

# THE ANNUAL Report 2020

**lottotech**

## EXECUTIVE CHAIRMAN'S MESSAGE *Page 4*



**“ We remain focused on our sustainable development goals, our values of responsibility, trustworthiness and teamwork towards community initiatives. ”**

Lottotech's long term engagement towards a responsible gaming strategy, growth and sustainability of its business by continuing to develop its people, encouraging innovation and out of the box thinking and protecting its cash flow is more relevant than ever.

## LOTERIE VERT *Page 33*

In 2018, the brand name and mark of the Loterie Vert held by the Government Lotteries and operated by the Lottery Committee was transferred to Lottotech Ltd. After two years, the 70-year-old brand was modernized and launched in October 2020.

## THE MAURITIUS FOOTBALL POOLS

In 2019, Lottotech acquired the Pool Joseph Merven Ltd (PJML) and started its collaboration with The Football Pools, a UK based company.

## MANAGING DIRECTORS' STATEMENT

*Page 8-9*

**“LOTTERIES AROUND THE GLOBE HAVE REALIZED THAT A CASHLESS DIGITAL SOLUTION IS CRITICAL”**

**M.C** - The lockdown has shown all of us in the industry (and outside) how vulnerable we are, particularly those without a digital channel solution. Lotteries around the globe have realized that a cashless digital solution is critical to a sustainable business not just for commercial reasons. More than ever, it has become an imperative for the

health and safety of our players, of our team and to win back the market share lost to illegal operators. We need to convince governments and regulators to be more flexible and to trust that Lotteries should be given the authority to use digital means to protect its players and the revenue for good causes.

## ISO 27001:2013 *Page 25*

Lottotech is certified ISO 27001:2013 for establishing, implementing, operating, monitoring, reviewing, maintaining and improving its information security management system.

### **Vision**

To be the preferred gaming provider in Mauritius and the region.

### **Mission**

To create and enhance stakeholder value through regulated gaming operations offered in a socially responsible manner.

### **Values**

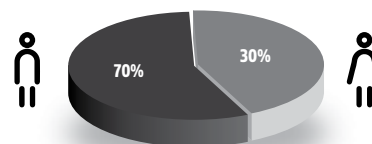
Our core values of integrity, trustworthiness and responsibility are complemented with our passion for results, innovation and teamwork.

## THE BOARD'S STRUCTURE AND THE COMMITTEES

*Page 14*

The Board was composed of ten Directors for the year ended 31 December 2020 with the aim to have a more gender balanced and diverse representation.

### Gender





**Make a wish...**

We changed the lives of more than **265 jackpot winners** – with total prizes paid to winners representing **Rs 13 billion** – and of **750 retailers** around Mauritius and Rodrigues. Lottotech has also enabled good causes to prosper through contributions of above **Rs 6 billion** to the Consolidated Fund and the National Solidarity Fund since the beginning of our operations in 2009.

**lottotech**

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# LOTTOTECH AT A GLANCE FOR 2020

MUR

911,3

Million

Amount paid to winners

MUR

452,4

Million

Consolidated Fund

MUR

39

Million

National Solidarity Fund

MUR

105,5

Million

Retailer Commission

MUR

61,1

Million

Net profit after tax

MUR

4.5

Million

Corporate Social Responsibility

MUR

1.9

Billion

Turnover

MUR

0.32

Dividend per share

MUR

0.18

Earnings per share

MUR

78,8

Million

Net profit before tax

# EXECUTIVE CHAIRMAN'S MESSAGE



**“ We remain focused on our sustainable development goals, our values of responsibility, trustworthiness and teamwork towards community initiatives. ”**

## Dear Shareholders

I am pleased to present the Lottotech Annual Report and Financial Statements for the year ending December 31, 2020.

Lottotech has been built on a strong foundation of corporate governance and values, based on which the Board of Directors and the management team ensure that the Company continues to operate and create value for its shareholders and the communities throughout Mauritius.

The Company was focused on meeting its 2020 targets until mid-March when the global pandemic caused significant disruption to the business community and to the lives of all Mauritians.

However, the Company strived to remain resilient and face the challenges resulting from the pandemic. We remain focused on our sustainable development goals, our values of responsibility, trustworthiness and teamwork towards community initiatives.

Lottotech's long term engagement towards a responsible gaming strategy, growth and sustainability of its business by continuing to develop its people, encouraging innovation and out of the box thinking and protecting its cash flow is more relevant than ever. In addition, a new business development team was formed to pursue international opportunities and grow our footprint outside of Mauritius.

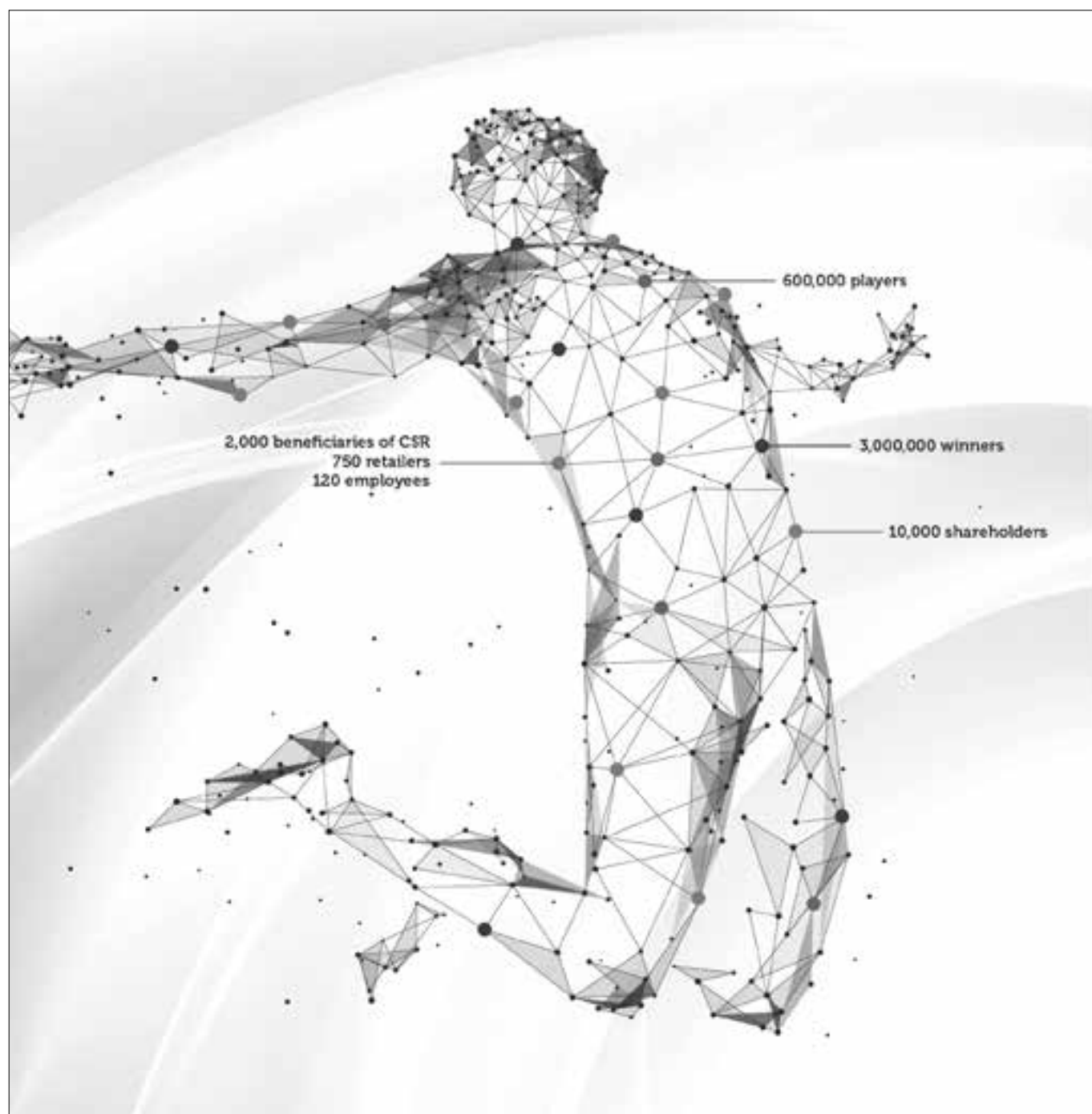
The Board of Directors has approved the declaration and payment of a final dividend of 0.17 cents per share, which represents a total dividend payout ratio of 95% of the Company's profit.

I would like to thank my fellow Directors for their support, oversight and valued contribution and we welcome Jason Ah Teck, our new Director at our last Annual Meeting.

On behalf of the Board, I would like to thank the Lottotech team for its commitment to excellence, our retailers, our players and service providers for enabling the Company to continue its business during this difficult year. We have also a special thank you to our shareholders for your continued confidence and support.

**Tommy Ah teck**  
Executive Chairman

Date: 25 March 2021



**Dream it. Do it!**

You can dream about your future. And it stays forever a dream. But what if you could make it become a reality? Fortune favours the bold.

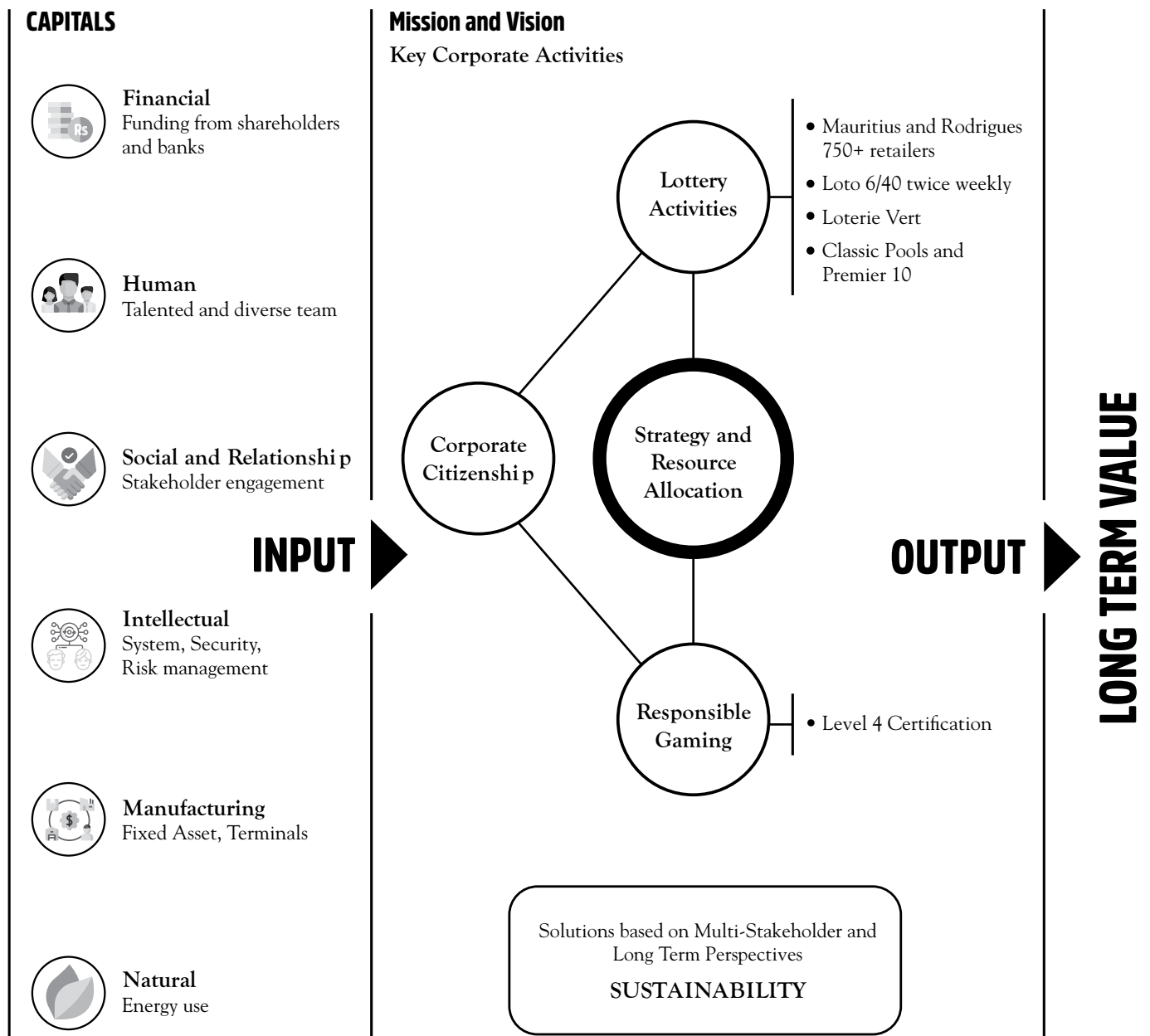
- 3,000,000 winners didn't only dream about winning. **They won.**
- 600,000 players didn't only dream about making a difference. **They did.**
- 10,000 shareholders didn't only dream about becoming part of Lottotech adventure. **They are.**
- 2,000 beneficiaries of CSR, 750 retailers and 120 employees didn't only dream about a better tomorrow. **They realised it.**

**They all believed in themselves. In us. And in a brighter future.**












**lottotech**  
nou tou gagnant

# HOW WE CREATE LONG TERM VALUE

“We promote a responsible and multi-stakeholder approach in everything we do from our core lottery activities to our corporate citizenship initiatives.”



**“A Corporate Balanced Scorecard is established with strategic organizational objectives which are translated into departmental objectives and further cascaded down to individual key performance indicators.”**

INPUT	 <b>Financial</b> <ul style="list-style-type: none"><li>- Solid equity</li><li>- Long term financial stability</li></ul>	 <b>Human</b> <ul style="list-style-type: none"><li>- Engaged people</li><li>- Skilled professionals</li></ul>	 <b>Social and Relationship</b> <ul style="list-style-type: none"><li>- Long term stakeholder relationship</li><li>- Socio-economic development</li></ul>	 <b>Intellectual</b> <ul style="list-style-type: none"><li>- Effective and safe ICT system</li><li>- Efficient and effective processes</li><li>- Innovation capability</li></ul>	 <b>Manufacturing Capital</b> <ul style="list-style-type: none"><li>- Long term relationship with retailers</li><li>- Data centers and support function premises</li><li>- Equipment and technology resources that enable service delivery</li></ul>	 <b>Natural</b> <ul style="list-style-type: none"><li>- Soil, water, fauna conservation</li></ul>
VALUE CREATED DURING THE YEAR	<ul style="list-style-type: none"><li>- Performance improvement</li><li>- New revenue stream</li><li>- Business development</li></ul> <p>Sales: <b>MUR 1,9 billion</b> PJML Commission: <b>MUR 3,3 million</b> Profit after tax: <b>MUR 61,1 million</b></p>	<ul style="list-style-type: none"><li>- Performance improvement</li><li>- Strong corporate culture</li><li>- Team growth</li></ul> <p>Training Investment 255 hours <b>MUR 892,068</b></p>	<ul style="list-style-type: none"><li>- Product innovation – Loterie Vert game</li><li>- Revenue enlargement</li><li>- Reputation enhancement</li></ul> <p>CSR funds: <b>MUR 4.5 million</b></p>	<ul style="list-style-type: none"><li>- Performance improvement</li><li>- Sustainability and reliability of system</li></ul>	<ul style="list-style-type: none"><li>- Smooth running of business</li><li>- Client retention and acquisition</li></ul>	<ul style="list-style-type: none"><li>- Green initiatives</li><li>- Energy consumption reduction</li></ul>
COMMUNITY IMPACT	<ul style="list-style-type: none"><li>- Support for the economy</li><li>- Investor and employee remuneration</li></ul> <p>Shareholder's fund: <b>MUR 142,8 million</b></p>	<ul style="list-style-type: none"><li>- Empowerment and personal development</li><li>- Equal opportunities</li><li>- Merit and transparency</li><li>- Greater well being</li></ul> <p>Employee engagement (79.6%)</p> <p>Gender Diversity (M- 49%; F 51%)</p>	<ul style="list-style-type: none"><li>- Customer Satisfaction</li><li>- Social inclusion</li><li>- Increased number of beneficiaries of community projects</li></ul> <p>WLA certification Level 4</p> <p>+20 projects</p> <p>+2000 beneficiaries</p> <p>703H volunteering</p>	<ul style="list-style-type: none"><li>- Business continuity and security</li></ul> <p>100% secure system</p> <p>ISO 27001 certification</p>	<ul style="list-style-type: none"><li>- Create greater wealth for winners</li><li>- No down time therefore a guarantee of high service quality at all time</li><li>- Proximity of product and service to customers</li></ul> <p>100% performing system</p>	<ul style="list-style-type: none"><li>- Environmental business culture development</li><li>- E waste Management 1.7 tons</li></ul>
ACTUAL 2020 (%)	57.1	7.5	15	5.8	10.1	-
TARGET 2020 (%)	60	7.5	15	5	12.5	-
PERFORMANCE						
TARGETS FOR 2021:	<ul style="list-style-type: none"><li>- Find new revenue stream</li><li>- Increase positive impact of the business on the society</li><li>- Improve our channels of distribution</li><li>- Engage our stakeholders on Responsible Gaming</li></ul>					



# MANAGING DIRECTORS' STATEMENT

**1. The global gambling industry has been profoundly affected by the COVID-19 pandemic in 2020 and we are still having its ripple effect. However, Lottotech has managed to end the year 2020 profitably. What were the main challenges and the impacts of this pandemic on the company's performance?**

**“THE COMPANY DELIVERED A NET PROFIT OF MUR 61,1M”**

**M.V.** Lotteries around the globe have been impacted by the Covid pandemic in different ways. Regulated lotteries that already complemented their retail channel through a digital channel were able to somewhat sustain their sales and thus revenue for good causes during the lockdown periods. Some lotteries actually experienced an increase in

sales as casino players shifted their play to lottery once the casinos were closed.

Here in Mauritius, we stopped our lottery sales at retail during the lockdown period and given that lottery is not offered digitally, this had a negative impact on our contribution to the Consolidated Fund for good causes and profit to our thousands of shareholders. This was also the first time the Company experienced having to continually postpone the draw and from an IT perspective that was not a trivial undertaking given that the system was not designed to pause for so long. While the impact was negative due to the 11 week closure the Company remained profitable for the year 2020. We are pleased to announce that despite the tough challenges, the company delivered a net profit of MUR 61,1 m. The earnings per share was 18 cents and the share price as of December 31, 2020 was MUR 9.28 representing a slight increase of 8% over 2019.



**Moorghen Veeramootoo**

**2. What were the key aspects that helped the company to overcome the challenges of this pandemic?**

**M.C.** Similar to organizations around the world, Lottotech had to respond very quickly to ensure the safety and health of our team and all stakeholders as well as focusing on business continuity. Fortunately, in Mauritius we had time to put together a detailed Business Continuity Plan (BCP) in response to the Covid pandemic which complemented our existing BCP. So, in most respects, we were prepared for a lockdown and confinement. In addition, we applied an excellent Enterprise Resilience tool provided by EY to ensure we had considered the impact of a lockdown on all aspects of the business.

A rapid response forum was created where key team members could meet virtually several times a day. Once we were satisfied that the

team was safe and supportive measures were in place, we did the usual stress test of the top line, profit and loss, and cash flow. As we had to shut down the sales entirely as lottery play and revenue were not considered an essential service, strengthening our liquidity became a priority as well.

In times of isolation, communication is the key to keep our team informed and strong. Constant messaging through multiple platforms helped us stay close to our audience and provide relevant and important information.

