €
Non-current assets			
Intangible assets	12	781,171	564,946
Property, plant and equipment	13	119,023	31,969
Other receivables	17	63,216	22,600
		<u>963,410</u>	<u>619,515</u>
Current assets			
Trade and other receivables	17	4,334,336	785,639
Cash and cash equivalents		40,647,478	6,903,624
		<u>44,981,814</u>	<u>7,689,263</u>
Current liabilities			
Trade and other payables	21	24,699,401	5,363,309
Net current assets		<u>20,282,413</u>	<u>2,325,954</u>
Net assets		<u>21,245,823</u>	<u>2,945,469</u>
Equity			
Called up share capital	23	1,000,000	916,000
Share premium account	24	865,000	844,000
Retained earnings		19,380,823	1,185,469
Total equity		<u>21,245,823</u>	<u>2,945,469</u>

The financial statements were approved and signed by the director and authorised for issue on 18 May 2022

Lasse Rantala
Director

STRIVE HOLDING LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 €	2019 €
Non-current assets			
Investments	14	100,000	100,000
Current assets			
Trade and other receivables	18	19,610,824	1,789,707
Cash and cash equivalents		1,505,374	1,379
		21,116,198	1,791,086
Current liabilities			
Trade and other payables	22	84,077	186,673
Net current assets		21,032,121	1,604,413
Net assets		21,132,121	1,704,413
Equity			
Called up share capital		1,000,000	916,000
Share premium account		865,000	844,000
Retained earnings		19,267,121	(55,587)
Total equity		21,132,121	1,704,413

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes.
The company's profit for the year was €19,322,708 (2019 - €49,244 loss).

The financial statements were approved and signed by the director and authorised for issue on 18 May 2022

Lasse Rantala
Director

Company Registration No. 11368792

STRIVE HOLDING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital €	Share premium account €	Retained earnings €	Total €
Balance at 1 January 2019		690,000	-	(245,697)	444,303
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	1,431,166	1,431,166
Issue of share capital	23	226,000	844,000	-	1,070,000
Balance at 31 December 2019		916,000	844,000	1,185,469	2,945,469
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	18,195,354	18,195,354
Issue of share capital	23	84,000	21,000	-	105,000
Balance at 31 December 2020		1,000,000	865,000	19,380,823	21,245,823

STRIVE HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Retained earnings	Total
Notes	€	€	€	€
Unaudited balance at 1 January 2019	690,000	-	(6,343)	683,657
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(49,244)	(49,244)
Issue of share capital	226,000	844,000	-	1,070,000
Unaudited balance at 31 December 2019	916,000	844,000	(55,587)	1,704,413
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	19,322,708	19,322,708
Issue of share capital	84,000	21,000	-	105,000
Balance at 31 December 2020	1,000,000	865,000	19,267,121	21,132,121

STRIVE HOLDING LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 €	€	2019 €	€
Cash flows from operating activities					
Cash generated from operations	29	34,434,432		6,154,049	
Interest paid		(302,399)		(29,774)	
Net cash inflow from operating activities		34,132,033		6,124,275	
Investing activities					
Purchase of intangible assets		(417,786)		(317,500)	
Proceeds on disposal of intangibles		-		9,338	
Purchase of property, plant and equipment		(109,046)		(32,143)	
Net cash used in investing activities		(526,832)		(340,305)	
Financing activities					
Proceeds from issue of shares		105,000		1,070,000	
Proceeds from borrowings from related parties		33,653		-	
Net cash generated from financing activities		138,653		1,070,000	
Net increase in cash and cash equivalents		33,743,854		6,853,970	
Cash and cash equivalents at beginning of year		6,903,624		49,654	
Cash and cash equivalents at end of year		40,647,478		6,903,624	

STRIVE HOLDING LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 €	2019 €
Cash flows from operating activities			
Cash absorbed by operations	30	(18,014,423)	(943,722)
Interest paid		(5,125)	(29,774)
Net cash outflow from operating activities		(18,019,548)	(973,496)
Investing activities			
Proceeds on disposal of subsidiaries		-	(95,000)
Dividends received		19,418,543	-
Net cash generated from/(used in) investing activities		19,418,543	(95,000)
Financing activities			
Proceeds from issue of shares		105,000	1,070,000
Net cash generated from financing activities		105,000	1,070,000
Net increase in cash and cash equivalents		1,503,995	1,504
Cash and cash equivalents at beginning of year		1,379	(125)
Cash and cash equivalents at end of year		1,505,374	1,379

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Strive Holding Limited is a private company limited by shares incorporated in England and Wales. The registered office is Office 9 17 3A, Capital Tower, 91 Waterloo Road, London, SE1 8RT. The company's principal activities and nature of its operations are disclosed in the director's report.

