

NAZARA TECHNOLOGIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

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NAZARA TECHNOLOGIES

CORPORATE DATA

		Date appointed
Directors	: Vikash Pratapchand Mittersain Salim Jhumka Daniel Wong 'Tai Yun	29 March 2013 27 January 2015 22 June 2017
Administrator, tax agent and secretary	: Port Louis Management Services Ltd 3 rd Floor, Harbour Front Building President John Kennedy Street Port Louis Republic of Mauritius	
Registered office	: 3 rd Floor, Harbour Front Building President John Kennedy Street Port Louis Republic of Mauritius	
Auditors	: Grant Thornton Ebene Tower 52, Cybercity Ebene 72201 Republic of Mauritius	
Bankers	: Standard Chartered Bank (Mauritius) Limited Absa Bank (Mauritius) Ltd SBM Bank (Mauritius) Ltd	

NAZARA TECHNOLOGIES

For the year ended 31 March 2020

Commentary of the directors

The Directors are pleased to present the audited financial statements of NAZARA TECHNOLOGIES, the “Company”, for the year ended 31 March 2020.

Principal activities

The principal activity of the Company is to provide subscription/download of games/other content on mobile devices to telecom operators across the globe.

Results

The results for the year are shown on page 9.

The directors did not recommend the payment of dividend for the year under review (2019: USD Nil).

Directors

The present membership of the Board is set out on page 2.

Statement of directors’ responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*) and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, **Grant Thornton**, have expressed their willingness to continue in office until the next Annual Meeting.

NAZARA TECHNOLOGIES**Certificate from the secretary under section 166 (d) of the Mauritius Companies Act 2001**

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of NAZARA TECHNOLOGIES under the Mauritius Companies Act 2001 for the year ended 31 March 2020.



For Port Louis Management Services Ltd
Secretary

Registered Office:

3rd Floor Harbour Front Building
President John Kennedy Street
Port Louis
Republic of Mauritius

Date: 23 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF NAZARA TECHNOLOGIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NAZARA TECHNOLOGIES**, the "Company", which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 33 give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*) and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of **NAZARA TECHNOLOGIES** for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion in the auditors' report. These financial statements were signed on 23 September 2019.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT (Contd)
TO THE MEMBER OF NAZARA TECHNOLOGIES****Report on the Audit of the Financial Statements (Contd)****Information Other than the Financial Statements and Auditors' Report Thereon
("Other Information") (Contd)**

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

**Responsibilities of Management and Those Charged with Governance for the
Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*) and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT (Contd)
TO THE MEMBER OF NAZARA TECHNOLOGIES****Report on the Audit of the Financial Statements (Contd)****Auditors' Responsibilities for the Audit of the Financial Statements (Contd)**

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT (Contd) TO THE MEMBER OF NAZARA TECHNOLOGIES

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' 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 member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 23 DEC 2020

Ebene 72201, Republic of Mauritius

NAZARA TECHNOLOGIES

Statement of profit or loss and other comprehensive income for the year ended 31 March

	Notes	2020 USD	2019 USD
Revenue	7	1,380,994	3,419,451
Cost of sales		(37,425)	(65,085)
Gross profit		1,343,569	3,354,366
Other income		5,171	4,871
Administrative expenses	8	(1,034,422)	(1,612,468)
Operating profit		314,318	1,746,769
Net foreign exchange loss		(8,173)	(34,985)
Impairment of trade receivables	13	(21,964)	-
Finance income	9	82,248	-
Profit before tax		366,429	1,711,784
Tax expense	10	(54,964)	(256,768)
Profit for the year		311,465	1,455,016
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		311,465	1,455,016


The notes on pages 13 to 33 form an integral part of these financial statements.