Team work with our international and local partners, was admirable and we are very grateful to have their continuous support.

**3. Lottotech also expanded its product portfolio. What does it entail to launch a new product in such unusual circumstances?**

**M.V.** In 2018, through an agreement with the Ministry of Finance and Economic Development, Lottotech became responsible for the 77 year old Loterie Vert brand and forty-four of its employees. The integration of the Loterie Vert and Lottotech teams was a great success. After in depth market research a new modern game was developed for launch in the last quarter of 2020. While the incremental sales results during the last two months of the year were positive, the pandemic had changed the context for our players. A launch of a new product during such uncertain times was a risk to take. However, essential aspects of our business are to stay agile and adapt to a constantly changing market. After consultation with our players and retail partners we made an adjustment to the top prize changing it from an annuity style prize to a lump sum.



**4. Purpose-driven companies, more engaged towards its people, customers and companies, stand the test of time. Facing such pandemic, would you agree that Lottotech has walked the talk?**

**“WE STAYED  
COMMITTED  
TO THE NGOs  
AND OTHER  
PARTNERS”**

**M.C.** We may be in a period of significant business transformation. Companies are rethinking or reinforcing their corporate purpose and sustainability goals, their ways of working, their use of digital technology and imagining new business models. All these will be further fuelled by Generation Z and the Next Gen.

At Lottotech, we live our promise. We articulate our strategy towards offering safe products to players and stayed active in our community. During Covid, our team joined forces with the Gamma Group for distribution of food around the island.

We stayed committed to the NGOs and other partners we work with as we believe that multistakeholder actions enable us to have more impact and be solution driven. In year 2020, we as Managing Directors have signed our Sustainability Policy which we are committed to implement over the long term.



Michelle Carinci

**5. The future of gambling industry in Mauritius. Are there any lessons learnt from the pandemic and any opportunities derived from such experience?**

**“LOTTERIES  
AROUND  
THE GLOBE  
HAVE REALIZED  
THAT A  
CASHLESS  
DIGITAL  
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CRITICAL”**

**M.C.** The lockdown has shown all of us in the industry (and outside) how vulnerable we are, particularly those without a digital channel solution. Lotteries around the globe have realized that a cashless digital solution is critical to a sustainable business not just for commercial reasons. More than ever, it has become an imperative for the health and safety of our players, of our team and to win back the market share lost to illegal operators. We need to convince governments and regulators to be more flexible and to trust that Lotteries should be given the authority to use digital means to protect its players and the revenue for good causes.

**lottotech**

ONE TEAM MOVING TOGETHER



# DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and the audited consolidated financial statements of Lottotech Ltd (“the Company” or “Lottotech”) and its subsidiaries (the “Group”) for the year ended 31 December 2020.

## Principal Activity

The Company operates the Mauritius National Lottery on behalf of the Government of Mauritius.

Following a Request for Proposal issued by the State Investment Corporation Ltd in March 2008, the proposal of the Company, including its structured game plan, was accepted and the Company was selected in July 2008 as the preferred bidder for the implementation and operation of the Mauritius National Lottery. In April 2009, the Gambling Regulatory Authority (GRA) issued an exclusive licence to Lottotech Ltd to operate the Mauritius National Lottery.

The activity of the Mauritius National Lottery, also called La Loterie Nationale, is regulated by the GRA Act 2007. The Company operates in a highly regulated environment. The Company offers loto game that has two weekly draws on Wednesday and Saturday. Loterie Vert has a weekly draw on Friday.

On 3 March 2014, the Company was converted into a public company, and on 11 June 2014, it was listed on the official market of the Stock Exchange of Mauritius Ltd. The successful listing process created over 8,000 new Central Depository & Settlement Co Ltd (CDS) accounts on the Stock Exchange of Mauritius Ltd, with a total of 12,385 applications and a subscription ratio of 2.99 times. The new shareholders comprised of individual and institutional investors, including foreign investors.

In March 2015, the Government announced budgetary measures that banned advertising of the lottery effective 24 March 2015, and the prohibition of the Quick Win category of games effective 30 June 2015.

In June 2018, following the conclusion of the mediation between the Company, the Gambling Regulatory Authority (GRA) and the Ministry of Finance and Economic Development before the Supreme Court of Mauritius (Commercial Division), the Company informed its shareholders that:

- The Company's licence has been renewed until 2029;
- The Company has been granted approval to launch a second weekly draw of the Loto 6/40.

Lottotech acquired 100% of Pool Joseph Mervin Ltd (PJML) in 2019. PJML holds the license to operate as an agent of a foreign pool company, The Football Pools, a sports betting operator in UK. This offers the opportunity to have a more diversified portfolio and provide new games to its player base.

As a result of the ongoing and systematic focus on increasing the player base through innovation and communication and responsible cost management, the business showed a positive performance during 2020 despite facing challenges from lockdown due to Covid 19. The Company successfully launched a new game under the Loterie Vert brand on 30 October 2020.

## Results and Performance

Group	
Group Statement of Profit or Loss and Other Comprehensive Income	
Turnover from lottery tickets	Profit for the year
Dec 2020: MUR1,870.3m	Dec 2020: MUR61.1m
Dec 2019: MUR2,630.5m	Dec 2019: MUR155.7m

Company	
Company Statement of Profit or Loss and Other Comprehensive Income	
Turnover from lottery tickets	Profit for the year
Dec 2020: MUR1,870.3m	Dec 2020: MUR60.4m
Dec 2019: MUR2,630.5m	Dec 2019: MUR172.1m

The Company contributed MUR452.4m to the Consolidated Fund in 2020 compared to the contribution of MUR638.9m in 2019.

The Company continues to be profitable. Loto maintained its strong brand with high approval ratings and high participation rates and a modest weekly spend at MUR135. This aligns with the Company's responsible gaming strategy.

### Retailer Network

The retailer network of the Company exceeds 740 retailers, comprising mainly small family-owned businesses. Total commissions paid to retailers in 2020 were MUR105.5m. MUR1.2m was paid to 32 retailers for selling the jackpot winning tickets.

### Corporate Social Responsibility (CSR)

The Company is a member of the World Lottery Association (WLA). The WLA is recognised as the global authority on the lottery business and upholds the highest ethical principles. There are terms and conditions that the Company must fulfil to be a member of the WLA, namely:

The member organisation must be licensed or authorised to conduct lotteries and/or sports betting operations by a jurisdiction domiciled in a state recognised by the United Nations.

Sales of games of chance and/or skill must account for the majority of the organisation's total annual gross revenues.

The majority of the organisation's net revenues must be dedicated to the public good.

The organisation's business practices must conform to the aims and objectives of the Association.

The Company received the WLA Responsible Gaming certification Level 4 which is the highest international standard. Further, the ISO 27001 certification was renewed demonstrating its commitment to world class information security management.

For the year ended 31 December 2020, the CSR budget as per the legal requirements totalled MUR4.5m (2019: MUR3.2m).

Several CSR projects were evaluated on the criteria of making a significant difference, aligning with the Company's branding of "La Chance Pour Tous", offering a long term impact and providing opportunities for employees of the Company to become involved. This year, the Company continued its focus on alleviation of poverty, education and empowering women.

### Consolidated Fund and National Solidarity Fund

The Company contributed MUR452.4m to the Consolidated Fund of the Government of Mauritius in 2020. As per the GRA Act, any money paid into the Consolidated Fund is used to finance the implementation of projects relating to community development, the promotion of education, health, sports and culture and for reimbursement of public debt of the Government of Mauritius.

In addition, the National Solidarity Fund received over MUR39m representing unclaimed prizes during the period. The National Solidarity Fund is used to improve the lives of the most vulnerable Mauritian citizens.

### Future Outlook

The fundamentals of the Company's business remain strong. The launch of Loterie Vert in October 2020 along with the planned developments of PJML in 2021 will further boost sales, and the contribution to the Consolidated Fund for good causes in Mauritius. Despite difficult market conditions due to Covid 19, the Group will continue to explore opportunities to diversify its product portfolio and services to continue to meet consumer expectations.

Lottotech will continue its efforts to make a difference and participate in our communities through its involvement in multiple projects to enhance the education of vulnerable groups and women entrepreneurs.

Lottotech will continue to operate within its responsible gaming strategy. Our international experience lends itself to working closely with the GRA to develop an overall responsible gaming strategy and gaming alternatives in the regulated market.

Authorised for issue by the Board of Directors on and signed on its behalf by:



Director



Director

DATE: 25 March 2021

**MERSI A  
TOU BANN  
FRONTLINERS**



# CORPORATE GOVERNANCE REPORT 2020

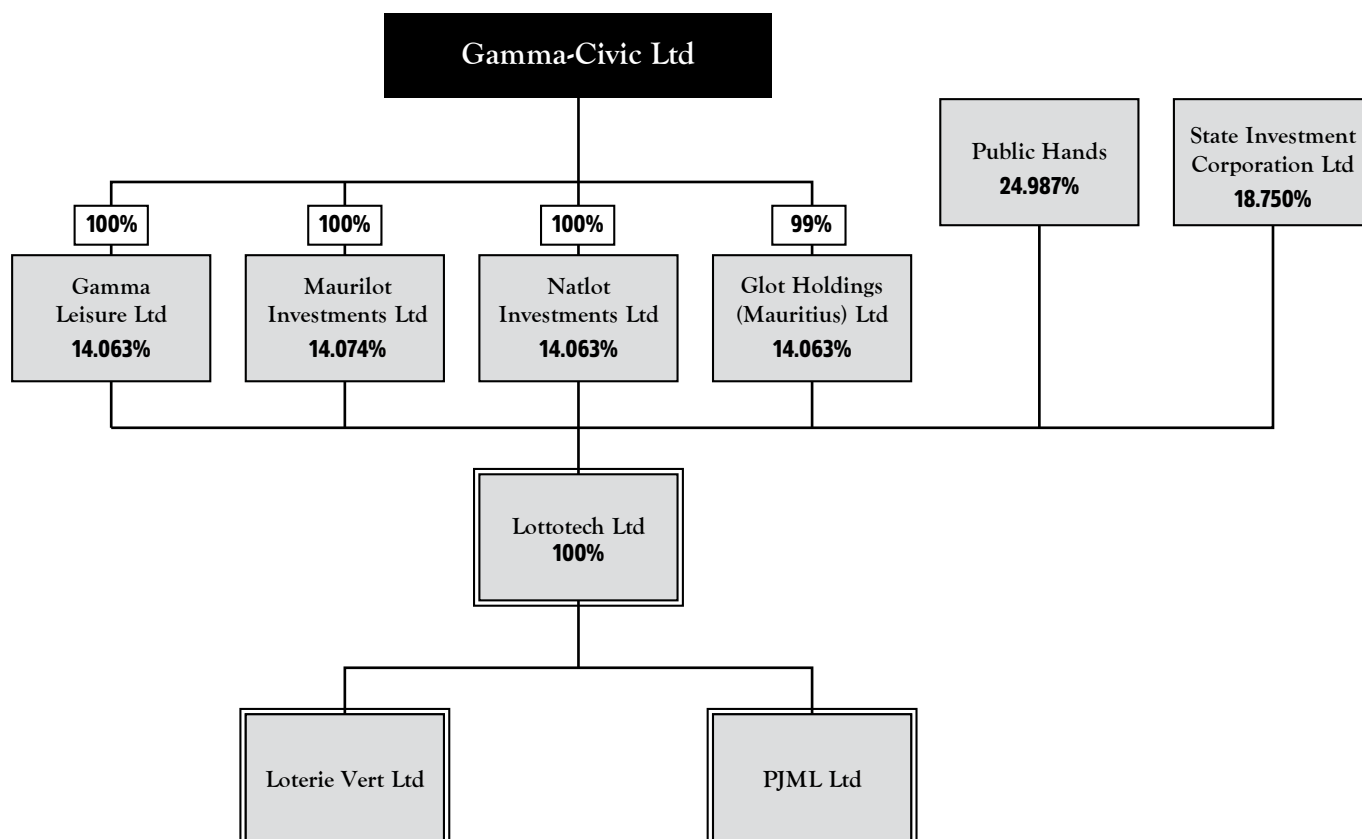
## Introduction

Lottotech Ltd (“Lottotech” and/ or “the Company”), listed on the Stock Exchange of Mauritius (the “SEM”) and falling under the definition of Public Interest Entity (“PIE”), is held to high standards by investors and customers, and the Board’s commitment to corporate governance.

The corporate governance report demonstrates the Board’s engagement towards the National Code of Corporate Governance (2016) and its continuing efforts to integrate the eight principles throughout Lottotech.

The objective of the Board of Directors, Management and all employees of the Company is to adopt and implement the principles of good governance, which can only be achieved by demonstrating professional and ethical conduct. The Company’s “Code of Conduct” provides guidance to all Directors and employees of Lottotech Ltd to fulfil their duties and obligations with highest standards of business ethics.

Shareholding structure of Lottotech at 31 December 2020 was as follows:



# PRINCIPLE 1: GOVERNANCE STRUCTURE

Lottotech is led by a dedicated and unitary Board, which is collectively accountable and responsible for the long-term success of the Company. The Board has created two committees of the Board to facilitate decision-making, with advisory role. Delegation of responsibilities and authority to the committees are clearly defined. The Board remains the sole decision-making body. The Board monitors the performance of the Management Team in relation to set key performance indicators on a regular basis. The Company manages performance accountabilities and key performance indicators through a formal balanced scorecard process.

## Roles and Responsibilities

Role of the Executive Chairman	Role of the Board
<ul style="list-style-type: none"> <li>Responsible for management and leadership of the Board of Directors of the Company and the Management team;</li> <li>Ensures that the Board as a whole plays a full and constructive part in the development and determination of the Lottotech's strategies and policies, and that Board decisions are in the Lottotech's best interests and fairly reflect Board's consensus;</li> <li>Ensures that the strategies and policies agreed by the Board are effectively implemented by the Management;</li> <li>Establish good corporate governance practices and procedures by promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.</li> </ul>	<ul style="list-style-type: none"> <li>Setting strategy and organisation structure by means of a five-year strategy development and financial planning exercise, including an IT strategy and the review thereof as is deemed fit, given the prevailing economic context;</li> <li>Accurate and transparent regular reporting on the "state of play" of the Company, including the Annual Report as per statutory requirements;</li> <li>Assume responsibility for meeting all legal and regulatory requirements;</li> <li>Through its risk oversight role, satisfy itself that Management is effectively managing and mitigating relevant risks, including business risks, by establishing policies and procedures consistent with the Group's strategy and risk appetite.</li> </ul>
Role of Committees	Role of the Joint Managing Directors
<ul style="list-style-type: none"> <li>Facilitate efficient decision-making;</li> <li>Uphold integrity in Financial Reporting;</li> <li>Focus on specific areas of responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>Leads management in the day-to-day running of Lottotech's business in accordance with the business plans and within the budgets approved by the Board;</li> <li>Develops and proposes the Lottotech's strategies and policies for the Board's consideration;</li> <li>Implements, with the support of management, the strategies and policies as approved by the Board and its committees in pursuit of the Company's objectives;</li> <li>Ensures that the Board, especially the Executive Chairman, is alerted to forthcoming complex, contentious or sensitive issues affecting the Group; and</li> <li>Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity and corporate governance within the Group.</li> </ul>

## Role of Company Secretary

Gamma Corporate Services Ltd, is a wholly-owned subsidiary of Gamma Civic Ltd, was set up on 16 March 2012 to provide corporate services (legal, secretarial and any other related services) under the supervision of the Chairman. As an officer of the Company, the Company Secretary is accountable to the Board through the Executive Chairman in the performance of its duties and responsibilities as well as for the corporate governance processes. The duties of the Company Secretary shall include but shall not be restricted to:

- Providing the Board with guidance as to its duties and responsibilities, and powers;
- Informing the Board of all legislations on functions and operations relevant to or affecting meetings of shareholders and directors and reporting at any meetings as may be reasonably required from time to time for the filing of any documents required of Lottotech Ltd;
- Ensuring that minutes of all meetings of shareholders and directors are duly recorded and that all statutory registers are properly maintained;
- Certifying in the annual financial statements of the Company that Lottotech Ltd has filed with the Registrar of Companies all such returns as are required of Lottotech Ltd under the Companies Act 2001;
- Ensuring that a copy of Lottotech Ltd's annual financial statements and, where applicable, the annual reports are sent by email or post to every person/entity entitled to such statements or reports in terms of the Companies Act 2001.

## Constitution

The Company is governed by a constitution, which is in line with the Companies Act 2001. There is no material clause in the Company's constitution which requires disclosure.

A copy of the Company's constitution is available for inspection at the registered office of the Company.

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

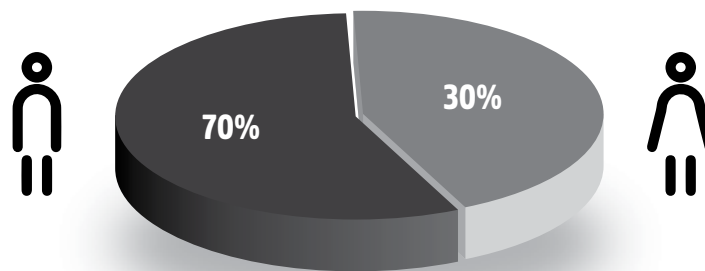
## PRINCIPLE 2: THE BOARD'S STRUCTURE AND THE COMMITTEES

According to the Lottotech Charter, the Board may be composed of a maximum number of twelve Directors as per the Company's constitution, to serve a term of office of three years, subject to the shareholders' resolution at each Annual Meeting.

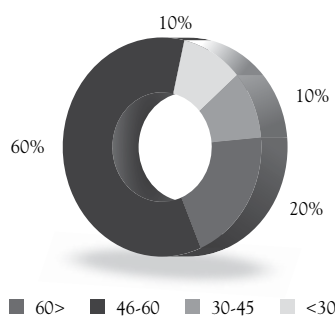
The composition of the Board is clearly defined in the Charter and in line with the Code, having the appropriate mix of executive, non-executive, independent directors and directors of Mauritian residence, as well as gender balance. Furthermore, the Board has the required mix of skills, experience, independence and knowledge to play its role fully in serving the interests of all the stakeholders of the Company.

The Board was composed of ten Directors for the year ended 31 December 2020 with the aim to have a more gender balanced and diverse representation.

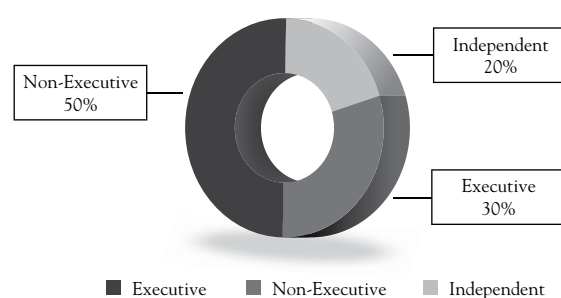
### Gender



### Average age



### Composition



### Meetings process of the Board of Directors

The meeting process is guided by the Lottotech Charter, which was duly approved by the Board of Directors on 7 August 2014 and ratified by the shareholders on 30 April 2015. The review of the Charter is done every two years. The last review was carried out in 2017 when the new Code of Corporate Governance was implemented and no change was required. Upon request, the Charter is available for inspection at the office of the Company Secretary.

The Company Charter provides that the Company should hold a minimum of four quarterly Board meetings each year and a strategy meeting. All meetings are called by the Chairman of the Board and the Company has facilities to enable Directors to attend and participate in meetings either in person or via audio/visio means.