The group consists of Strive Holding Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in euros, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Strive Holding Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The director has at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The group recognises revenue from the following major sources:

- Gross gaming revenue
- Cooperation agreement

The nature, timing of satisfaction of performance obligations and significant payment terms of the group's major sources of revenue are as follows:

Gross gaming revenue

Revenue attributable to gaming transactions in which the company assumes an open position against the player are reported net after deductions for player winnings and jackpot contributions.

Cooperation agreement

Revenue attributable to legal entitlement for shares of profits generated through the cooperation agreement.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 Intangible assets other than goodwill

Acquired Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- 4 years straight line for acquired software
- 5 to 10 years straight line basis for acquired licenses.

Domains owned by the group are considered to have an indefinite useful life so no amortisation is required.

Internally generated intangible assets

The creation of internally generated intangible assets involves a research and a development phase. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset, arising from the Company's development of branded softwares, is recognised only if all of the following can be demonstrated by the Company:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate technical financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. When the intangible asset will become available for use, it will be amortised on a straight line basis over its estimated useful life which is assumed to be 4 years for all software and 10 years for licenses.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10 years straight line basis
Office equipment	4 years straight line basis
IT equipment	4 years straight line basis

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial institutions, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The parent company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.15 Taxation

The tax expense represents the sum of the tax currently payable.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

Narrow scope amendments to IFRS3, IAS16 and IAS37	Effective for periods commencing on or after 1 January 2022
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STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Annual improvements to IFRS standards 2018-2020	Effective for periods commencing on or after 1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current (effective for periods commencing on or after 1 January 2022)

3 Critical accounting estimates and judgements

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Intangible and tangible fixed assets

Determining whether there are indicators of impairment of the Group's intangible and tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and there there is a component of larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technical innovation, product life cycles and maintenance programmes are taken into account.

4 Revenue

	2020	2019
	€	€
Revenue analysed by class of business		
Gross gaming revenue ("GGR")	179,361,184	25,587,718
Revenue generated through cooperation agreement	197,854	-
	<u>179,559,038</u>	<u>25,587,718</u>

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Revenue		(Continued)	
	2020	2019	
	€	€	
Revenue analysed by geographical market			
European Union	175,967,857	25,075,964	
Rest of the world	3,591,181	511,754	
	<u>179,559,038</u>	<u>25,587,718</u>	
5 Operating profit			
	2020	2019	
	€	€	
Operating profit for the year is stated after charging/(crediting):			
Exchange losses	307,135	80,271	
Fees payable to the company's auditor for the audit of the company's financial statements	36,513	11,124	
Depreciation of property, plant and equipment	21,992	4,209	
Amortisation of intangible assets (included within administrative expenses)	201,561	75,949	
	<u>365,201</u>	<u>111,553</u>	
6 Auditor's remuneration			
	2020	2019	
	€	€	
Fees payable to the group's auditor and associates:			
For audit services			
Audit of the financial statements of the group and company	15,763	2,124	
Audit of the financial statements of the company's subsidiaries	20,750	9,000	
	<u>36,513</u>	<u>11,124</u>	
7 Employees - Group			
The average monthly number of persons (including directors) employed by the group during the year was:			
	2020	2019	
	Number	Number	
	<u>53</u>	<u>13</u>	

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees - Group (Continued)

Their aggregate remuneration comprised:

	2020 €	2019 €
Wages and salaries	5,315,904	631,596
Social security costs	127,314	32,748
	<u>5,443,218</u>	<u>664,344</u>

8 Employees - Company

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	-	-

9 Director's remuneration - Group

	2020 €	2019 €
Remuneration for qualifying services	<u>64,260</u>	<u>16,613</u>

10 Finance costs

	2020 €	2019 €
Interest on bank overdrafts and loans	-	29,774
Other interest payable	302,399	-
Total interest expense	<u>302,399</u>	<u>29,774</u>

11 Income tax expense

	2020 €	2019 €
Current tax		
Foreign taxes and reliefs	9,758,665	66,758
	<u>9,758,665</u>	<u>66,758</u>