#### Meeting Preparation:

The Company Secretary works closely with the Executive Chairman to prepare Business topics to be discussed by the Board



Management is invited by the Company Secretary for items which the Board must be made aware of and items requiring a resolution from the Board. All agenda items proposed by Management are duly motivated and supported by relevant and appropriate documentation.



Board members are entitled to request the Company Secretary to have an item on the agenda for the Board to consider and the Directors must also submit the relevant and appropriate documents to support the proposed agenda item.



The Executive Chairman reviews the agenda and gives the Company Secretary the go-ahead for issuing the convocation and agenda to the Directors.



Notice and agenda are circulated by email to all Board members at least 10 days before the Board meeting and Board papers would be circulated at least 5 days before the meeting. All Board papers are circulated to Directors on Diligent.

### Board Attendance

All Board members are expected to attend all or at least a minimum 75% of the Board meetings held in the course of the year, either in person or by video/audio facilities.

The directors who served on the Board and their attendance to Board meetings during year ended 31 December 2020 are provided below:

Members	Board Member since	Board Status	Meeting attendance
Mr Chian Yew Ah Teck <sup>1</sup>	08/04/2008	Executive Chairman	1/6
Mr Chian Tat Ah Teck <sup>2</sup>	11/04/2008	Executive Chairman	6/6
Mr Allagappen Veeramootoo	26/05/2017	Executive	6/6
Mr Chian Luck Ah Teck	11/04/2008	Non-Executive	3/6
Mr Goolabchund Goburdhun	31/05/2019	Non-Executive	4/6
Mr Jean Claude Lam Hung	25/05/2018	Independent Non-Executive	6/6
Mr Jason Ah Teck <sup>3</sup>	20/04/2020	Non-Executive	4/6
Mrs Kavita Achameesing Iqbal	12/06/2015	Non- Executive	6/6
Mrs Michelle Carinci	07/08/2014	Executive	6/6
Mr Paul Halpin	27/05/2016	Independent Non-Executive	6/6
Mrs Sui Lien Chong Ah Yan	31/05/2019	Non-Executive	5/6

1. Demise of Carl Ah Teck in April 2020

2. Executive Chairman as from April 2020

3. Appointment of Mr Jason Ah Teck in April 2020



# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## Board Focus Areas

The main topics of discussion of the Board during the year revolved around the following:

- Pandemic Covid 19 and business continuity plan
- Business and financial performance
- Strategy and business growth
- Risk and Control
- Governance
- Sustainability
- IT

## Board Committees

The Board has two committees to assist in efficiently advancing the business of the Board, and to facilitate efficient decision making of the Board, namely the Audit and Risk Committee and the Corporate Governance Committee. Each committee has its own charter which can be referred to in the Company's Charter.

## Audit and Risk Committee

The core function of the Audit and Risk Committee is to assist the Board of Lottotech Ltd in:

- Reviewing and assessing the adequacy of the Company in relation to its reporting of financial information, the appropriate application and amendment of accounting policies, the identification and management of financial risk, internal control systems and internal audit, and statutory and regulatory compliance;
- Reviewing and assessing the adequacy of the Company's risk management systems, to ensure there is a sound framework of risk oversight, risk management and internal control in place in accordance with the Code of Corporate Governance for Mauritius principles and
- Recommendations regarding the recognition and management of risk; and in providing a forum for effective communications between the Board and the external and internal auditors, both of whom must report to the Audit and Risk Committee.

## Composition & Attendance

During the year under review, the Audit & Risk Committee met 4 times. The members of the Audit and Risk Committees are as follows:

Name	No. of attendance	Executive/Non-Executive
Mr Paul Halpin	4/4	Independent Non-Executive
Mr Jean Claude Lam Hung	4/4	Independent Non-Executive
Mrs Kavita Achameesing Iqbal	4/4	Non-Executive

## Roles & Responsibilities:

The Audit and Risk Committee reviews, assesses, and make recommendations to the Board. In particular, the Audit and Risk Committee is responsible for and has oversight on:

- The accounting, reporting, and financial practices of Lottotech Ltd including the integrity of Lottotech Ltd's financial statements and internal control over financial reporting in particular considering: any changes in the Lottotech accounting policies or practices; the application of relevant accounting standards; significant adjustments arising from the audit; the appropriateness of the going concern statement to be made by the Board of Lottotech Ltd and the statement of directors' responsibilities in relation to the accounts;
- The company's accounting policies, disclosure controls and procedures;
- Management's approach to internal controls to provide assurance to the Board that executive management's control assurance processes are implemented and are complete and effective;
- The system of internal control, review the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems, and thereby maintains an effective system of internal control;
- Compliance by management to approved internal controls procedure and report to the Board thereon;
- Lottotech Ltd's compliance with legal and regulatory requirements with regard to financial matters;
- The adequacy and scope of the internal and external audit function;
- The external and internal auditor's qualifications, independence, effectiveness and appointment;
- The performance review of Lottotech Ltd's internal audit function and Lottotech Ltd's external auditor;
- To review and approve the audit plans for the following year for the external and internal auditors;
- Lottotech Ltd's information technology and operations environment;
- The appropriateness, completeness and effectiveness of Lottotech Ltd's risk management system including reviewing and updating its risk profile;
- The annual formal risk assessment review to confirm and re-prioritize its key business risks and to reassess Lottotech Ltd's risk profile;
- The appropriateness and adequacy of Lottotech Ltd's insurance coverage; and
- Review the Company's litigation.

The Chairman of the Audit & Risk Committee reports quarterly to the Board of Directors on risks areas identified over the last quarter and the Company's internal control system.

**Audit & Risk Committee Focus Areas 2020**

In the year under review, the Company was exposed to heightened risks resulting directly from the COVID-19 pandemic as well as further emphasized by the inclusion of Mauritius on the FATF watch list and EU list of high-risk countries with strategic deficiencies in its Anti Money Laundering and Counter Financing Terrorism regime.

In light of the macro-economic context, the focus areas of the Audit & Risk Committee during the year were as follows:

- Financial Performance and Financial Reporting
- Internal Audit Plans and Reports
- Oversight of the External Audit Process
- Risk Management Matters, including quarterly risk management reviews in the COVID-19 context on the following topics:
  - o Scenario planning
  - o Risk appetite and any proposed modifications
  - o People risk management, including planned actions to protect our people and their ability to perform effectively and safely
  - o Liquidity risk management
  - o Role of digital technologies in managing resilience
  - o Impact of work from home and cyber-security considerations on internal controls
  - o Specific additional COVID-19 risk management priorities
  - o Review of any risk management activities that have been deferred during Covid-19 lockdown
  - o Assessment of the quality of communications within the company
  - o Any proposed changes to improve risk management effectiveness and resilience
- Adequacy of the resourcing in the Financial Reporting Team, aimed at ensuring a continuing dialogue with the CFO regarding the quality and adequacy of the resources available.

**Corporate Governance Committee**

The Corporate Governance Committee acts as a mechanism for making recommendations to the Board on all corporate governance matters relevant to the Company to ensure that the Board remains effective and complies with the “Code” and prevailing corporate governance principles.

The Committee is also responsible for the remuneration and nomination matters. The remuneration philosophy is geared towards rewarding efforts and merits for individual and joint contribution to the Company's results, whilst having also due regards to market conditions, the interest of the shareholders and to the financial well-being of the Company.

Name	No. of attendance	Executive/ Non-Executive
Mr Chian Tat Ah Teck	1/1	Executive Chairman
Mr Goolabchund Goburdhun	-	Non-Executive
Mrs Michelle Carinci	1/1	Executive
Mr Chian Luck Ah Teck	1/1	Non-Executive

**Responsibilities:**

- To ensure that the shareholders and the market in general have a complete, truthful and timely access to the information that Company must disclose;
- To oversee the performance of the Board;
- To assess, on a regular basis, the compliance with the Corporate Governance Code. When necessary, to propose to the Board of Directors amendments in order to improve and execute correctly the Corporate Governance Code;
- Assess Board Effectiveness and review the structure in terms of size, composition and proper balance of skills and expertise;
- To keep up to date about the best practices, new regulation and any other change on the Corporate Governance area in order to comply with the Committee's duties and responsibilities efficiently;
- To coordinate the procedure of selection, appointment and rotation of the Board of Directors;
- To oversee the compliance with the requirements and procedures for the election of the Board of Directors (competences, inabilities and limitations, among other features).
- Review succession plan for executives and non-executive members;
- Determine, approve and review remuneration of Board of Directors and Senior Management taking into account the balance scorecard and KPIs.

**Agenda/Topics discussed for the year**

- Review of Performance Management System
- Assess Remuneration Policy
- Integration of Corporate Social Responsibility in Lottotech's operations
- Corporate governance

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

### Appointment and re-election

The Corporate Governance Committee under its nomination function, is responsible for making recommendation to the Board, which in turn would be presented to the shareholders at the Company's Annual Meeting, the appointment and/or re-election of potential Directors.

Furthermore, in cases of casual vacancy, the Board may appoint Directors who shall hold office only until the next Annual Meeting and shall then be eligible for re-election.

### Letter of appointment

Upon their appointment, all Directors are provided with a letter of appointment which stipulates the terms and conditions of such appointment. The Directors also receive the Lottotech Charter which serves as a reference tool for all members of the Board.

### Succession planning

An important responsibility of the Board of Directors is to ensure that the Company has an appropriate succession plan in place for Directors and senior managers, and this responsibility has been delegated to the Corporate Governance Committee under its Nomination function.

### Induction and training

As a Director of the Company, members are expected to know the Company's businesses, its objective and modalities. They may consult the Chairman for any induction and training they may require in relation to the Company.

Upon appointment, Directors are issued a letter of appointment stipulating the terms and conditions of the directorship.

The Directors are also communicated a copy of the Lottotech Charter, which is applicable to the Company, the Company's constitution and relevant laws which apply to the operation and business of the Company. The corporate presentation of the Company is delivered by the Chairman and the Managing Directors proceed with a presentation of the operation, including a site visit.

### Professional development and training

The Directors are encouraged to keep themselves up-to-date with latest professional practices and to changes and trends in the Company's business, market, economic, political, social and legal environment in general. The Board may organise trainings as and when required, and newly appointed Board members are expected to make themselves available for these training sessions.



## Board Members profile

The profiles of the individual Directors are given below:



**Chian Yew Ah Teck,**  
(also called Carl Ah Teck)  
**Executive Chairman**

**Appointed:** 8 April 2008  
**Executive Chairman:** Till Apr 2020

**Age:** 64

**Skills and expertise:**

- Founded Gamma Construction in 1987 and acted as CEO of Gamma Group until 2011
- Appointed as Executive Chairman of Gamma Civic Ltd in 2011, before subsequently resigning as an employee of the Company in 2015 to become a non-executive director and Chairman of the Group
- Appointed as Executive Chairman of Lottotech Ltd in 2008

- Passed away on 10 April 2020

**Qualifications:**

- BEng Civil Engineering
- MPhil Soil Mechanics

**Committees:**

- None

**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- Morning Light Co Ltd

*Citizen and Resident of Mauritius*



**Chian Tat Ah Teck**  
(also called Tommy Ah Teck)  
**Executive Chairman**

**Appointed:** 11 April 2008  
**Executive Chairman:** Apr 2020

**Age:** 59

**Skills and expertise:**

- Managing Director of Gamma from 1987, until his appointment as Group CEO in 2011
- Since 2015, he became a non-executive director of the Board, and Vice Chairman Gamma Civic Ltd
- On the demise of the late Carl Ah Teck, he was appointed as the Executive Chairman of Lottotech Ltd

**Qualifications:**

- BSC (Hons) Engineering
- MPhil Mechanical Engineering

**Committees:**

- Corporate Governance Committee

**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- Morning Light Co Ltd

*Citizen and Resident of Mauritius*



**Allagapen Veeramootoo**  
(also called Moorghen Veeramootoo)  
**Executive Director &**  
**Joint Managing Director**

**Appointed:** 26 May 2017

**Age:** 50

**Skills and expertise:**

- Marketing and Sales Manager and Business Unit Manager at Gamma from 2004 to 2009
- Marketing Manager at Happy World Foods Ltd (now Innodis Ltd) from 1999 to 2004
- Strategic Planning Manager at Cread & Co. Ltd from 1998 to 1999

- Diplôme Universitaire en Technologie (DUT) from the Institut Universitaire de Technologie of Avignon

**Committees:**

- None

**Other listed directorship:**

- None

*Citizen and Resident of Mauritius*

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## Board Members profile (cont'd)



**Chian Luck Ah Teck**  
(also called Patrice Ah Teck)  
Non-Executive Director

**Appointed:** 11 April 2008

**Age:** 53

**Skills and expertise:**

- Joined Gamma Group in 1993, and was appointed as Sales and Marketing Director in 2000
- Since 2015, he is no longer an executive director of Gamma Civic Ltd, and is a member of the Board in a non-executive capacity
- Appointed as Vice Chairman of Gamma Group in Aug 2020

**Qualifications:**

- BA (Hons) Accounting & Finance

**Committees:**

- Corporate Governance Committee

**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- Morning Light Co Ltd

*Citizen and Resident of Mauritius*



**Goolabchund Goburdhun GOSK**  
Non-Executive Director

**Appointed:** 31 May 2019

**Age:** 57

**Skills and expertise:**

- Managing Director of The State Investment Corporation Limited (SIC) and holds directorship on various SIC Investee Companies, including Airports of Mauritius Ltd, Mauritius Shipping Corporation Ltd, Port Louis Fund Ltd, Ebene Car Park Ltd and Casino Companies
- He was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services

- Previously, he held chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Fund and Responsible Gambling and Capacity Building Fund of the Gambling Regulatory Authority.

**Qualifications:**

- FCCA
- MSC in Finance

**Committees:**

- Corporate Governance Committee

**Other listed directorship:**

- Air Mauritius Ltd (Administrators appointed)

*Citizen and Resident of Mauritius*



**Kavita Kumari Achameesing Iqbal**  
(also called Jyoti Achameesing Iqbal)  
Non-Executive Director

**Appointed:** 12 June 2015

**Age:** 56

**Skills and expertise:**

- Senior Finance Executive at the SIC

**Qualifications:**

- MSc in Investment Promotion & Economic Development, UK
- BA (Hons) Financial Services, UK
- Diploma in Management and Marketing, UK

**Committees:**

- Audit & Risk Committee

**Other listed directorship:**

- None

*Citizen and Resident of Mauritius*



**Michelle Jane Carinci**  
(also called Michelle Carinci)  
Executive Director & Joint  
Managing Director

**Appointed:** 7 Aug 2014

**Age:** 67

**Skills and expertise:**

- Proven leadership in operations and innovation both locally and internationally, with over 40 years' experience in the gaming industry
- Prior to Lottotech, she was the President and CEO of the Atlantic Lottery Corporation
- Prior to Atlantic Lottery Corporation, she was the President of Gamescape, a wholly-owned subsidiary of IGT and a Corporate Vice President in charge of marketing and Customer Relations at IGT, Vice President of Marketing and Sales at British Columbia Lottery Corporation

**Qualifications:**

- Recognised four times as one of the top 50 CEOs in Atlantic Canada and is an inductee into the Lottery Hall of Fame class of 2006
- Business Administration with Major in Marketing, ICD Directors Education Program, Rotman School of Management

**Committees:**

- Corporate Governance Committee

**Other listed directorship:**

- None

*Citizen of Canada and Resident of Mauritius*



**Kune Foo Jean Claude Lam Hung**  
(also called Jean Claude Lam Hung)  
Independent Non-Executive Director

**Appointed:** 25 May 2018

**Age:** 45

**Skills and expertise:**

- Currently Chief Executive of CG Re (Africa) Ltd, a reinsurance broker
- Held the position of Group CFO of Gamma Civic Ltd between 2012-2015
- Prior to Gamma, he worked in London, qualifying as a Chartered Accountant with EY, and assumed senior manager and director roles at Deloitte and BDO respectively. In 2009, appointed as partner at Mazars LLP

**Qualifications:**

- BA (Hons) Business Studies
- Fellow of the Institute of Chartered Accountants in England and Wales

**Committees:**

- Audit & Risk Committee

**Other listed directorship:**

- Gamma Civic Ltd

*Citizen and Resident of Mauritius*



**Paul Laurence Halpin**  
(also called Paul Halpin)  
Independent Non-Executive Director

**Appointed:** 27 May 2016

**Age:** 61

**Skills and expertise:**

- Deep understanding of the company's business
- Significant current international experience as a Non-Executive Director and board-level advisor
- In-depth experience in Corporate Governance, International Business, Corporate Transactions, Strategy Development and Risk Management
- Former Partner at PwC Johannesburg, London and Dublin
- Holds Non-Executive Directorships in fintech, construction, real estate, private equity and traveltech sectors

**Qualifications:**

- B.Comm FCA
- Chartered Accountant

**Committees:**

- Audit & Risk Committee (Chairman)

**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- MakeMyTrip Ltd (Nasdaq)

*Citizen of Ireland and Permanent Resident of Mauritius*



**Michael Jason Ah Teck**  
(also called Jason Ah Teck)  
Non-Executive Director

**Appointed:** 20 Apr 2020

**Age:** 27

**Skills and expertise:**

- Joined Gamma as Corporate Affairs Executive in 2019
- Prior to Gamma, he was a strategy consultant at KPMG's Global Strategy in London, where he focused on growth strategy and data analytics for multinational corporations

**Qualifications:**

- BEng Materials Engineering with Management
- Masters in Management

**Committees:**

- None

**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- Morning Light Ltd

*Citizen and Resident of Mauritius*

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## Board Members profile (cont'd)



**Sui Lien Chong Ah Yan**  
(also called Marie Claire Chong Ah Yan)  
Non-Executive Director

**Appointed:** 31 May 2019

**Age:** 60

**Skills and expertise:**

- Head of HR at Gamma Group since 2000, and appointed as HR Director of Gamma Civic Ltd in 2012
- Co-Trustee of Gamma Foundation, which coordinates all CSR projects for the Group

**Qualifications:**

- Bachelor degree in Arts
- Bachelor degree in Human Resources Management
- FT Non-Executive Director Diploma

**Committees:**

- None

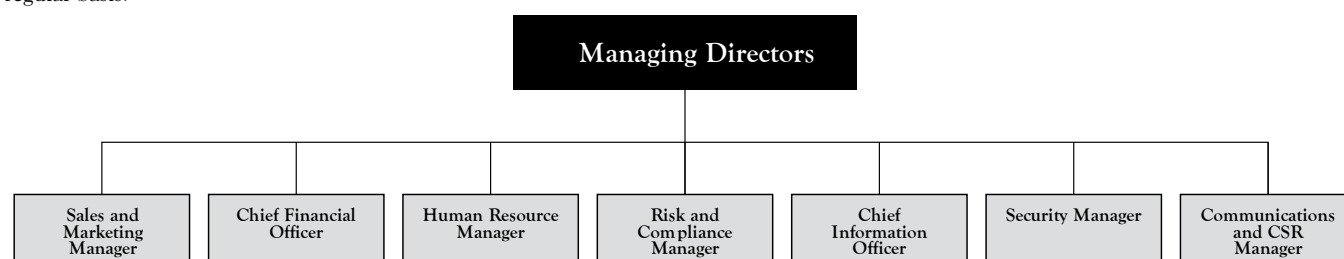
**Other listed directorship:**

- Kolos Cement Ltd
- Gamma Civic Ltd
- Morning Light Ltd

*Citizen and Resident of Mauritius*

## Senior Management Team

The Board has approved appropriate job descriptions and accountabilities of senior management positions which are reviewed on a regular basis.



Senior Management Team	
Michelle Carinci	Joint Managing Director
Moorghen Veeramootoo	Joint Managing Director
Guito Lucchesi	Sales and Marketing Manager
Harikrishna Ramsamy	Chief Information Officer
Queensnee Pergun	Human Resource Manager
Richard Papie	Security Manager
Shaun Kim Tiam Fook Chong	Chief Financial Officer
Sivalingum Candassamy	Compliance and Risk Manager
Virginie Pasnin	Communications and CSR Manager



## PRINCIPLE 4: DIRECTOR'S DUTIES, RENUMERATION AND PERFORMANCE

### Directors' Duties

All Directors have been duly informed of their duties and responsibilities as provided under the Companies Act 2001, and their responsibility under the Listing Rules in relation to the holding company being listed on the Stock Exchange of Mauritius Ltd ("SEM").

They are also conversant with the provisions of the Lottotech Charter, which applies to the Company, the Company's constitution and the Code.

### Interests' register conflicts of interest and related party transaction policy

The Directors are fully aware of the responsibility of disclosure of any conflicts of interest in accordance with the laws and the Lottotech Charter under the heading Conflict of Interest and Disclosure Policy.

### Declaration of Conflict of Interest at each Board Meeting

The Company Secretary holds an Interest Register in which declarations are made by Directors at each quarterly statutory meeting.

The first item of the agenda for all Board Meetings is for directors to declare if they have any conflict on any items which the Board will address for the business of the day. All Directors would sign a duly approved declaration of interest form, which forms part of the Board's proceedings. Furthermore, Directors who are conflicted would not participate on discussions on the specific agenda item.

Any related party transaction, if existing, would also be recorded in the said register.

**Note:** a copy of the register is available for inspection upon request made to the Company Secretary.

### **Remuneration Policy: statement of remuneration policy**

The Corporate Governance Committee has been mandated by the Board to fulfil the function of Remuneration Committee and has therefore the responsibility of determining the remuneration of Directors and Top Management in line with market conditions, benchmarking within the industry, the Company's performance and ability to pay. The objective is to ensure that the Company attracts and retains talent both at the level of the Board and Management.

For the year under review, remuneration and benefits received and receivable by the Directors from the Company were:

Directors of the Company	MUR
Executive	35,811,926
Non-executive	7,547,673
<b>Total</b>	<b>43,359,599</b>

### **Interest Register**

The Company discloses in respect of all related party transactions in the Interest Register which in accordance to the law, is available for inspection upon a written request made to the Company Secretary.

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## Directors share of interest and dealings in securities/share

As at 31 December 2020, the Directors' share interests in the Company were

Names of Directors	No. of Shares	
	Direct	Indirect
Allagappen Veeramootoo	52,632	-
Chian Luck Ah Teck	147,840	33,186,975
Chien Tat Ah Teck	-	33,283,460
Goolabchund Goburdhun	-	-
Jason Ah Teck	11,108	6,444
Kavita Kumari Achameesing Iqbal	-	-
Kune Foo Jean Claude Lam Hung	42,823	109,529
Michelle Carinci	38,796	14,434
Paul Halpin	-	-
Sui Lien Chong Ah Yan	153,808	8,443,370

## Directors' Dealings in Shares of the Company

As part of the Company's statutory quarterly reporting process to the Stock Exchange of Mauritius Ltd and the Financial Services Commission, the Company Secretary would request the Directors to confirm their shareholding and any dealings which they may have effected in the Company's shares, with reference to Code of Securities Transactions by Directors.

The Directors are thus fully aware of the principles of the Model of Code of Securities Transactions by Directors, as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

During the period under review, there were no share dealings by any of the Directors holding shares in the Company, as per above table.

## Directors' service contract

The Directors have no service contracts with the Company.

## Contract of Significance

The Company has no contracts of significance with either a Director or a controlling shareholder.

## Directors' Insurance

There is a Lottotech Directors and Officer's Liability insurance cover in place.

## Conflicts of Interest

All Directors have a duty to avoid conflicts of interest. No Directors shall place themselves in a position where their interests conflict or may be perceived to conflict with those of the Lottotech Ltd. The decision to undertake external activities is a matter for individual Directors to decide, bearing in mind their personal responsibilities and commitments, including those to the Lottotech Ltd. The Executive Chairman is always available to all members of the Board to discuss possible, actual or perceived conflicts. Directors must take all care with respect to any external activities to avoid difficulties in this regard.

## Declaration of Conflict of Interest

The first item of the agenda for all board meetings is for directors to declare if they have any conflict on any items which the Board will address for the business of the day. All Directors would sign a duly approved declaration of interest form, which forms part of the Board's proceeding. Furthermore, Directors who are conflicted would not participate on discussions on the specific agenda item. The Interest Register is available to shareholders for consultation upon request.

## IT Governance

Information Technology plays an essential role as it is pervasive in all Lottotech business operations. The Board is responsible for IT Governance and ensures that the appropriate policies and procedures are in

place. All major expenditures related to IT system are reviewed and approved by the Board. The Executive Management is responsible to ensure the implementation of the IT Governance framework as per industry standards and applicable laws.

There is a strong focus on the confidentiality, integrity and availability of information supported by a robust technology platform, IT policies and business processes. Lottotech ensures that all the security policies are enforced at all levels. IT Security training are given to its staff on a regular basis as required.

Lottotech continues to invest on technology and digitalization to enhance operation efficiencies and the player experience. Lottotech has partnered with leading industry security firms to reinforce security of our information and IT systems.

## Code of Professional and Ethical Conduct

The Lottotech Ltd's Code of Professional and Ethical Conduct ("Code of Conduct") provides guidance to all Directors and employees of Lottotech Ltd, of their duties and obligations to conduct themselves and their business affairs in accordance with the highest standards of business ethics. Hence, the Code of Ethics is approved and reviewed from time to time by the Board of Directors.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

**Lottotech Ltd is committed to the highest standards of ethical behaviour. Risk management is part of our culture across the Company. Strong independent oversight is in place at all levels. Committees, which are integral to the organisation's risk governance structure, allow executive management and the Board to evaluate the risks and to manage them effectively. We accept the risks we can manage and where this gives us a competitive advantage. We seek to mitigate or avoid other risks. Ensuring we have an efficient risk management system in place is key to developing our business and achieving our objectives.**







The risk management framework, is designed to align the strategy and culture with the appropriate processes in place while encouraging the sense of entrepreneurship - helping management to take reasonable risks to fuel growth and improve business performance. All identified risks are compiled in a risk register which acts as a vehicle for capturing all the assessment and decisions made in respect thereof. Regular meetings are carried out with Management to monitor and review the risks. Emerging risks are taken on board and existing risks

are rated according to impact and likelihood. Risks identified are recorded in risk registers and risk heat maps. The risk register and risk heat maps are put forward to the Audit & Risk Committee on a quarterly basis for review, following which the Audit & Risk Committee may recommend to the Board for approval.

Lottotech has committed itself to aggressively pursue managing risks to be within its risk appetite to avoid exposure to losses and to manage actions that could have

a negative impact on the reputation of the Group. The Company has monitored and evaluated its risk categories on a regular basis as per the illustration that follows.

Lottotech is certified ISO 27001:2013 for establishing, implementing, operating, monitoring, reviewing, maintaining and improving its information security management system. The Group abides to the procedures and policies related to the standard. On an annual basis, surveillance audit is being carried out by external parties.

	<b>Strategic</b> Risk arising from adverse effects of business decisions, failure to meet the business development targets, improper implementation of business decisions/projects, and failure to react to unexpected external events which can negatively impact the business.
	<b>Business Interruption</b> Lottotech relies heavily on its IT infrastructure to continue to deliver an uninterrupted quality service to its customers. Its operations depend to a large extent on the reliability, performance and security of its information technology system, software and network.
	<b>Financial</b> Financial risks to Lottotech are both external and internal by nature such as natural disaster, credit risk and liquidity risk. Financial risk in relation to financial instruments for the Company are outlined in the ERM.
	<b>Human Resource</b> The real and perceived integrity and security of the Company's employees are critical to its ability to attract customers and comply with applicable regulations.
	<b>Legal &amp; Regulatory</b> The industry in which Lottotech operates is regulated and changes to applicable laws and regulations, including the introduction of more stringent laws and regulations, could adversely affect its business, results of its operations, financial condition and/or its prospects.
	<b>Reputational</b> The risk of reputational damage to the lottotech's image resulting from negative perception, and information surrounding the gambling industry could adversely affect the business.

Furthermore, the Company has in place a Risk Management Framework based on the following principles:

- There is a defined approach for risk management setting out its strategy and objectives and the approaches and processes that the Company adopts to achieve them;
- There is a defined process to identify, assess and mitigate the significant risks to the achievement of business objectives; and
- There is an on-going process to monitor the risk profile, and identifying and responding to significant issues and events. The key financial risks identified for the Company are outlined in Note 2 of the Financial Statements.

The Company has set up a whistleblowing procedure and other additional procedures which are readily available at the office.

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

## PRINCIPLE 6: REPORTING WITH INTEGRITY

### DONATIONS

The Company's political or other donations amounted to nil for the period under review.

### Environment, Health and Safety

The Company complies with the Occupational Safety and Health Act 2005, and other applicable legislative and regulatory frameworks. It is committed to sustainable development, and ensures that its operations are conducted in ways that minimise their impact on the environment and on society at large.

In this respect, the Company Charter has provided for an Environment Policy. Hence,

the Company is committed to reducing its environmental impact and continually improving the environmental performance as an integral and fundamental part of the Company's business strategy and operating methods.

[Refer to section on Financial Capital, Social and Relationship Capital and Human Capital]

\*The full Annual Report is available on our website: [www.lottotech.mu](http://www.lottotech.mu)



## PRINCIPLE 7: AUDIT

**Internal audit is an independent appraisal function established for the review of the internal control system. The internal audit function is also a way to ensure that policies and internal governance systems are being adhered to throughout the Company. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic and effective use of resources. Internal Audit provides assurance that effective control exists to maintain process and information integrity.**

The Internal Audit function provides independent assurance and objective assessment on the robustness of the Risk Management Framework and the appropriateness and effectiveness of internal control to the Audit & Risk Committee and the Board. Lottotech Ltd has an internal audit function, which is carried out by an independent firm, namely KPMG. The internal auditor reports directly to the Audit and Risk Committee and a report is subsequently submitted to the Board at the quarterly statutory Board meetings.

The Board is conscious of the importance of having internal control which aims at providing reasonable assurance against material misstatements and loss, and this responsibility is fulfilled by the Audit and Risk Committee on behalf of the Board. The Company maintains a system of financial control which is designed to ensure the proper keeping of accounting records and the reliability of the Company's financial information. It also ensures compliance to internal system and procedures, statutory requirements, accounting and financial reporting standard.

The internal audit plan is prepared by the internal audit following discussions with Management under the supervision of the Audit and Risk Committee, which is the body entitled to approve the final audit plan. Ernst and Young is the Company's external auditor. The auditor's objectivity and independence are assessed by the Audit Committee.

In the performance of its function, the auditors have free access to the Company's records, employees and members of the Audit and Risk Committee.

Remunerations, including VAT, of the auditors for the year ended 31 December 2020 are as follows:

Company	MUR
Audit Fees	1,063,750
Other Fees	143,750









Group	MUR
Audit Fees	1,150,000
Other Fees	143,750

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Board of Directors is committed to have an open and transparent communication with its shareholders and other stakeholders at all times. It normally communicates through its Annual Report, announcements as provided under the Listing Rules, whenever applicable, statutory reporting and publications. Moreover, during the AGM, shareholders have the opportunity to discuss with the Board of Directors, the Company's matters such as its performance and future outlook. Subjects that were debated revolved around the mediation and the possible outcomes.

The Company also uses its website to inform its shareholders and stakeholders on Company's activities and events.

Key Stakeholder engagement:

Stakeholder	Role	Stakeholder major requirements	Stakeholder major expectations	Engagement Level
 GRA	Regulator	Follow the GRA Act	Collaborative relation	Abide by the law and have regular discussion with regulator including Responsible gaming.
 Shareholders	Project Sponsor	Profit and high dividends	Increase profitability and dividend payout	Protect the company's interest. Regular communication on the performance of the company.
 Employees	Facilitator	Employment safety	Fair wage and personal development	Performance management system. Regular check-in conversations.
 Players	End User	Trustworthy games	Fun games and win	Annual research on customer perception on the games. Player protection strategy. Regular communication on the games.
 Suppliers	Resource	Timely settling of the payments for the product	Business continuity	Regular meetings. Contract management.
 Retailers	Facilitator	Payment of commission	Increase in commission payout and new business opportunity	FSR regular visits and feedbacks. Ensure timely payment of commission.
 CSR/ Community	End User	Positive contribution to society	To fund causes	Long term collaboration with NGOs. Provide funds. Regular visits. Volunteer program.
 Competitors	Open market opportunity	Fair competition market	Enough market share for profitability	Regular market analysis. Ensure fair competition at all times.

# CORPORATE GOVERNANCE REPORT 2020 (CONT'D)

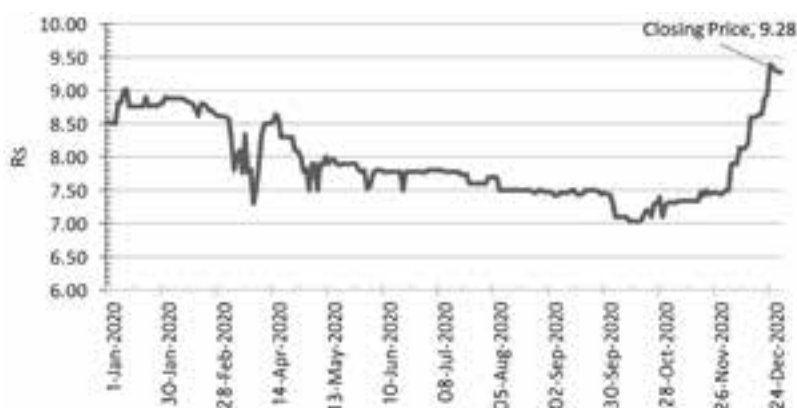
## Shareholding Profile

The shareholders holding more than 5% of the ordinary shares of the Company at 31 December 2020 were:

	% Shareholding
Gamma Leisure Ltd	14.063
Maurilot Investments Ltd	14.074
Natlot Investments Ltd	14.063
Glott Holdings (Mauritius) Ltd	14.063
State Investment Corporation Ltd	18.750

## Share price graph

Lottotech Ltd - Share Price Graph 2020



## Management Agreement

The Company has a management agreement with A.S. Burstein Management Ltd ("ASB"), a subsidiary of Gamma-Civic Ltd, to offer it specific services related to the technical business operation of the Company. Furthermore, Gamma-Civic Ltd has a management agreement with ASB for the same services.

## Dividend Policy

The Company's Dividend Policy is that the Company shall distribute a minimum of 75% of its annual net profit after tax as dividend, except as otherwise resolved by the shareholders by way of Ordinary Resolution, subject to the Company meeting the Solvency Test.

As a general rule, it is expected that the Company will declare an interim dividend in or around August, and a final dividend in or around March following the year-end.

## Calendar of events 2021

Meeting	Date	Events
Statutory Reporting	March 2021	Publication of audited results for the year ended 31 December 2020.
	May 2021	Publication of quarterly results ended 31 March 2021.
	June 2021	Annual meeting of Shareholders.
	August 2021	Publication of half year's results ended 30 June 2021.
	November 2021	Publication of nine months' results ended 30 September 2021.

## Statement of Compliance

We, the Directors of Lottotech Ltd, confirm that to the best of our knowledge Lottotech Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

Approved by the Board of Directors on 25 March 2021 and signed on its behalf by

Director

Director

# FINANCIAL CAPITAL

## The Group has been resilient and profitable in this challenging economic environment.

Turnover from lottery tickets for the year under review fell by 29% to MUR1.87bn (2019: MUR2.6bn), while profit after tax ('PAT') fell to MUR61M (2019: MUR155.7M). The drop in lottery ticket sales and PAT was largely attributable to lockdown, restrictions associated with the Covid-19 pandemic and as well as the drop

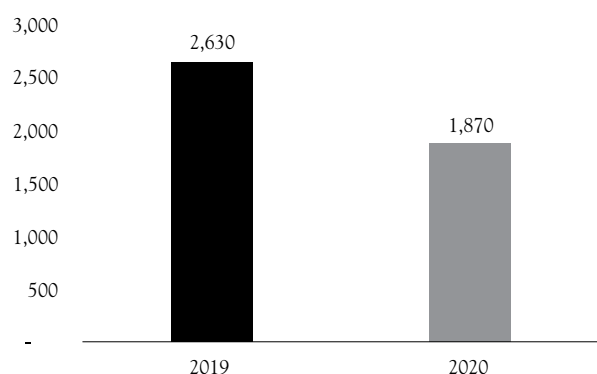
in lottery ticket sales in the periods following the end of the confinement.

The Group has maintained a healthy cashflow for the year ended 31 December 2020, with net cash generated from operating activities of MUR194.3m (2019: MUR 193.9M) and cash & cash equivalents

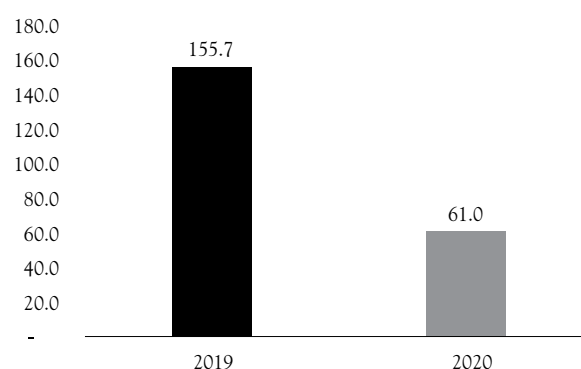
of MUR289M (2019: MUR265.6M).

The launch of the new Loterie Vert game in October 2020 is expected to bring a positive impact on the Group's turnover after a full year of operation.

### Turnover from lottery tickets



### Profit after Tax



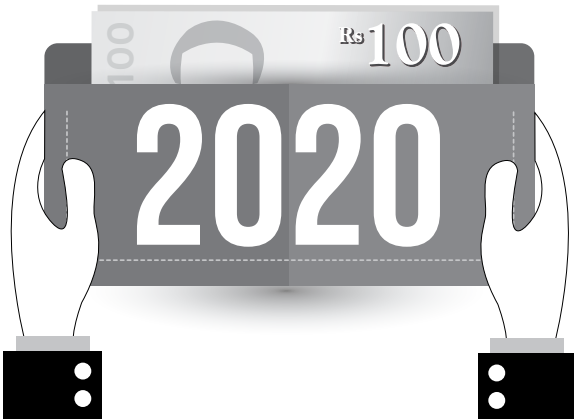
Value Added Statement	2019 Rs'M	2020 Rs'M
<b>Direct Economic Statement Generated</b>		
Turnover from lottery tickets	2,631	1,870
Less Direct Costs	(2,199)	(1,590)
<b>Total direct economic statement generated</b>	<b>432</b>	<b>280</b>
<b>Wealth Distributed</b>		
To players as prizes	1,276	911
To employees as salaries, wages and other benefits	108	102
To retailers as commissions	147	105
To shareholders as dividend	143	108
To government and its agents	671	469
To communities as corporate social responsibility	3.0	5.0
<b>Total wealth distributed</b>	<b>2,348</b>	<b>1,700</b>
<b>Wealth Reinvested</b>		
Retained Profit	92	43
Depreciation	38	23
<b>Total wealth reinvested</b>	<b>130</b>	<b>66</b>



# FINANCIAL CAPITAL (CONT'D)

Prize	48.50
Consolidated Fund and Levy	24.29
Commission Income	(0.10)
Other Income	(0.09)
Retailers Commissions	5.60
Gaming Systems and Data Communication Costs	5.23
Other Operating Costs	9.51
Net Finance Costs	(0.07)
Income Taxes	1.21
Profits	5.92

Prize	48.72
Consolidated Fund and Levy	24.19
Commission Income	(0.18)
Other Income	-
Retailers Commissions	5.64
Gaming Systems and Data Communication Costs	6.44
Other Operating Costs	10.96
Net Finance Costs	0.02
Income Taxes	0.95
Profits	3.26



From Rs 100 sales, this is how the money is redistributed in the Mauritian economy.