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11	Income tax expense	(Continued)	
		2020	2019
		€	€

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020	2019
	€	€
Profit before taxation	27,954,019	1,497,924
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	5,311,264	284,606
Effect of expenses not deductible in determining taxable profit	244,385	57,239
Income not taxable	(216,356)	(11,557)
Utilisation of tax losses not previously recognised	13,205	-
Permanent capital allowances in excess of depreciation	(54,936)	(54,474)
Overseas tax paid	4,461,103	248,416
Notional interest deduction	-	(53,475)
Losses brought forward	-	(11,557)
Effect of fiscal consolidated tax unit	-	(400,545)
Other differences leading to an increase in tax charge	-	8,105
Taxation charge for the year	9,758,665	66,758

12	Intangible assets - Group	Internally generated software	Licences	Acquired software	Domains	Total
		€	€	€	€	€
Cost						
At 1 January 2019		138,015	46,338	148,380	-	332,733
Additions		246,032	-	38,379	33,089	317,500
Disposals		-	(9,338)	-	-	(9,338)
At 31 December 2019		384,047	37,000	186,759	33,089	640,895
Additions - internally generated		342,431	-	-	-	342,431
Additions - purchased		-	-	65,715	9,640	75,355
At 31 December 2020		726,478	37,000	252,474	42,729	1,058,681

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible assets - Group

(Continued)

	Internally generated software	Licences	Acquired software	Domains	Total
	€	€	€	€	€
Amortisation and impairment					
Charge for the year	48,226	1,500	26,223	-	75,949
At 31 December 2019	48,226	1,500	26,223	-	75,949
Charge for the year	144,477	2,000	55,084	-	201,561
At 31 December 2020	192,703	3,500	81,307	-	277,510
Carrying amount					
At 31 December 2020	533,775	33,500	171,167	42,729	781,171
At 31 December 2019	335,821	35,500	160,536	33,089	564,946

13 Property, plant and equipment - Group

	Fixtures and fittings	Office equipment	IT equipment	Total
	€	€	€	€
Cost				
At 1 January 2019	1,565	503	3,000	5,068
Additions	6,937	206	25,000	32,143
At 31 December 2019	8,502	709	28,000	37,211
Additions	940	9,072	99,034	109,046
At 31 December 2020	9,442	9,781	127,034	146,257
Accumulated depreciation and impairment				
At 1 January 2019	157	126	750	1,033
Charge for the year	443	-	3,766	4,209
At 31 December 2019	600	126	4,516	5,242
Charge for the year	918	1,538	19,536	21,992
At 31 December 2020	1,518	1,664	24,052	27,234
Carrying amount				
At 31 December 2020	7,924	8,117	102,982	119,023
At 31 December 2019	7,902	583	23,484	31,969

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Investments - Company

	Current 2020 €	2019 €	Non-current 2020 €	2019 €
Investments in subsidiaries	-	-	100,000	100,000

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in note 15.

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Rootz Ltd	Malta	Ordinary shares	100.00	-
World Spinner Ltd	Gibraltar	Ordinary shares	0	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Ewropa Business Centre, Level 3 - 701, Dun Karm Street, Birkirkara, Malta
- 2 5-9 Main Street, Gibraltar

16 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. Risk control assesses the credit quality of customers, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the year and management does not expect any losses from non-performance by these counterparties.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

The group does not hold any collateral or other credit enhancements to cover this credit risk.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Trade and other receivables - Group

	Current		Non-current	
	2020	2019	2020	2019
	€	€	€	€
VAT recoverable	1,913,671	458,097	-	-
Amounts owed by subsidiary undertakings	-	159,156	-	-
Amounts owed by related parties	36,150	37,366	-	-
Other receivables	197,282	5,000	63,216	22,600
Prepayments	2,187,233	126,020	-	-
	<u>4,334,336</u>	<u>785,639</u>	<u>63,216</u>	<u>22,600</u>

18 Trade and other receivables - Company

	2020	2019
	€	€
Amounts owed by subsidiary undertakings	19,418,543	1,789,707
Other receivables	192,281	-
	<u>19,610,824</u>	<u>1,789,707</u>

19 Trade receivables - credit risk

Fair value of trade receivables

The director considers that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

20 Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to the Canadian dollar, Norwegian Krone, New Zealand Dollar & Indian Rupee. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Price risk

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

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Trade and other payables - Group

	2020 €	2019 €
Trade payables	8,493,543	2,928,777
Amounts owed to related parties	18,323	16,383
Accruals	3,393,573	1,201,887
Social security and other taxation	12,793,944	1,003,269
Other payables	18	212,993
	<u>24,699,401</u>	<u>5,363,309</u>

22 Trade and other payables - Company

	2020 €	2019 €
Trade payables	24,445	-
Accruals	48,215	5,572
Other payables	11,417	181,101
	<u>84,077</u>	<u>186,673</u>

23 Share capital - Company

	2020 Number	2019 Number	2020 €	2019 €
Ordinary share capital				
<i>Issued and fully paid</i>				
of €1 each	1,000,000	916,000	1,000,000	916,000

All Ordinary shares in the Company shall have the right to vote and to receive dividends or distribution of assets on winding up. The shares in this class may be pledged by the holder or holders thereof.

24 Share premium account - Company

	2020 €	2019 €
At the beginning of the year	844,000	-
Issue of new shares	21,000	844,000
	<u>865,000</u>	<u>844,000</u>

The share premium reserve relates to the higher contribution associated with the increase in share capital paid by the shareholders.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Contingent liabilities

As at 31 December 2020, the Group had the following litigation and claims relating to the subsidiary, Rootz Ltd, operations in specific jurisdictions:

Austria

In common with other operators in the gambling sector, the Company receives claims relating to losses incurred by consumers ("players") following the use of the Company's Casino game offering. Claims have been received from players in Austria, who allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes.

The Company assesses and defends individual claims as they are received both on the individual underlying factual basis and in line with the legal opinion received as to whether such jurisdictions and their local licencing regimes are in conformity with European Union ("EU") law on the free movement of services or otherwise. Player claims are expensed as they are resolved, and the Company provides for such claims where it is determined that the Company has both a present obligation and that an outcome in favour of the claimant is determined to be probable.

The Company is aware of the existence of on-going challenges to local licencing regimes on the basis of their inconformity with EU law including one such case where the Austrian courts have referred a case relating to Fluctus s.r.o. and Fluentum s.r.o., to the European Court of Justice and has received legal opinion that the outcome of such cases is likely to have a significant effect on the status of the claims brought against it. In addition to the outcome of cases relating to the conformity or otherwise of specific jurisdictions' licencing regimes with EU law, significant issues remain to be resolved in the context of player claims related to the applicable law under which claims in cross border cases should be determined and the enforceability of disputed judgments obtained in jurisdictions from which the Company does not trade and where it has no assets or presence.

During the last quarter of 2020 and following the reporting date, the Company received claims from players of approximately €875,000, claiming that the Company has offered casino gaming in Austria without having the necessary license. These claims have been fuelled by the statement made by an Austrian litigation advocacy firm (Advcfm) which announced that it would be filing lawsuits against online gambling operators and claim back gambling losses where players have lost €3,000 or more with any single operator other than Austria's own state-licensed lottery.

Player claims received during the aforementioned period have been settled during the same period for €447,706 outside of court, while approximately €151,000 remain unsettled, pending resolution with individual players. Based on ruling of the Austrian Constitutional court, the Austrian Supreme Court has so far upheld players' arguments. According to legal opinions commissioned by the Company, the chances of the Company to prevail in the court proceedings with players are rather low. The assessment of the prospects could change in favour of the Company if the European Court of Justice ("ECJ") would rule in the preliminary ruling case Fluctus & Fluentum (C-920/19) that the Austrian Gambling Monopoly is in breach with principles of EU law. In such circumstance, the Company would legally offer online gambling in Austria and consequently, the game offering would not qualify as 'illegal gambling'. Currently, there are no supreme court decisions and the lower courts rule rather differently, however, there is a certain trend that the courts are suspending their proceedings and waiting for the ECJ to rule in the Fluctus and Fluentum case.

Considering the uncertainties associated with the legal basis for these claims, coupled with an assessment of the strength of the legal defence that the Company has against such claims, the Directors are aware of a possible, but not probable, outflow of economic benefits which cannot be reliably measured, associated with these claims.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Contingent liabilities

(Continued)

Tax dispute in Austria

The group is carrying a provision of approximately €2.6 million as at 31 December 2020 (2019: €276,860) relating to unpaid gaming taxes, interest and penalties in Austria, covering the period from June 2019 to December 2020. There exists an uncertainty relating to the determination of the tax base used for the purposes of applying the taxes and duties. The tax base used for the calculations is in line with legal opinions commissioned by the Company. Notwithstanding, the Company continues to make ongoing provisions covering the potential taxation, including interest and penalties (if any), in the statement of comprehensive income as direct costs and liability thereon in the statement of financial position.