**Deployez vos elles !**

**APPEL À PROJETS**  
ENVIRONNEMENTAUX ET SOCIAUX

LA DATE LIMITE  
DE DÉPÔT DES  
CANDIDATURES  
**20** SEPT '20

FAM ANOU AZIR

WE EMPOWER

lottotech  
+ seeds

# HUMAN CAPITAL

Our Human Capital strategy is key in driving long term business success and promoting a high-performance culture. 2020 has been a challenging and unique year. Our human capital function has been at the forefront to respond effectively to the business challenges in that time of uncertainty. The crisis has created opportunities to put more emphasis on new ways of doing business thus driving excellence and innovation.

The wellbeing of our employee is key to the success of Lottotech. With the support of our leaders, a wide range of initiatives have been put in place to create a healthy working environment. COVID-19 has taught us to stand as a family, support one another and thrive.

## Employee engagement

Lottotech Engagement Survey has become our main employee listening platform enabling us to gather feedback and helping us to enhance Lottotech organizational culture. The results demonstrate our commitment to stand together and to support each other.

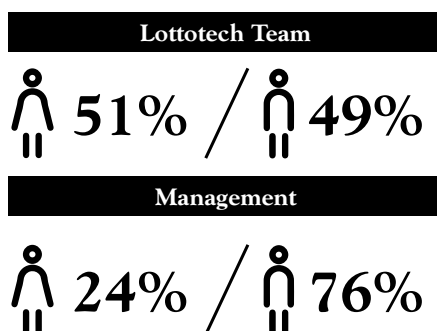
We are proud of our collective efforts and our resilience to strengthen our future.

To remain healthy, we as leaders were committed to replace fear by demonstrating empathy and care.

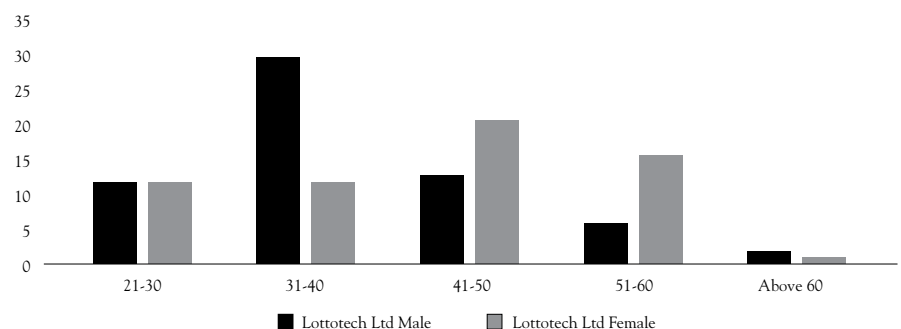
Our inclusive behavior were to **#Listen #Act #Drive Change**

Being socially responsible (a good "corporate citizen")	92%
Cooperation and sharing of ideas and resources across the organization are encouraged	90%
I have a good understanding of the organization's strategy and goals	90%
I feel proud to work for the organization	96%
I would recommend the organization to family or friends as a place to work	80%
The organization expects a high level of performance from its employees	98%
Coaching to better improve our skills/ performance	84%
<b>255H Training Hours</b>	

## Gender Diversity



## Age Group



Employee  
Turnover rate **12%**

Average length  
of service **5.9 yrs**

# INTELLECTUAL CAPITAL

Intellectual capital is a key value for Lottotech, it comprises of the company brand, innovation initiatives, employee engagement, Lottery enhanced core processes and building strong stakeholders' relationships which are enablers to achieve our strategic objectives. These dimensions are measured to evaluate the success of strategic objectives set.

Lottotech relies heavily on its IT infrastructure and Lottery systems to deliver an uninterrupted quality service

to its customers. Since 2009, Lottotech has partnered with IGT, one of worldwide leading Lottery technology service provider, to implement and support the Lottery systems providing related technologies.

Innovation, being one of the key pillars of Lottotech, continuously strengthen the relationship with players by delivering better playing and winning experiences.

The aim is to continuously modernise the IT systems and digital platforms (website,

mobile apps, social media) to provide a better service to players. For a stronger proximity with its audience, Lottotech has developed its mobile application which will enable players to check the game results and access timely information about the games.

One fundamental key to innovation is team involvement. Lottotech employees are encouraged to engage in innovation alongside their day to day operations.

# MANUFACTURING CAPITAL



**Retailers are important for Lottotech's operations. They are not only commercial partners but they are also brand ambassadors. Our customer proximity is built on our network of more than 750 retailers around Mauritius and Rodrigues. We are committed to stay connected to the customers and their experience. Hence, Lottotech ensures that retailers have the right tools and information to deliver high service quality and become proud ambassadors of the brand.**

## Data centre infrastructure

Lottotech Lottery and back office systems are hosted in 2 different data center locations, thus ensuring business continuity in case of failure of one system. The data centers infrastructure meets the industry standards.

The equipment and terminals are connected to our central Lottery system and the technology infrastructure has been set up to minimise any disruption in operations. Lottotech is currently working with IGT its technology partner to replace its Lottery core system by a new one built on open and agile components designed to drive lottery innovation.



Loto / Loterie Vert



Football pool

# SOCIAL AND RELATIONSHIP CAPITAL

## OUR BRANDS

### Loto

Loto remains the flagship of Lottotech. Though the company has ceased operations due to Covid-19, there was no drastic change in the players' purchasing behaviour after the lift of national lockdown.

83 draws out of 105 were carried out in 2020.

22 draws were cancelled due to the Covid 19 during the lockdown period starting from the 20th of March until the 03rd of June.

Sales resumed on the 04th of June for the Draw of the 06th of June.

Advertised aggregate jackpot for the Loto draws were as follows:

Lotto 6/40 - Year 2020						
Draw Day	Number of Draws	Jackpot Hits	Aggregate Jackpot	Total Turnover	% Weightage	Hit Frequency
Wednesday	42	15	Rs. 602,000,000.00	Rs. 803,725,000.00	44%	2.8
Saturday	41	10	Rs. 587,000,000.00	Rs. 1,005,095,600.00	56%	4.1
		25	Rs. 1,189,000,000.00	Rs. 1,808,820,600.00		3.5

### Loterie Vert

Following the Mediations' Court decision in 2018, the brand name and mark of the Loterie Vert held by the Government Lotteries and operated by the Lottery Committee was transferred to Lottotech Ltd. After two years, the 70-year-old brand was modernized and launched in October 2020. On the 25th of December 2020, the roll over concept was introduced which boosted sales performance.

Loterie Vert 7/28				
Year	Number of Draws	Total Sales	Number of Winners	Total Winnings
2020	8	Rs. 61,501,800.00	89,337	Rs. 21,599,939.00

### The Mauritius Football Pools

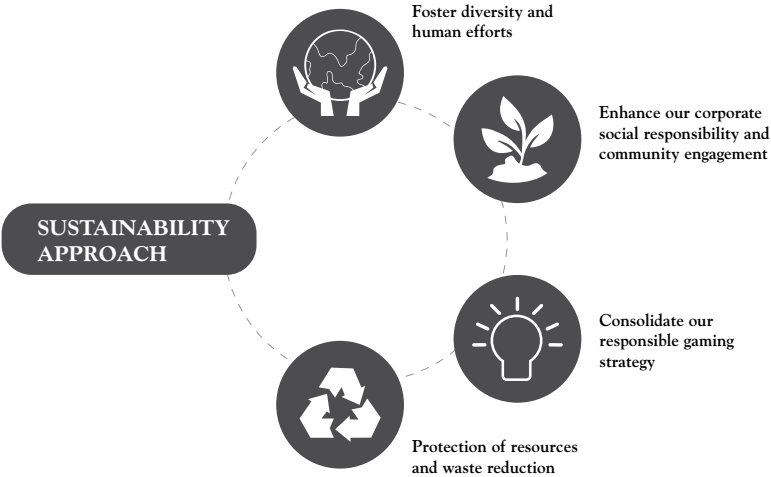
In 2019, Lottotech acquired the Pool Joseph Merven Ltd (PJML) and started its collaboration with The Football Pools a UK based company. In 2020, Lottotech, under PJML, offered two games: Classic Pools and Premier 10. The distribution channel has been expanded to 61 licensed pool collectors.

The Football Pools - Mauritius		
Concept	Number of Weeks	Total Turnover
Standing Entry	52	Rs. 17,702,441.74
Premier 10	39	Rs. 573,765.00
Classic Pools	38	Rs. 676,320.00
		Rs. 18,952,526.74

# SOCIAL AND RELATIONSHIP CAPITAL (CONT'D)

## Sustainability and Responsible Gaming

At Lottotech, we believe that long term success is achieved by creating value for all our stakeholders. In order to ensure that the principles of sustainable development are embedded in our activities, brands and products, our Managing Directors signed a Sustainable Policy with a clear road map for its implementation. More than ever, Lottotech is committed to go beyond its legal requirements and contribute to measures that will help to face the world challenges.













Strategy

Vision	We enable sustainability to create value for our stakeholders			
Strategic objectives	Lottotech favours a circular economy	Position Lottotech as a leader in responsible gaming in African region	Employees retailers and other stakeholders are proud advocates of Lottotech	Investors consider Lottotech as a sustainable investment
Strategic actions	<ol style="list-style-type: none"><li>1. Pursue circular economy solutions (Reduce, Reuse, Recycle)</li><li>2. Strengthening the supply chain through green purchasing</li><li>3. Engage our retailers, employees and other stakeholders in our initiatives (multi-stakeholder approach)</li><li>4. Reinforce integration of Responsible gaming from product design to market</li><li>5. Sustain Lottotech's engagement towards making a difference in the community</li><li>6. Foster an inclusive, diverse, transparent and safe environment</li></ol>			





## Actions

Vision		We enable sustainability to create value for our stakeholders		
RG	Community		Climate action	People
<b>Responsible production and consumption - SDG 12/Peace Justice and strong institutions - SDG 16</b>   Player education and protection through RG campaigns 100% retailers and employees trained on RG Sports integrity training National Treatment referral program Governance GRA Act	<b>Education - SDG 4 / Zero Hunger - SDG 2</b>   Continue our programs with NGOs: Feeding program, Agropédagogie <b>Gender equality - SDG 5</b>  Women leadership program	<b>Health - SDG 3</b>  Cancer screening Bra Bank <b>Multi Stakeholder - SDG 17 / No Poverty - SDG 1</b>  Shelters feeding program, volunteering, feeding program to homeless	<b>Climate action - SDG 13</b>  Reduce, Reuse, Recycle Safe disposal of items/terminals (certificate de prise en charge by recyclers) Elimination of single use plastic within the company Green Purchasing	<b>Gender equality - SDG 5/ Decent work - SDG 8</b>   Diversity and inclusivity measured through Gender Equality, Diversity and Inclusion at Lottotech Human resource

The situation following the pandemic Covid 19 has weakened the progress made in sustainable development. Issues such as increasing poverty and hunger, declining economy, increasing inequalities, rising unemployment and health and sanitation crisis among other aspects are now pressing matters affecting Mauritius. However, Lottotech will continue its effort to be an active corporate citizen and contribute to the charitable causes of the country.

**Food distribution:**

During the lockdown, Lottotech joined forces with the Gamma Group, Caritas and Foodwise to distribute food packs around the island to 700 vulnerable families. This action was repeated during the year in order to help the needy.

A special lockdown jackpot was organised to create awareness for people going out during the lockdown. The aim was to encourage citizens to stay inside their homes and to minimise risk of contamination. The initiative took place in Port Louis, where for each vehicle spotted, the jackpot which was meant for the NGO Foodwise will decrease. Consequently, showing people that their decision had impact on others. In an hour, more than 800 vehicles were spotted in Port-Louis which was hugely commented on social media.

**Lottotechseeds Award:**

Another programme which has been developed after the pandemic is Lottotechseeds. Lottotechseeds first edition was launched with the aim to encourage women entrepreneurs to come up with sustainable projects having a positive impact on the community or environment.

171 projects were received, where 16 candidates were selected to go through the training of our partner We Empower. After 6 weeks of training, the candidates pitched their project in front of a panel. The three winning projects were:

Nirusha Toocaram (LegalTech - 1st prize), Juliana Salva (Aeroponics using solar energy - 2nd prize) et Emilie Poinen Gangaram (Weevz - 3rd prize)



# SOCIAL AND RELATIONSHIP CAPITAL (CONT'D)



## Bra Bank

In collaboration with the NGO Against Breast Cancer based in UK, Lottotech has launched the first Bra Bank in Mauritius. With the participation of the public, we have collected 64kg of bras which will be recycled thus avoiding landfill pollution, providing funds for cancer research and benefiting African markets with cheaper bras designed from recycled cloth.

Item	2018	2019	2020	Target 2019	% achieved
Volunteering	600 Hv	1505H	703H	1500H	47 %
Participation rate	77%	71%	25%	75%	33 %

Our volunteering program included also the preparation of the students of Atelier Joie de Vivre for their PSAC exams.

Item	Number of sessions	Beneficiaries	Hours
IT program	8	6	40

Beneficiaries: +2000

Value of donations and volunteering: +Rs120,000

CSR Activities +20

+6,000 meals served

Visit our web page for more information on our CSR activities.

## Responsible Gambling

In 2019, Lottotech has been awarded the prestigious Responsible Gambling level 4 Certification by the World Lottery Association. Recognised as one of the most responsible operators in the African region, Lottotech has the duty to continuously improve its operations and engage other stakeholders to create a safer gambling market.

### The renewal of the Treatment Referral Program Platform with the NGOs

Although Lottotech has been severely impacted by Covid 19, the company maintained its collaboration with 4 NGOs for the treatment referral program. Until now about 110 people went through the counselling and listening sessions. Each NGO received an amount of Rs50,000 respectively to provide support to those having a behavioural gambling problem.

### The Sports Integrity Training Employees



**100%**  
employees trained

Employees' education is the prime focus of any responsible gambling program. As sports

games were new to the products offered by Lottotech, an online training was provided on match and sports integrity to the employees.

## Retailers



**100%**  
retailers trained on sports integrity

Since the Football Pools of Mauritius is part of Lottotech's portfolio, it is important to provide sports integrity training. In collaboration with Silverfish Ltd, tailor-made training was designed for the retailers. With the help of our Field Representatives, this training was delivered to 18 retailers selling PJML's products.

### Responsible Gambling flyers

A responsible gambling reference guide was developed and distributed at retailers. Information about good playing habits, signs of addiction, myths, treatment referral program and a player test were included. This tool is used to create awareness and provide useful information to players.

### Engaging other stakeholders

Following the successful Responsible Gambling certification level 4, Lottotech invited the Gambling Regulatory Authority to a presentation of our Responsible Gambling framework and our initiatives. We provided pertinent information

to the regulator to help into improving the gambling market in Mauritius.

In March 2020, Lottotech has been invited by the 'Association des Loteries d'Afrique' (ALA) to share the social responsibility plan including responsible gambling strategy with other African operators. In order to accelerate change in the gambling industry within the African region, it is of utmost importance that Lottotech engages other stakeholders focusing on issues impacting the growing market in Africa where there is a lack of regulation around underage play and problem gambling.







Sign  
ou  
tiket

Si ou tiket perdi,  
personn pa pou kapav  
tous li dan ou plas.

WORLD LOTTERY  
ASSOCIATION



CERTIFIED  
WLA RESPONSIBLE GAMING  
FRAMEWORK  
LEVEL 4 / VALID UNTIL 2022

  
**lottotech**

# COMPANY INFORMATION

Directors	
Chian Yew Ah Teck (Executive Chairman)	Demised on 10 April 2020
Chian Tat Ah Teck (Executive Chairman)	
Allagappen Veeramootoo	
Chian Luck Ah Teck	
Goolabchund Goburdhun	
Jean Claude Lam Hung	
Jason Ah Teck	Appointed on 20 April 2020
Kavita Achameesing Iqbal	
Michelle Carinci	
Paul Halpin	
Sui Lien Chong Ah Yan	

Secretary	Registered office	Principal place of business
Gamma Corporate Services Ltd Royal Road Chapman Hill Beau Bassin Republic of Mauritius	Royal Road Chapman Hill Beau Bassin Republic of Mauritius	Ground Floor HSBC Centre 18, Cyber City Ebène Republic of Mauritius
Principal Bankers:	Auditor	Legal Advisor
SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Republic of Mauritius	Ernst & Young 9th Floor NeXTeracom Tower1, Cyber City Ebène Republic of Mauritius	Anwar Moollan, SC 6th Floor, PCL Building, Sir William Newton Street Port Louis Republic of Mauritius
Absa Bank (Mauritius) Limited Absa House, 68 Wall Street Cybercity Ebène 72201 Republic of Mauritius		

# SECRETARY'S REPORT

## Under Section 166(d) of the Companies Act 2001

We confirm that, based on records and information made available to us by the Directors and shareholders of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 December 2020, all such returns as are required of the Company under the Mauritian Companies Act 2001.



Gamma Corporate Services Ltd  
Company Secretary

DATE: 25 March 2021

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# STATUTORY DISCLOSURES

## Under Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005

### Directors' Remuneration and Benefits

The split of the aggregate remuneration and benefits received and receivable by the Directors from the Company as disclosed in the Corporate Governance Report is as follows: Mr Chian Yew Ah Teck (24%), Mr Chian Tat Ah Teck (5%), Mr Allagappen Veeramootoo (18%), Mr Chian Luck Ah Teck (6%), Mr Jean Claude Lam Hung (1%), Mr Jason Ah Teck (4%), Mrs Michelle Carinci (35%), Mr Paul Halpin (2%), Mrs. Sui Lien Chong Ah Yan (4%).