As described above, during the last quarter of 2020 and up to financial statement signing date, the group was subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. In estimating the size of the potential future outflow that might result if this were to occur, the Directors have assessed (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage; (ii) the steps that the Company intends to take to defend those claims; and (iii) the fact that the Company has been advised that any outflow would be expected to be a percentage of the total amount in dispute. Based on that assessment the Company estimates that, if there were to be an outflow of economic benefits, it could be between €NIL and €6.5M.

The timing of any such outflow will be dependent on the rate and number of future claims made by players and results of proceedings thereon.

26 Capital risk management

The group is not subject to any externally imposed capital requirements.

27 Events after the reporting date

During the first half of 2021, the Group's subsidiary, Rootz Ltd, implemented a number of changes and restrictions to its casinos, specifically for German players. These changes were implemented so as to be in compliance with new regulations that came into force during the same period, and in anticipation of, and eligibility to a gambling license application in the same jurisdiction. The changes and restrictions implemented resulted in a decrease in traffic generated from German players, which is expected to gradually increase during the second half of 2021. Management are unable to quantify the impact of the decreased traffic however, the Company still generated positive returns during such period.

The events described in Note 25 are deemed to be of an adjusting nature by management since both settled and pending claims relate to losses suffered by players during the year ended 31 December 2020.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Related party transactions

During the year the group entered into the following transactions with related parties:

	2020	2019
	€	€
Expenses paid by immediate parent company	64	40,952
Expenses paid by shareholders	4,866	12,988
Expenses paid on behalf of immediate parent company	11,417	7,964
Services provided by subsidiary	1,017,520	-
Funds transferred to subsidiary company	877,000	1,050
Funds repaid to immediate parent company	-	24,000
Loan granted to shareholders	-	35,000
Interest income due from shareholders	715	435
Repayments to immediate parent company	1,630,551	405,000
Injection of funds by immediate parent company	-	1,496,895
	<u>3,542,133</u>	<u>2,024,284</u>

During the year, a dividend of €19,418,543 was declared by Rootz Ltd to the immediate parent company. As at 31 December 2020, a balance of €19,407,126 was due to Strive Holdings Limited in relation to the dividend.

During the year, a dividend of €19,100,000 was declared by Strive Holdings Limited to the shareholders. As at 31 December 2020, a balance of €18,907,719 was due to shareholders in relation to the dividend.

As at 31 December 2020, €36,150 (2019: €35,435) was due from the shareholders to Rootz Ltd. The amounts due from shareholders are unsecured and carry an annual interest rate of 1%.

As at 31 December 2020, €18,323 (2019: €13,457) was due to the shareholders from Rootz Ltd. Amounts due to shareholders are unsecured, interest free and repayable when the Company will be in a position to affect such repayment.

As at 31 December 2020, €138,233 (2019: €1,931) was due World Spinner Limited from Rootz Ltd. Amounts due to subsidiaries are unsecured, interest free and repayable when the Company will be in a position to affect such repayment.

As at 31 December 2020, €4,927,800 was due to the director, a shareholder, in relation to dividends declared in the year.

STRIVE HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

29 Cash generated from operations - Group

	2020 €	2019 €
Profit for the year after tax	18,195,354	1,431,166
Adjustments for:		
Taxation charged	9,758,665	66,758
Finance costs	302,399	29,774
Amortisation and impairment of intangible assets	201,561	75,949
Depreciation and impairment of property, plant and equipment	21,992	4,209
Movements in working capital:		
Increase in trade and other receivables	(3,624,106)	(595,688)
Increase in trade and other payables	9,578,567	5,141,881
Cash generated from operations	34,434,432	6,154,049

30 Cash absorbed by operations - Company

	2020 €	2019 €
Profit/(loss) for the year after tax	19,322,708	(49,244)
Adjustments for:		
Finance costs	5,125	29,774
Investment income	(19,418,543)	-
Movements in working capital:		
Increase in trade and other receivables	(17,821,117)	(1,789,707)
(Decrease)/increase in trade and other payables	(102,596)	186,673
Cash absorbed by operations	(18,014,423)	(1,622,504)

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