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOTTOTECH LTD

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the Consolidated and separate financial statements of Lottotech Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 71 which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 31 December 2020, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

### 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not identify any key audit matters during the year.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Lottotech Ltd Annual Report for the year ended 31 December 2020", which includes the Company Information, Directors' Report, Corporate Governance Report and the Company Secretary's report as required by the Companies Act 2001. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

### Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with

the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 intends to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including

the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Use of our report

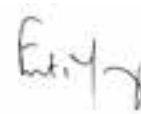
This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required. In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



**ERNST & YOUNG**  
Ebène, Mauritius



**DARYL CSIZMADIA, C.A. (S.A).**  
Licensed by FRC

Date: 25 March 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	GROUP		COMPANY	
		2020 MUR	2019 MUR	2020 MUR	2019 MUR
Turnover from lottery tickets		1,870,322,400	2,630,511,040	1,870,322,400	2,630,511,040
Prizes		(911,277,239)	(1,275,797,854)	(911,226,985)	(1,275,797,854)
<b>Revenue from lottery tickets</b>		<b>959,045,161</b>	1,354,713,186	<b>959,095,415</b>	1,354,713,186
Commission income		3,291,489	2,512,847	-	-
<b>Revenue</b>	4	<b>962,336,650</b>	1,357,226,033	<b>959,095,415</b>	1,354,713,186
Consolidated fund and levy		(452,374,009)	(638,932,039)	(452,309,398)	(638,882,738)
Net income		509,962,641	718,293,994	506,786,017	715,830,448
Other income	5	25,963	2,359,538	25,963	2,359,538
		509,988,604	720,653,532	506,811,980	718,189,986
Retailers' and other commissions		(105,469,707)	(147,194,133)	(103,899,551)	(145,967,992)
Gaming systems and data communication costs	6	(120,399,937)	(137,509,003)	(121,962,402)	(137,358,178)
Other operating expenses	7	(205,159,648)	(247,773,917)	(202,569,535)	(226,901,578)
Net impairment loss on receivables		135,093	(2,461,133)	135,093	(2,461,133)
Operating profit		79,094,405	185,715,346	78,515,585	205,501,105
Finance income from an effective interest rate	8(a)	1,507,386	3,102,654	1,501,008	3,094,500
Finance costs	8(b)	(1,836,460)	(1,331,211)	(2,027,604)	(1,331,211)
Profit before income tax		78,765,331	187,486,789	77,988,989	207,264,394
Income tax expense	10	(17,698,488)	(31,826,960)	(17,571,648)	(35,181,210)
Profit for the year		61,066,843	155,659,829	60,417,341	172,083,184
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of post-employment benefit obligations	21	(1,404,000)	(1,193,000)	(1,441,000)	(1,193,000)
Deferred tax on remeasurement of post-employment benefit obligations	20	240,210	202,810	244,970	202,810
Other comprehensive income - net of tax		(1,163,790)	(990,190)	(1,196,030)	(990,190)
Total comprehensive income for the year		59,903,053	154,669,639	59,221,311	171,092,994
Basic and diluted earnings per share	11	0.18	0.46	0.18	0.51

The notes on pages 46 to 71 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

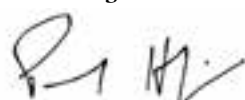
AS AT 31 DECEMBER 2020

		GROUP		COMPANY	
		2020	2019	2020	2019
	Notes	MUR	MUR	MUR	MUR
<b>Assets</b>					
<b>Non-current assets</b>					
Property and equipment	12	162,200,577	109,774,991	168,019,777	109,250,761
Investment in subsidiaries	13	-	-	50,251,797	50,251,797
Deferred income tax assets	20	4,660,831	5,684,610	1,443,560	2,335,739
Goodwill	13	23,253,140	23,253,140	-	-
Non-current deposit	14	400,000	400,000	-	-
		<u>190,514,548</u>	<u>139,112,741</u>	<u>219,715,134</u>	<u>161,838,297</u>
<b>Current assets</b>					
Inventories	15	1,321,246	874,620	1,321,246	874,620
Trade and other receivables	16	35,589,396	118,959,137	36,875,908	116,426,965
Cash at bank and in hand	17	289,052,374	265,600,074	288,122,030	260,069,464
		<u>325,963,016</u>	<u>385,433,831</u>	<u>326,319,184</u>	<u>377,371,049</u>
Total assets		<u>516,477,564</u>	<u>524,546,572</u>	<u>546,034,318</u>	<u>539,209,346</u>
<b>Equity and liabilities</b>					
<b>Equity and reserves</b>					
Stated capital	18	100,000,000	100,000,000	100,000,000	100,000,000
Retained earnings		<u>42,765,349</u>	<u>91,662,296</u>	<u>59,904,277</u>	<u>109,482,966</u>
<b>Total equity</b>		<u>142,765,349</u>	<u>191,662,296</u>	<u>159,904,277</u>	<u>209,482,966</u>
<b>Non-current liabilities</b>					
Lease liability - non-current	19	23,962,137	14,042,499	33,993,670	14,042,499
Post-employment benefits	21	6,391,000	4,163,000	6,353,000	4,048,000
		<u>30,353,137</u>	<u>18,205,499</u>	<u>40,346,670</u>	<u>18,090,499</u>
<b>Current liabilities</b>					
Trade and other payables	22	326,193,505	300,091,584	326,185,745	297,048,688
Lease liability - current	19	8,562,238	5,151,765	10,994,291	5,151,765
Current income tax liabilities	10	8,603,335	9,435,428	8,603,335	9,435,428
		<u>343,359,078</u>	<u>314,678,777</u>	<u>345,783,371</u>	<u>311,635,881</u>
<b>Total liabilities</b>		<u>373,712,215</u>	<u>332,884,276</u>	<u>386,130,041</u>	<u>329,726,380</u>
<b>Total equity and liabilities</b>		<u>516,477,564</u>	<u>524,546,572</u>	<u>546,034,318</u>	<u>539,209,346</u>

Authorised for issue by the Board of directors on 25 March 2021 and signed on its behalf by:



Director



Director

The notes on pages 46 to 71 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Stated capital	Retained earnings	Total equity
<b>GROUP</b>		MUR	MUR	MUR
<b>At 01 January 2019</b>		<u>100,000,000</u>	<u>79,792,657</u>	<u>179,792,657</u>
Profit for the year		-	155,659,829	155,659,829
Other comprehensive income for the year		-	(990,190)	(990,190)
Total comprehensive income for the year		-	<u>154,669,639</u>	<u>154,669,639</u>
<b>Transactions with owners</b>				
Dividends	24	-	(142,800,000)	(142,800,000)
<b>At 31 December 2019</b>		<u>100,000,000</u>	<u>91,662,296</u>	<u>191,662,296</u>
<b>At 01 January 2020</b>		<u>100,000,000</u>	<u>91,662,296</u>	<u>191,662,296</u>
Profit for the year		-	61,066,843	61,066,843
Other comprehensive income for the year		-	(1,163,790)	(1,163,790)
Total comprehensive income for the year		-	<u>59,903,053</u>	<u>59,903,053</u>
<b>Transactions with owners</b>				
Dividends	24	-	(108,800,000)	(108,800,000)
<b>At 31 December 2020</b>		<u>100,000,000</u>	<u>42,765,349</u>	<u>142,765,349</u>
<b>COMPANY</b>				
<b>At 01 January 2019</b>		<u>100,000,000</u>	<u>81,189,972</u>	<u>181,189,972</u>
Profit for the year		-	172,083,184	172,083,184
Other comprehensive income for the year		-	(990,190)	(990,190)
<b>Total comprehensive income for the year</b>		-	<u>171,092,994</u>	<u>171,092,994</u>
<b>Transactions with owners</b>				
Dividends	24	-	(142,800,000)	(142,800,000)
<b>At 31 December 2019</b>		<u>100,000,000</u>	<u>109,482,966</u>	<u>209,482,966</u>
<b>At 01 January 2020</b>		<u>100,000,000</u>	<u>109,482,966</u>	<u>209,482,966</u>
Profit for the year		-	60,417,341	60,417,341
Other comprehensive income for the year		-	(1,196,030)	(1,196,030)
<b>Total comprehensive income for the year</b>		-	<u>59,221,311</u>	<u>59,221,311</u>
<b>Transactions with owners</b>				
Dividends	24	-	(108,800,000)	(108,800,000)
<b>At 31 December 2020</b>		<u>100,000,000</u>	<u>59,904,277</u>	<u>159,904,277</u>

The notes on pages 46 to 71 form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		GROUP		COMPANY	
		2020	2019	2020	2019
	Notes	MUR	MUR	MUR	MUR
<b>Cash flows from operating activities</b>					
Profit before income tax		78,765,331	187,486,789	77,988,989	207,264,394
Adjustments for:					
Depreciation on property and equipment	12	23,041,366	37,956,934	23,420,789	37,804,103
Net foreign exchange differences		(111,872)	(2,192,212)	(111,872)	(2,246,101)
Provision for impairment of receivables		-	2,461,133	-	2,461,133
Gain on disposal of property and equipment		-	(2,359,538)	-	(2,359,538)
Movement in post-employment benefits	21	824,000	602,000	864,000	487,000
Interest expense	8(b)	1,836,460	1,331,211	2,027,604	1,331,211
Interest income	8(a)	(1,507,386)	(3,102,654)	(1,501,008)	(3,094,500)
<b>Operating profit before working capital changes</b>		<b>102,847,899</b>	<b>222,183,663</b>	<b>102,688,502</b>	<b>241,647,702</b>
Decrease/(increase) in inventories		(446,626)	10,596	(446,626)	10,596
Decrease/(increase) in trade and other receivables		83,619,743	2,967,886	79,551,059	4,226,910
Increase in trade and other payables		25,851,917	5,171,361	29,137,053	3,218,181
Cash generated from operations		211,872,933	230,333,506	210,929,988	249,103,389
Interest paid		(1,836,460)	(1,331,211)	(2,027,604)	(1,331,211)
Interest received	8(a)	1,507,386	3,102,654	1,501,008	3,094,500
Income tax paid	10	(17,266,592)	(38,156,658)	(17,266,592)	(38,138,251)
<b>Net cash generated from operating activities</b>		<b>194,277,267</b>	<b>193,948,291</b>	<b>193,136,800</b>	<b>212,728,427</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	12	(55,138,816)	(58,358,764)	(48,123,011)	(57,788,857)
Short-term loan to related party		-	(50,000,000)	-	(50,250,000)
Proceeds from sale of property and equipment		490,983	2,435,649	-	2,435,649
Investment in subsidiary	13	-	(23,031,288)	-	(23,495,000)
<b>Net cash used in investing activities</b>		<b>(54,647,833)</b>	<b>(128,954,403)</b>	<b>(48,123,011)</b>	<b>(129,098,208)</b>
<b>Cash flows from financing activities</b>					
Finance lease principal payments	19	(7,489,006)	(4,802,808)	(8,273,095)	(4,802,808)
Capital injection in subsidiaries	13	-	-	-	(24,220,830)
Dividends paid	24	(108,800,000)	(142,800,000)	(108,800,000)	(142,800,000)
<b>Net cash used in financing activities</b>		<b>(116,289,006)</b>	<b>(147,602,808)</b>	<b>(117,073,095)</b>	<b>(171,823,638)</b>
Net increase in cash and cash equivalents		23,340,428	(82,608,920)	27,940,694	(88,193,419)
Net foreign exchange difference		111,872	2,192,212	111,872	2,246,101
Cash and cash equivalents at 01 January		265,600,074	346,016,782	260,069,464	346,016,782
<b>Cash and cash equivalents at 31 December 2020</b>		<b>289,052,374</b>	<b>265,600,074</b>	<b>288,122,030</b>	<b>260,069,464</b>

The notes on pages 46 to 71 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 1. GENERAL INFORMATION

Lottotech Ltd (the “Company”) is incorporated and domiciled in the Republic of Mauritius as a public company, and its shares are publicly traded on the Stock Exchange of Mauritius. Its registered office is situated at Royal Road, Chapman Hill, Beau Bassin, Republic of Mauritius.

The Company is the Operator of the Mauritius National Lottery.

The financial statements of Lottotech Ltd include the separate financial statements of the parent company, Lottotech Ltd, (the “Company”) and the consolidated financial statements of the Company and its subsidiaries (the “Group”).

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, and are presented in Mauritian Rupees (‘MUR’). All values are rounded to the nearest rupee, except as otherwise indicated.

### 2.2 Statement of compliance

The financial statements of the Group comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Lottotech Ltd and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three

elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

### 2.4 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also

requires the directors to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

### Revenue

The Group assessed its revenue arrangement on the operation of the lottery and determined that it is the principal as it controls the service before it is transferred to the customer. The primary responsibility for fulfilling the promise to provide the service toward the customers resides with the Group. The Group underwrites the jackpots and other prize money for the game and bears the risk associated with guaranteed jackpots. The Group is liable under the Civil Code should it default in making payment to the winners of the draw. The Group also bears the risk associated with prize pool, and has no recourse to any other party in the event that it suffers losses in fulfilling its responsibilities under its licence.

### Going concern

The Company's management made an assessment of the Company's ability to continue as a going concern. Following the conclusion of the mediation with the authorities, the Company was granted two consecutive five year periods licence to operate up to April 2029. During the year, the impact of Covid-19 has been assessed as not significant by the directors given that the lotto games are still being operated (except for some weeks during lock down), the cash flow of the Company has been maintained and even improved and the Company is still in a profit making situation. Furthermore there has been the introduction of the new

Loterie Vert Game towards year end which is expected to boost up future revenue. On 9 March 2021, the Government of Mauritius announced a national confinement for 16 days to protect the health and safety of its citizens. The exact impact of these measures cannot be quantified at the moment. The Company's management is also satisfied that the Company will have adequate funds to discharge any existing commitments and obligations to continue in business for the foreseeable future. Furthermore, other than the above, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The company has a current assets of MUR326,319,184 and current liabilities of MUR345,783,371 as at 31 December 2020, with a net current liability position of MUR19,464,187. Out of the MUR345,783,371 as current liabilities, MUR57,419,192 relates to reserve fund which is used to seed jackpot level and it is only payable when jackpot is seeded. At the end of the year 2020, the business showed signs of returning to pre-confinement sales levels.

### 2.5 Standards, amendments to published standards and interpretations effective in the reporting period

The following standards, amendments and interpretations were applicable for the first time in 2020, but did not have an impact on the financial statements of the Group.

	Effective for accounting period beginning on or after
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2020
Definition of a Business – Amendments to IFRS 3	01 January 2020
Financial Instruments: Recognition and Measurement – Amendments to IAS 39 -pre-replacement issues in the context of the IBOR reform	01 January 2020
Financial Instruments: Disclosures – Amendments to IFRS 7 regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)	01 January 2020
Financial Instruments – Amendments to IFRS 9 regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)	01 January 2020
Financial Instruments – Amendments to IFRS 9 regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)	01 January 2020
Covid 19 - Related Rent Concessions - Amendment to IFRS 16	01 January 2020

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

### New or revised standards and interpretations:

	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	01 January 2023
<b>Amendments</b>	
IAS 1: Classification of Liabilities as Current or Non-current	01 January 2023
IFRS 3: Reference to the Conceptual Framework	01 January 2022
IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	01 January 2022
IAS 37: Onerous Contracts – Costs of Fulfilling a Contract	01 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022

The Group does not expect that the adoption of these standards will have any material impact on its financial statements.

## 2.7 Summary of significant accounting policies

### (a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances

and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount

recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

### (b) Turnover

The Group's turnover consists of proceeds from lottery tickets, which are the wagers placed on lottery tickets on the Group's draw-based game.

### (c) Revenue from contracts with customers

Revenue from contracts with customers consist of turnover, net of prizes. Prizes are considered as consideration payable to the winning customers, and thus reduce the transaction price.

The Group's revenue recognition occurs at the point in time when the draw has been held and the results have been certified by the Gambling Regulatory Authority. Where players wager in advance, the income is deferred and recorded as contract liabilities, until the draw has taken place when it is then recognised as revenue in the statement of profit or loss and other comprehensive income.

Commission is received on the betting price excluding betting tax from the foreign pool promoter, calculated as a % of wagers placed on football betting or on a revenue share basis depending on the products sold. The Company's revenue recognition occurs at the point in time when the football competition has been held.

### Contract balances

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments - initial recognition and subsequent measurement.

#### Contract liabilities

Contract liabilities are proceeds from tickets for which the draw has not been held. The contract liability is recognised when a customer purchases a lottery ticket. Contract liabilities are subsequently recognised as turnover when the Group performs under the contract, which is at the point when the draw has been held and the results have been certified by the Gambling Regulatory Authority.

### (d) Interest income

Interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

### (e) Prizes

The draw-based game is operated under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. To the extent that the actual prizes won on the draw vary from the predetermined percentage, the relevant prize is carried forward under a rollover to subsequent draws. The Group may also set guaranteed jackpots for any particular draw. The liability (prize liability and reserve fund as per note 21) for prizes is recognised at the time of the draw in line with the predetermined percentage for that game and for any shortfall that Lottotech may be required to settle. Lottery prizes are consideration payable to the customers and are deducted from the proceeds from lottery tickets to reach the revenue from a particular draw.

If prizes remain unclaimed for 184 days from the date of the draw-based game, the unclaimed prizes are remitted to the National Solidarity Fund.

### (f) Consolidated Fund

The Group has a legal requirement to contribute a set proportion of net proceeds from lottery games to the Consolidated Fund managed by the Government of Mauritius.

The amount of Consolidated Fund represents the predetermined percentage of gross ticket sales net of prizes.

### (g) Retailers' and other commissions

The Group pays commissions to third party retailers who act as agents of the Group under a standard commission structure, fixed at a percentage of total sales. In addition, validation commission is paid on prizes. A similar commission structure is applicable for the Field Sales and Technical Representatives in Rodrigues.

### (h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

	Years
Right-of-use assets	8 - 10
Leasehold improvements	3 - 10
Equipment	3 - 10
Furniture and fittings	8
Motor vehicles	6 - 7
Work in progress	Nil

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in profit or loss.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level from which there are separately identifiable cash flows.

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 Group 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 year in which they are incurred.

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

### (i) Investment in subsidiaries

The subsidiaries are fully consolidated in the Group's financial statements from the date control is obtained by the Group until the date that control ceases.

#### Separate financial statements of the investor

In the separate financial statements of the Company, the investment in subsidiaries is carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## (j) Leases

At the commencement date of a lease, a lessee will recognise a lease liability and right of use (ROU) asset representing the right to use the underlying asset during the lease term. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

For any new contracts entered, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

## Measurement and recognition of leases as a lessee

At lease commencement date, the Group

recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

## (k) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method. The cost includes cost of ticket rolls, bet slips and any other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## (l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank, cash in hand, net of any outstanding overdrafts and treasury bills having a maturity period of less than 3 months.

## (m) Stated capital

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

## (n) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax and Corporate Social Responsibility ("CSR") 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Current income tax assets and liabilities are measured at the amount expected to be received or paid to the taxation authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The principal temporary differences arise from accelerated capital allowances, provision for post-employment benefits and provision for impairment on receivables.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The directors apply judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as cash flows and budgets. The carrying amount of deferred tax asset is reviewed at each reporting date.

The Group offsets deferred income tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

## **(o) Employee benefits**

### **(i) Short-term employee benefits**

Short term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related services and include wages, salaries, social security contributions, and travelling expenses, profit sharing and bonuses. These costs are charged to profit or loss when incurred.

### **(ii) Defined contribution**

The Group operates a defined contribution pension plan for certain qualifying employees. The assets of the plan are held separately from those of the company in funds under the control of an independent management committee. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by

the company are reduced by the amount of forfeited contributions. Any residual gratuities under the Employment Rights Act 2008 for the qualifying employees after allowing for permitted deductions in respect of the pension plan are included in the post-employment benefits in respect of the Employment Rights Act 2008.

### **(iii) Post-employment benefits**

Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. The Group recognises a liability for employees whose benefits under the defined contribution plan are not expected to fully offset the retirement gratuity.

The net present value of post-employment benefits payable under the Employment Rights Act 2008 is calculated by a qualified actuary and is provided for. The obligations arising from this item is not funded.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past and current service costs are recognised immediately in profit or loss.

### **(p) Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements and deducted from equity in the period in which the dividend is declared.

## **(q) Financial Instruments**

### **(i) Financial assets**

#### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### **Subsequent measurement**

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## Subsequent measurement (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, receivables from related parties and cash at bank. These financial assets are held to collect cash flows which represent solely payment of principal and interest.

## Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Derecognition

Financial assets are primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## (ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

## Subsequent measurement

*Loans and borrowings/Financial liabilities at amortised cost*

The Group's financial liabilities consist of trade and other payables which are classified as loans and borrowings.

After initial recognition, these financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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).

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the DE recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## (iii) Offsetting financial instruments

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



**(r) Foreign currency translation****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 Mauritian rupee (“MUR”), which is the presentation currency of the Company.

**Transactions and balances**

Foreign currency transactions are translated into Mauritian rupees using the exchange rates prevailing at the date of 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 the profit or loss consistent with the nature of the underlying items.

**(s) Segment information**

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. There is only one operating segment which is the gaming segment.

**(t) Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

**(u) Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**3. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk); credit risk and liquidity risk. A description of the significant risk factors is given below together with the risk management policies applicable.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance.

Risk management is carried out by management under policies approved by the Board of Directors.

**(a) Market risk****(i) Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group carries its operations locally and therefore is not exposed to foreign exchange risk except for transactions with suppliers and bank accounts denominated in foreign currency, which are mainly United States dollars (“USD”). As such, the Group is exposed to the exchange rate movement of the Mauritian rupee against the United States dollar.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## (i) Foreign exchange risk (Cont'd)

The currency profile of the Group's and the Company's financial assets and liabilities is summarised as follows:

	2020 Financial Assets	2020 Financial Liabilities	2019 Financial Assets	2019 Financial Liabilities
	MUR	MUR	MUR	MUR
<b>GROUP</b>				
Mauritian rupee	278,316,608	322,808,955	362,063,136	297,627,655
United States dollar	10,395,418	2,437,129	12,106,759	6,968,615
Euro	744,587	278,266	412,844	-
Great Britain pound	-	669,155	-	629,379
	<u>289,456,613</u>	<u>326,193,505</u>	<u>374,582,739</u>	<u>305,225,649</u>
<b>COMPANY</b>				
Mauritian rupee	277,054,611	323,470,351	359,139,910	295,214,137
United States dollar	10,322,831	2,437,129	9,347,027	6,968,615
Euro	744,587	278,266	412,844	-
	<u>288,122,029</u>	<u>326,185,746</u>	<u>368,899,781</u>	<u>302,182,752</u>

At 31 December 2020, if the Mauritian rupee ("MUR") had weakened/strengthened by 5% against the United States dollar ("USD") with all other variables held constant, pre-tax profit and equity for the year for the Group would have decreased/increased by MUR397,914 (2019 – MUR256,907) and the Company would have decreased/increased by MUR394,285 (2019 – MUR118,921).

At 31 December 2020, if the Mauritian rupee ("MUR") had weakened/strengthened by 5% against the EURO ("EUR") with all other variables held constant, pre-tax profit for the year and equity for both the Group and the Company would have increased/decreased by MUR23,316 (2019 MUR20,642), mainly as a result of currency differences on translation of EUR denominated bank balances.

The directors believe that a 5% fluctuation in foreign exchange rate is an appropriate basis for the sensitivity analysis. The sensitivity analysis has been based on the financial assets and liabilities at the reporting date.

The Group has not engaged in any hedging transactions to mitigate its risks relating to exchange rate fluctuations.

## (ii) Interest rate risk

The Group's income and operating cash flows may be affected by changes in market interest rates. The Group did not have significant floating interest rate bearing financial assets and liabilities at the reporting date.

## (b) Credit risk

Credit risk is managed on company-wide basis. Credit risk arises from cash and cash equivalents as well as credit exposures to retailers, including outstanding receivables and receivable from related parties.

For cash and cash equivalents, the Group manages its credit risk by banking with reputable financial institutions. Management assess the credit quality of the retailer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. The Group engages with retailers having the appropriate credit rating only.

The Group fully provides for balances in default which are balances due from retailers

for more than 90 days; these balances are considered to be credit impaired. The Group has a general short credit period of less than one week to collect its trade receivables. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, for example the point at which the Group is aware of bankruptcy of the debtor or the Company has not recovered the debt through legal actions. The Group makes use of a provision matrix and determine the expected credit loss on its trade receivables on a collective basis with the customers grouped according to days past due. The provision matrix takes into consideration the historical data on default rate. The Group determined that forward looking information is insignificant due to the short-term nature of the trade receivables. At the reporting date, the Group determined that its expected credit loss on trade receivables not in default is insignificant.

The credit risk on the balances receivable from related parties have been assessed in 2020 and the ECL is immaterial.

The maximum exposure with respect to credit risk arise from default of the counter party with a maximum exposure equal to the carrying amount of the Group's financial assets.

The Directors believe that the Group has no significant concentration of credit risk and services are rendered to retailers with an

appropriate credit history.

The aged analysis of trade receivables is disclosed in Note 16.

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions.

The table below analyses the Group's and the Company's financial liabilities into relevant maturing groupings based on the remaining period at the end of the reporting period to maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

## GROUP

As at 31 December 2020	Within six months MUR	Between six months to 1 year MUR	Between 1 to 5 years MUR	Above 5 years MUR	Total MUR
<b>Liabilities</b>					
Lease liabilities	4,220,310	4,341,927	25,376,198	5,036,433	38,974,868
Trade and other payables	313,712,668	-	-	-	313,712,668
	<u>317,932,978</u>	<u>4,341,927</u>	<u>25,376,198</u>	<u>5,036,433</u>	<u>352,687,536</u>

As at 31 December 2019	Within six months MUR	Between six months to 1 year MUR	Between 1 to 5 years MUR	Above 5 years MUR	Total MUR
Lease liabilities	3,086,160	3,094,204	12,215,427	3,791,600	22,187,391
Trade and other payables	286,031,384	-	-	-	286,031,384
	<u>289,117,544</u>	<u>3,094,204</u>	<u>12,215,427</u>	<u>3,791,600</u>	<u>308,218,775</u>

## COMPANY

As at 31 December 2020	Within six months MUR	Between six months to 1 year MUR	Between 1 to 5 years MUR	Above 5 years MUR	Total MUR
<b>Liabilities</b>					
Lease liabilities	5,421,169	5,573,122	35,407,733	5,036,430	51,438,454
Trade and other payables	311,631,001	-	-	-	311,631,001
	<u>317,052,170</u>	<u>5,573,122</u>	<u>35,407,733</u>	<u>5,036,430</u>	<u>363,069,455</u>

As at 31 December 2019	Within six months MUR	Between six months to 1 year MUR	Between 1 to 5 years MUR	Above 5 years MUR	Total MUR
<b>Liabilities</b>					
Lease liabilities	3,086,160	3,094,204	12,215,427	3,791,600	22,187,391
Trade and other payables	282,988,488	-	-	-	282,988,488
	<u>286,074,648</u>	<u>3,094,204</u>	<u>12,215,427</u>	<u>3,791,600</u>	<u>305,175,879</u>

### (d) Fair values

The carrying amounts of trade and other receivables, cash in hand and at bank, trade and other payables approximate their fair values due to their short-term nature.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## (e) Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going-concern in order to provide returns to shareholders. Capital is represented by the total equity comprising of stated capital and retained earnings. The Group does not have any debt financing.

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

There were no changes in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

## (f) Financial instruments by category

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
	Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at amortised cost
<b>Financial assets</b>				
Trade and other receivables	22,877,826	108,582,665	22,079,309	108,832,665
Fixed deposits	400,000	400,000	-	-
Cash and cash equivalents	289,052,374	265,597,726	288,122,030	260,067,116
	<u>312,330,200</u>	<u>374,580,391</u>	<u>310,201,339</u>	<u>368,899,781</u>
	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Financial liabilities at amortised cost
<b>Financial liabilities</b>				
Trade and other payables	322,274,907	286,031,384	322,625,293	282,988,488
	<u>322,274,907</u>	<u>286,031,384</u>	<u>322,625,293</u>	<u>282,988,488</u>

## 4. Revenue

### 4.1 Revenue Information

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
<b>Type of good or service</b>				
Revenue from lottery tickets	959,045,161	1,354,713,186	959,095,415	1,354,713,186
Commission income	3,291,489	2,512,847	-	-
	<u>962,336,650</u>	<u>1,357,226,033</u>	<u>959,095,415</u>	<u>1,354,713,186</u>
<b>Geographical market</b>				
Mauritius	<u>962,336,650</u>	<u>1,357,226,033</u>	<u>959,095,415</u>	<u>1,354,713,186</u>
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time	<u>962,336,650</u>	<u>1,357,226,033</u>	<u>959,095,415</u>	<u>1,354,713,186</u>

## 4.2 Contract balances

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Trade receivables	<u>20,791,716</u>	<u>58,335,293</u>	<u>20,791,716</u>	<u>58,335,293</u>
<b>Contract liabilities</b>				
At 01 January	14,010,200	10,019,560	14,060,200	10,019,560
Movement	139,680	3,990,640	89,680	4,040,640
At 31 December	<u>14,149,880</u>	<u>14,010,200</u>	<u>14,149,880</u>	<u>14,060,200</u>

Trade receivables are amounts due from retailers for tickets sold in the ordinary course of business. Refer to note 16 for expected credit losses recognised on trade receivables.

Contract liabilities consist of ticket sales for which the draw has not yet been held. The revenue is recognised when the draw is held and the results are certified by the Gambling Regulatory Authority.

## 5. OTHER INCOME

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Other commission income	25,963	-	25,963	-
Gain on disposal	-	2,359,538	-	2,359,538
	<u>25,963</u>	<u>2,359,538</u>	<u>25,963</u>	<u>2,359,538</u>

## 6. GAMING SYSTEMS AND DATA COMMUNICATION COSTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Depreciation (Note 12)	23,041,366	37,956,934	23,420,789	37,804,103
Communication costs	49,223,935	45,063,478	49,239,207	44,870,655
Lottery technological support	24,868,787	31,343,789	24,868,789	31,343,789
Consumables	15,780,805	15,258,650	15,780,805	15,258,650
Other expenses	7,485,044	7,886,152	8,652,812	8,080,981
	<u>120,399,937</u>	<u>137,509,003</u>	<u>121,962,402</u>	<u>137,358,178</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 7. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
Staff costs (Note 9)	101,876,220	108,133,245	100,095,775	90,627,793
Management fee	40,072,697	67,675,307	40,072,697	67,675,307
Rent and utilities	3,595,518	7,877,865	4,187,443	4,521,420
Donations	-	1,500,000	-	1,500,000
Legal and professional fees	12,205,633	13,165,659	12,188,408	13,165,659
Software licence and other information technology cost	11,792,625	10,854,949	11,792,625	10,854,949
Motor vehicle expenses	5,334,171	4,939,129	5,264,729	4,939,129
Municipal fees and licences	5,874,173	6,770,615	5,841,400	6,770,615
Insurance costs	4,128,289	2,961,083	4,121,770	2,961,083
Medical expenses	1,930,473	1,764,110	1,894,073	992,513
Maintenance contracts	8,855,494	7,496,680	8,855,494	7,496,680
Printing, postages and stationery	1,449,634	3,436,818	1,275,976	3,436,818
Repairs and maintenance	806,999	738,388	806,998	572,309
Other expenses	5,943,972	9,400,569	4,964,647	10,490,303
Fees payable to auditor for:				
Audit services	1,150,000	961,750	1,063,750	799,250
Other services	143,750	97,750	143,750	97,750
	<u>205,159,648</u>	<u>247,773,917</u>	<u>202,569,535</u>	<u>226,901,578</u>

## 8. FINANCE INCOME/(COSTS)

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR

### (a) Finance income from an effective interest rate

Interest income on:

Non-current deposits	6,700	8,154	322	-
Interest on related party loans	531,170	2,937,431	531,170	2,937,431
Bank balances	162,036	129,129	162,036	129,129
Debt instruments at amortised cost	807,480	27,940	807,480	27,940
	<u>1,507,386</u>	<u>3,102,654</u>	<u>1,501,008</u>	<u>3,094,500</u>

### (b) Finance cost

Interest expense on:

Lease liability (Note 19)	(1,811,693)	(1,331,211)	(2,027,604)	(1,331,211)
Interest on related party loans	(24,767)	-	-	-
	<u>(1,836,460)</u>	<u>(1,331,211)</u>	<u>(2,027,604)</u>	<u>(1,331,211)</u>

## 9. STAFF COSTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Wages and salaries	94,320,098	98,975,344	92,619,985	85,157,437
Staff welfare benefits	3,274,357	3,398,801	3,231,129	1,128,133
Defined contribution costs	3,457,765	5,157,100	3,380,661	3,855,223
Post-employment benefits (Note 21)	824,000	602,000	864,000	487,000
	<u>101,876,220</u>	<u>108,133,245</u>	<u>100,095,775</u>	<u>90,627,793</u>

## 10. INCOME TAX

The Group is liable to income tax on its profits, as adjusted for income tax purposes, at the rate of 17% (2019 - 17%). The 17% tax rate consists of 15% corporate income tax and 2% Corporate Social Responsibility tax ("CSR").

## (a) Charge for the year

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Current income tax	11,975,167	37,312,914	11,975,167	37,312,914
Under provision of income tax	4,459,332	(5,379)	4,459,332	-
Deferred income tax debit/(credit) credit (Note 20)	1,363,929	(5,480,575)	1,237,089	(2,131,704)
Under-provision of deferred tax in prior year	(99,940)	-	(99,940)	-
Income tax expense	<u>17,698,488</u>	<u>31,826,960</u>	<u>17,571,648</u>	<u>35,181,210</u>

A reconciliation between the actual rate of income tax charge of MUR 17,698,488 incurred by the Group (2019 – MUR 31,826,960) and the tax calculated at the applicable income tax rate of 17% (2019 – 17%) is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Profit before income tax	78,765,331	187,486,789	77,988,989	207,264,394
Tax on the profit at 17% (2019–17%)	13,390,106	31,872,754	13,258,128	35,234,947
Non-tax deductible expenses	315,328	1,190,625	320,466	1,182,682
Income not subject to tax	(366,339)	(1,236,419)	(366,339)	(1,236,419)
Under provision of income tax in prior year	4,459,332	-	4,459,332	-
Over provision of deferred tax in prior year	(99,939)	-	(99,939)	-
Effective income tax charge	<u>17,698,488</u>	<u>31,826,960</u>	<u>17,571,648</u>	<u>35,181,210</u>

Non-tax deductible expenses include legal and professional fees, and impairment of receivables from related parties.

## (b) Current income tax liabilities

Income tax liabilities amounted to **MUR 6,306,177 (excluding wage assistance scheme levy)** at 31 December 2020 (2019 - MUR 9,435,428).

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
At 01 January	9,435,428	10,260,765	9,435,428	10,260,765
Tax arising from business combinations	-	18,407	-	-
Income tax charge for the year	11,975,167	37,312,914	11,975,167	37,312,914
Under provision of income tax in prior year	4,459,332	-	4,459,332	-
Income tax paid	(17,266,592)	(38,156,658)	(17,266,592)	(38,138,251)
At 31 December	<u>8,603,335</u>	<u>9,435,428</u>	<u>8,603,335</u>	<u>9,435,428</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 11. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year of the Group and the Company by the weighted average number of ordinary shares in issue during the year.

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the result for the year and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2020 and 2019, there were no instruments with potential dilutive effect.

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Profit attributable to shareholders (MUR)	61,066,843	155,659,829	60,417,341	172,083,184
Number of shares entitled to dividends	340,000,000	340,000,000	340,000,000	340,000,000
Basic and diluted earnings per share (MUR)	0.18	0.46	0.18	0.51

## 12. PROPERTY AND EQUIPMENT

Group	Right of use asset	Leasehold improvement	Equipment	Furniture and fittings	Motor vehicles	Work-in progress	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Cost:</b>							
At 01 January 2019	-	70,394,552	397,526,213	12,994,501	16,224,111	-	497,139,377
Additions	23,997,073	7,028,974	14,026,565	2,213,737	107,154	35,089,488	82,462,991
Write-off	-	-	(26,529,543)	-	(14,347,411)	-	(40,876,954)
At 31 December 2019	23,997,073	77,423,526	385,023,235	15,208,238	1,983,854	35,089,488	538,725,414
Additions	20,785,870	464,957	38,711,793	-	-	15,962,066	75,924,686
Disposals	-	(502,713)	(7,611,177)	-	-	-	(8,113,890)
At 31 December 2020	44,782,943	77,385,770	416,123,851	15,208,238	1,983,854	51,051,554	606,536,210
<b>Accumulated depreciation:</b>							
At 01 January 2019	-	66,089,557	337,071,105	12,994,501	15,639,168	-	431,794,331
Charge for the year (Note 6)	5,541,150	3,300,099	28,405,948	184,170	525,567	-	37,956,934
Write-off	-	-	(26,529,543)	-	(14,271,299)	-	(40,800,842)
At 31 December 2019	5,541,150	69,389,656	338,947,510	13,178,671	1,893,436	-	428,950,423
Charge for the year (Note 6)	8,212,460	1,670,284	12,838,750	287,959	31,913	-	23,041,366
Disposals	-	(37,756)	(7,618,400)	-	-	-	(7,656,156)
At 31 December 2020	13,753,610	71,022,184	344,167,860	13,466,630	1,925,349	-	444,335,633
<b>Net carrying amount:</b>							
At 31 December 2020	31,029,333	6,363,586	71,955,991	1,741,608	58,505	51,051,554	162,200,577
At 31 December 2019	18,455,923	8,033,870	46,075,725	2,029,567	90,418	35,089,488	109,774,991



## 12. PROPERTY AND EQUIPMENT (cont'd)

COMPANY	Right of use asset	Leasehold improvement	Equipment	Furniture and fittings	Motor vehicles	Work-in progress	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>Cost:</b>							
At 01 January 2019	-	70,394,552	397,526,213	12,994,501	16,224,111	-	497,139,377
Additions	23,997,073	6,499,803	13,985,829	2,213,737	-	35,089,488	81,785,930
Write-off	-	-	(26,529,543)	-	(14,347,411)	-	(40,876,954)
At 31 December 2019	23,997,073	76,894,355	384,982,499	15,208,238	1,876,700	35,089,488	538,048,353
Additions	33,713,473	464,957	31,695,988	-	-	15,962,066	81,836,484
Disposals	-	-	(7,611,177)	-	-	-	(7,611,177)
At 31 December 2020	<u>58,063,867</u>	<u>77,359,312</u>	<u>409,067,310</u>	<u>15,208,238</u>	<u>1,876,700</u>	<u>51,051,554</u>	<u>612,626,981</u>
<b>Accumulated depreciation:</b>							
At 01 January 2019	-	66,089,557	337,071,105	12,994,501	15,639,168	-	431,794,331
Charge for the year (Note 6)	5,541,150	3,262,343	28,398,027	184,170	418,413	-	37,804,103
Write-off	-	-	(26,529,543)	-	(14,271,299)	-	(40,800,842)
At 31 December 2019	5,541,150	69,351,900	338,939,589	13,178,671	1,786,282	-	428,797,592
Charge for the year (Note 6)	9,095,640	1,670,284	12,334,993	287,959	31,913	-	23,420,789
Disposals	-	-	(7,611,177)	-	-	-	(7,611,177)
At 31 December 2020	<u>14,636,790</u>	<u>71,022,184</u>	<u>343,663,405</u>	<u>13,466,630</u>	<u>1,818,195</u>	<u>-</u>	<u>444,607,204</u>
<b>Net carrying amount:</b>							
At 31 December 2020	<u>43,427,077</u>	<u>6,337,128</u>	<u>65,403,905</u>	<u>1,741,608</u>	<u>58,505</u>	<u>51,051,554</u>	<u>168,019,777</u>
At 31 December 2019	<u>18,455,923</u>	<u>7,542,455</u>	<u>46,042,910</u>	<u>2,029,567</u>	<u>90,418</u>	<u>35,089,488</u>	<u>109,250,761</u>

## 13. INVESTMENT IN SUBSIDIARY

	2020 MUR	2019 MUR
At 01 January	50,251,797	2,535,967
Additions	-	47,715,830
At 31 December	<u>50,251,797</u>	<u>50,251,797</u>

Details pertaining to the subsidiaries:

	Country of incorporation	Principal activity	Proportion of ownership
Loterie Vert Ltd	Mauritius	Gaming	100%
Pool Joseph Mervin Limited (PJML)	Mauritius	Betting	100%

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 13. INVESTMENT IN SUBSIDIARY (Cont'd)

On 1 April 2019, the Group acquired 100% of the voting shares of PJML for a cash consideration of MUR23,495,000. The subsidiary's main operating activity is to act as agent of foreign pool promoter. The principal reason behind the acquisition is the benefits attributable to the operating license held by PJML.

The fair values of the identifiable assets and liabilities of PJML as at the date of acquisition were:

Assets	MUR
Property and equipment (Note 12)	107,154
Non-current deposits	400,000
Cash and cash equivalents	463,712
Trade receivables (Note 16)	86,136
	<u>1,057,002</u>
<b>Liabilities</b>	
Trade payables	(791,354)
Current income tax liabilities	(23,788)
<b>Total identifiable net assets at fair value</b>	<u>241,860</u>
Goodwill arising on acquisition	23,253,140
Purchase consideration	<u>23,495,000</u>

The goodwill of MUR23,253,140 comprises the value of expected synergies arising from the acquisition and a license, which is not separately recognised. Due to the high level of uncertainty involved in the fair valuation of the license held by PJML, the license has not been recognised as a separate intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes. The Group performed its annual impairment test on goodwill in December 2020 and did not identify any impairment.

## Net cash outflow on acquisition of subsidiary:

	MUR
Consideration paid in cash	23,495,000
Less: Cash and cash equivalents acquired	(463,712)
	<u>23,031,288</u>

## 14. NON-CURRENT DEPOSITS

Non-current deposit relates to a fixed deposit held by the Group with the Mauritius Commercial Bank. The deposit bears interest at 2.63% and will mature on 21 February 2022.

## 15. INVENTORIES

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
At cost:				
Ticket rolls, bet slips and others	<u>1,321,246</u>	<u>874,620</u>	<u>1,321,246</u>	<u>874,620</u>

Inventories consumed during the year amounted to **MUR15,780,805** (2019 – MUR15,258,650).

## 16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Trade receivables	20,791,716	58,335,293	20,791,716	58,335,293
Allowance for expected credit losses	(44,638)	(1,069,165)	(44,638)	(1,069,165)
	20,747,078	57,266,128	20,747,078	57,266,128
Receivables from related parties (Note 23(ii))	-	58,765,461	1,332,230	59,015,461
Allowance for expected credit losses (Note 22(ii))	-	(8,444,238)	-	(8,444,238)
Prepayments and deposits	14,842,318	11,371,786	14,796,600	8,589,614
	35,589,396	118,959,137	36,875,908	116,426,965

Trade and other receivables are unsecured, bear no interest and are due within one year.

Trade receivables are summarised as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Not yet due	16,285,576	44,080,514	16,285,576	44,080,514
Past due	4,461,502	13,185,614	4,461,502	13,185,614
In default	44,638	1,069,165	44,638	1,069,165
	20,791,716	58,335,293	20,791,716	58,335,293
Allowance for expected credit losses	(44,638)	(1,069,165)	(44,638)	(1,069,165)
	20,747,078	57,266,128	20,747,078	57,266,128

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Past due				
Up to 3 months	4,550,778	13,185,614	4,550,778	13,185,614

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 16. TRADE AND OTHER RECEIVABLES (Cont'd)

At 31 December 2020, trade receivables of **MUR44,638** (2019 – MUR1,069,165) was impaired.

The decrease in loss allowance is mainly attributable to the total decrease in the gross carrying amounts of trade receivables.

The movement in the allowance of expected credit losses for trade receivables are as follows:

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
At 01 January	1,069,165	1,608,032	1,069,165	1,608,032
Expected credit loss recognised	318,931	301,286	318,931	301,286
Reversal of expected credit losses	(410,899)	(840,153)	(410,899)	(840,153)
Write-off against provision	(932,559)	-	(932,559)	-
<b>At 31 December</b>	<b>44,638</b>	<b>1,069,165</b>	<b>44,638</b>	<b>1,069,165</b>

The provision for credit losses has been included in profit or loss. The information about the credit exposures are disclosed in Note 3(b). All items within trade and other receivables are denominated in Mauritian Rupee and no collaterals are held against trade and other receivables at the reporting date.

The net movement recognised in profit or loss in the allowance of expected credit losses for trade and other receivables is as follows:

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
Trade receivables:				
Expected credit loss	(318,931)	(301,286)	(318,931)	(301,286)
Reversal of expected credit losses	410,899	840,153	410,899	840,153
	91,968	538,867	91,968	538,867
Receivables from related parties:				
Allowance for expected credit losses	(227,061)	(3,000,000)	(227,061)	(3,000,000)
	(135,093)	(2,461,133)	(135,093)	(2,461,133)

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2020	Days past due					Total
	Current	Less than 30 days	30-60 days	61-90 days	Above 90 days	
	MUR	MUR	MUR	MUR	MUR	MUR
Expected credit loss rate	0.00%	0.47%	8.25%	0.00%	0.00%	
Total gross carrying amount at default	-	4,242,840	297,871	-	-	4,540,711
Expected credit loss	-	(20,062)	(24,576)	-	-	(44,638)

31 December 2019	Days past due					Total
	Current	Less than 30 days	30-60 days	61-90 days	Above 90 days	
	MUR	MUR	MUR	MUR	MUR	MUR
Expected credit loss rate	0%	0%	0%	0%	100%	
Total gross carrying amount at default	8,883,654	47,985,343	261,801	135,330	1,069,165	58,335,293
Expected credit loss	-	-	-	-	(1,069,165)	(1,069,165)

## 17. CASH AT BANK AND IN HAND

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Cash at bank	289,052,374	175,726,874	288,122,030	170,196,264
Debt instruments at amortised cost	-	89,873,200	-	89,873,200
	<u>289,052,374</u>	<u>265,600,074</u>	<u>288,122,030</u>	<u>260,069,464</u>

## 18. STATED CAPITAL

	GROUP		COMPANY	
	2020	2020	2019	2019
	NUMBERS	MUR	NUMBERS	MUR
<b>GROUP AND COMPANY</b>				
<i>Issued and fully paid:</i>				
Ordinary shares of no par value each	<u>340,000,000</u>	<u>100,000,000</u>	<u>340,000,000</u>	<u>100,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 19. LEASE LIABILITY

	GROUP	GROUP	COMPANY	COMPANY
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
<b>Amount recognised in the Statement of financial position:</b>				
Right-of-use assets (Note 12)	<b>31,029,333</b>	18,455,923	<b>43,427,077</b>	18,455,923
Lease liability:				
Current	<b>8,562,238</b>	5,151,765	<b>10,994,291</b>	5,151,765
Non-current	<b>23,962,137</b>	14,042,499	<b>33,993,670</b>	14,042,499
	<b>32,524,375</b>	19,194,264	<b>44,987,961</b>	19,194,264

The maturity analysis of lease liabilities has been disclosed in Note 3(c).

### Amount recognised in the Statement of profit or loss:

Depreciation charge on right-of-use assets (Note 12)	<b>8,212,460</b>	5,541,150	<b>9,095,640</b>	5,541,150
Interest expense included in finance cost (Note 8)	<b>1,836,460</b>	1,331,211	<b>2,027,604</b>	1,331,211

### Amount recognised in the Statement of cash flows:

Repayment of lease liability – principal portion	<b>7,489,006</b>	4,802,808	<b>8,273,095</b>	4,802,808
Repayment of lease liability – interest portion	<b>1,836,460</b>	1,331,211	<b>2,027,604</b>	1,331,211

### Other information:

Weighted average remaining lease term	<b>4.7 years</b>	4.5 years	<b>4.7 years</b>	4.5 years
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The Group leases its offices under non-cancellable lease agreements. The lease terms are for 3 to 10 years.

**20. DEFERRED INCOME TAX (ASSETS)/LIABILITIES**

The movement on the deferred income tax (assets)/liabilities is as follows:

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
<b>At 01 January</b>	<b>(5,684,610)</b>	(1,225)	<b>(2,335,739)</b>	(1,225)
Credit/charge to profit or loss	<b>1,363,929</b>	(5,480,575)	<b>1,237,089</b>	(2,131,704)
Credit/charge to other comprehensive income	<b>(240,210)</b>	(202,810)	<b>(244,970)</b>	(202,810)
Over provision of deferred tax in prior year	<b>(99,940)</b>	-	<b>(99,940)</b>	-
<b>At 31 December</b>	<b><u>(4,660,831)</u></b>	<u>(5,684,610)</u>	<b><u>(1,443,560)</u></b>	<u>(2,335,739)</u>

The movement in deferred income tax liabilities/(assets) is as follows:-

	Accelerated capital allowances	Post employment benefits	Provision for impaired receivables	Accumulated tax losses	Total
	MUR	MUR	MUR	MUR	MUR
<b>GROUP</b>					
At 01 January 2019	674,702	(402,561)	(273,366)	-	(1,225)
(Credit)/charge to profit or loss (Note 10)	(2,113,341)	(102,340)	91,608	(3,356,502)	(5,480,575)
Charge to other comprehensive income	-	(202,810)	-	-	(202,810)
<b>At 31 December 2019</b>	<b>(1,438,639)</b>	<b>(707,711)</b>	<b>(181,758)</b>	<b>(3,356,502)</b>	<b>(5,684,610)</b>
(Credit)/charge to profit or loss (Note 10)	<b>970,413</b>	<b>(145,636)</b>	<b>130,253</b>	<b>408,899</b>	<b>1,363,929</b>
Charge to other comprehensive income	-	(240,210)	-	-	(240,210)
Over provision of deferred tax in prior year	<b>(143,855)</b>	-	<b>43,915</b>	-	<b>(99,940)</b>
<b>At 31 December 2020</b>	<b><u>(612,081)</u></b>	<b><u>(1,093,557)</u></b>	<b><u>(7,590)</u></b>	<b><u>(2,947,603)</u></b>	<b><u>(4,660,831)</u></b>
<b>COMPANY</b>					
At 01 January 2019	674,702	(402,561)	(273,366)	-	(1,225)
(Credit)/charge to profit or loss (Note 10)	(2,140,522)	(82,790)	91,608	-	(2,131,704)
Charge to other comprehensive income	-	(202,810)	-	-	(202,810)
<b>At 31 December 2019</b>	<b>(1,465,820)</b>	<b>(688,161)</b>	<b>(181,758)</b>	-	<b>(2,335,739)</b>
(Credit)/charge to profit or loss (Note 10)	<b>1,253,716</b>	<b>(146,880)</b>	<b>130,253</b>	-	<b>1,237,089</b>
Charge to other comprehensive income	-	(244,970)	-	-	(244,970)
Over provision of deferred tax in prior year	<b>(143,855)</b>	-	<b>43,915</b>	-	<b>(99,940)</b>
<b>At 31 December 2020</b>	<b><u>(355,959)</u></b>	<b><u>(1,080,011)</u></b>	<b><u>(7,590)</u></b>	-	<b><u>(1,443,560)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. POST-EMPLOYMENT BENEFITS

The Group participates in a defined contribution (DC) pension plan to which it contributes 6%, 8% or 10% of its eligible employees' salaries depending on age. These contributions amounted to MUR4,941,549 for the year ended 31 December 2020 (2019 – MUR5,157,100).

The Group has recognised a net defined benefit liability of MUR6,391,000 as at 31 December 2020 (2019: MUR4,163,000) in respect of any additional retirement gratuities that are expected to be paid out of the Group's cash flow to its employees under the Employment Rights Act (ERA) 2008.

The Group is subject to an unfunded defined contribution plan for the employees. The plan exposes the Group to normal risks described below:

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

**Salary risk:** The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Group had a residual obligation imposed by ERA 2008 on top of its defined contribution plan. It is therefore exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year with regards to the DC plan.

The liability arising from the DC plan, as recorded in the Statement of Financial Position and the movements in the liability during the year are set out below, along with other information that is required to be disclosed in accordance with International Financial Reporting Standards.



	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
<b>Liability recognised in statement of financial position</b>				
Post-employment benefits obligation	<b>6,391,000</b>	4,163,000	<b>6,353,000</b>	4,048,000
<b>Amounts recognised in profit or loss</b>				
Past service cost	-	30,000	<b>61,000</b>	-
Current service cost	<b>604,000</b>	425,000	<b>585,000</b>	340,000
Interest cost	<b>220,000</b>	147,000	<b>218,000</b>	147,000
	<b>824,000</b>	602,000	<b>864,000</b>	487,000
<b>Amounts recognised in other comprehensive income</b>				
Liability experience loss	<b>492,000</b>	214,000	<b>534,000</b>	214,000
Liability gain due to change in financial assumptions	<b>912,000</b>	979,000	<b>907,000</b>	979,000
	<b>1,404,000</b>	1,193,000	<b>1,441,000</b>	1,193,000
<b>Movements in liability recognised in statement of financial position</b>				
At 01 January	<b>4,163,000</b>	2,368,000	<b>4,048,000</b>	2,368,000
Amounts recognised in profit or loss	<b>824,000</b>	602,000	<b>864,000</b>	487,000
Amounts recognised in other comprehensive income	<b>1,404,000</b>	1,193,000	<b>1,441,000</b>	1,193,000
At 31 December	<b>6,391,000</b>	4,163,000	<b>6,353,000</b>	4,048,000
<b>Principal actuarial assumptions at end of year</b>				
Discount rate	<b>2.65%</b>	5.30%	<b>3.10%</b>	5.30%
Rate of salary increases	<b>1.40%</b>	3.60%	<b>1.40%</b>	3.60%
Average retirement age (ARA)	<b>65/60 years</b>	65/60 years	<b>65/60 years</b>	65/60 years
<b>Sensitivity analysis on defined benefit obligation at end of period</b>				
- Increase due to 1% decrease in discount rate	<b>2,154,000</b>	1,795,000	<b>2,154,000</b>	1,755,000
- Decrease due to 1% increase in discount rate	<b>1,744,000</b>	1,423,000	<b>1,744,000</b>	1,391,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The impact of changes in rate of salary increases and rate of pension increases are not considered to be significant on the amount of post-employment benefits

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. POST-EMPLOYMENT BENEFITS (Cont'd)

### Future cash flows

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
- Expected employer contribution for the next year	132	-	94	-
- Weighted average duration of the defined benefit obligation	16 years	16 years	16 years	16 years
	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
<b>Reconciliation of the present value of defined benefits obligations</b>				
Present value of obligation at 01 January	4,163,000	2,368,000	4,048,000	2,368,000
Past service cost	-	30,000	61,000	-
Current service cost	604,000	425,000	585,000	340,000
Interest cost	220,000	147,000	218,000	147,000
Liability experience gain	492,000	214,000	534,000	214,000
Liability gain due to change in financial assumptions	912,000	979,000	907,000	979,000
Present value of obligation at 31 December	6,391,000	4,163,000	6,353,000	4,048,000

## 22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR	MUR	MUR	MUR
Trade payables and accruals	29,656,840	54,455,705	28,850,562	51,487,572
Wage assistance scheme payable	4,954,580	-	4,954,580	-
Contract liabilities	14,149,880	14,060,200	14,149,880	14,060,200
Amounts due to related parties (Note 23(ii))	15,912,225	31,064,155	16,710,744	30,989,392
Prize liability and reserve fund	156,311,483	77,229,548	156,311,483	77,229,548
Unclaimed prize	2,541,157	6,420,865	2,541,156	6,420,865
Consolidated fund	102,667,340	116,861,111	102,667,340	116,861,111
	326,193,505	300,091,584	326,185,745	297,048,688

Trade and other payables are unsecured, bear no interest and are due within one year.

The Wage Assistance Scheme is an economic measure by the Government of Mauritius to provide a Government wage support to Employers, as a response to the COVID-19 pandemic, to ensure that all employees are duly paid their salary. It is refundable if the company has a taxable profit in the next two years (i.e year of assessment commencing on 1 July 2021 and 1 July 2022 respectively).

## 23. RELATED PARTY TRANSACTIONS

The directors consider Gamma-Civic Ltd, a company incorporated and domiciled in the Republic of Mauritius, as the ultimate parent and controlling party.

### (i) Transactions carried out with related parties

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
Rent and utilities charged by entities under common control of Gamma-Civic Ltd	2,722,116	3,936,041	2,722,116	717,600
Purchase of services from entities under common control of Gamma-Civic Ltd	45,661,619	73,760,828	45,661,619	73,760,828
	<u>48,383,735</u>	<u>77,696,869</u>	<u>48,383,735</u>	<u>74,478,428</u>

### (ii) Balances with related parties at the reporting date

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
<b>Amounts receivable from related parties (Note 16):</b>				
Entities under common control	-	50,364,348	1,332,230	50,614,348
Ultimate parent	-	8,401,113	-	8,401,113
Expected credit loss	-	(8,444,238)	-	(8,444,238)
	<u>-</u>	<u>50,321,223</u>	<u>1,332,230</u>	<u>50,571,223</u>

The transactions between related parties have been made exclusively with entities under common control of Gamma Civic Ltd under normal commercial terms and in the normal course of business. The amounts receivable from related parties are unsecured, interest free and repayable on demand.

The receivables from related parties represents amount due from PJML.

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
<b>Amounts due to related parties (Note 22):</b>				
Entities under common control	<u>15,912,225</u>	<u>31,064,155</u>	<u>16,710,744</u>	<u>30,989,392</u>

The amounts payable to related parties are unsecured, interest free and repayable within one year.

An amount of MUR1,244,694 was held by the Company on trust for Gamma Leisure Ltd, Maurilot Investments Ltd, Natlot Investments, Glot Holdings (Mauritius) Ltd and State Investment Corporation at 31 December 2020 (2019: MUR1,254,834).

### (iii) Key management personnel compensation

The compensation to key management personnel is shown below:

	GROUP		COMPANY	
	2020 MUR	2019 MUR	2020 MUR	2019 MUR
Salaries and other short-term employee benefits	36,732,567	45,542,876	36,732,567	45,542,876
Post-employment benefits	1,779,563	1,338,173	1,779,563	1,338,173
	<u>38,512,130</u>	<u>46,881,049</u>	<u>38,512,130</u>	<u>46,881,049</u>

## 24. DIVIDENDS

The Company declared and paid dividends of MUR108,800,000, representing MUR0.32 per share, in the year ended 31 December 2020 (2019 – MUR142,800,000, representing MUR0.42 per share).

## 25. EVENTS AFTER REPORTING PERIOD

The impact of covid-19 on the local economy and the closure of borders have affected the purchasing power of our player's base. On 9 March 2021, the Government of Mauritius announced a national confinement for 16 days to protect the health and safety of its citizens. The exact impact of these measures cannot be quantified at the moment. The Company will have adequate funds to discharge any existing commitments and obligations.

Other than the above, no other subsequent events which will require reporting have been identified.

# THE ANNUAL Report 20<sup>+</sup> lottotech

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