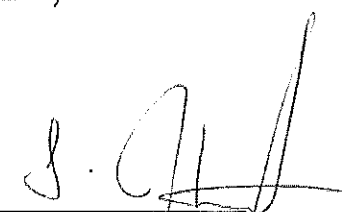
NAZARA TECHNOLOGIES

Statement of financial position as at 31 March

	Notes	2020 USD	2019 USD
ASSETS			
Non-current			
Intangible assets	11	8,808	17,157
Investments in subsidiaries	12	13,462	13,462
Non-current assets		22,270	30,619
Current			
Trade and other receivables	13	7,880,136	10,784,590
Other financial assets	14	2,309,023	-
Cash and cash equivalents	15	3,425,618	4,719,132
Current assets		13,614,777	15,503,722
Total assets		13,637,047	15,534,341
EQUITY AND LIABILITIES			
Equity			
Stated capital	16	3,800	3,800
Retained earnings		12,431,341	12,119,876
Total equity		12,435,141	12,123,676
Current			
Trade and other payables	17	332,287	793,914
Current tax liabilities	10	869,619	2,616,751
Current liabilities		1,201,906	3,410,665
Total equity and liabilities		13,637,047	15,534,341

Approved by the Board of Directors on 23 December 2020 and signed on its behalf by:


 Director : Daniel Inlong Tai Yun


 Director Salim Thumka

The notes on pages 13 to 33 form an integral part of these financial statements.

NAZARA TECHNOLOGIES

Statement of changes in equity for the year ended
31 March

	Stated capital USD	Retained earnings USD	Total USD
At 1 April 2019	3,800	12,119,876	12,123,676
Profit for the year	-	311,465	311,465
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	311,465	311,465
At 31 March 2020	3,800	12,431,341	12,435,141
At 1 April 2018	3,800	10,664,860	10,668,660
Profit for the year	-	1,455,016	1,455,016
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,455,016	1,455,016
At 31 March 2019	3,800	12,119,876	12,123,676

The notes on pages 13 to 33 form an integral part of these financial statements.

NAZARA TECHNOLOGIES

Statement of cash flows for the year ended 31 March

	2020 USD	2019 USD
Operating activities		
Profit before tax	366,429	1,711,784
<i>Adjustments for:</i>		
Amortisation	8,349	7,893
Impairment of trade receivables	21,964	-
Finance income	(82,248)	-
	314,494	1,719,677
<i>Changes in working capital:</i>		
Change in trade and other receivables	1,062,800	(1,565,912)
Change in trade and other payables	(444,033)	622,262
Net cash from operations	933,261	776,027
Interest received	73,225	-
Net cash from operating activities	1,006,486	776,027
Cash flows from investing activities		
Bank deposits with maturity over three months	(2,300,000)	-
Purchase of software	-	(25,050)
Net cash used in investing activities	(2,300,000)	(25,050)
Net increase in cash and cash equivalents	(1,293,514)	750,977
Cash and cash equivalents at beginning of the year	4,719,132	3,968,155
Cash and cash equivalents at end of the year	3,425,618	4,719,132
Cash and cash equivalents made up of:		
Cash at bank (Note 15)	3,425,618	4,719,132

The notes on pages 13 to 33 form an integral part of these financial statements.

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

NAZARA TECHNOLOGIES (the "Company") was incorporated in Mauritius under the Companies Act 2001 on 29 March 2013 as a private company with liability limited by shares. The Company holds a Global Business Licence (*formerly called Category 1 Global Business Licence*) issued by the Financial Services Commission under the Financial Services Act 2007.

The principal activity of the Company is to provide value added services and content which includes interactive wireless games, wall papers and ringtones on mobile devices to telecom operators across the globe.

The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*).

2. Adoption of new and amended IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2019:

IFRS 16	Leases
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IAS 12/ IAS 23/	
IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycles

The directors have assessed the impact of these revised Standards and amendments and concluded that none of these has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

2. Adoption of new and amended IFRS (Contd)

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 9/ IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above Standards, amendments to existing Standards and interpretations on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, *Revenue from contracts with customers*, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have financial assets categorised as FVTPL and FVOCI.

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.2 Financial instruments (Contd)

Classification and initial measurement of financial assets (Contd)

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most of its trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements included its trade and other receivables.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.2 Financial instruments (Contd)

Impairment of financial assets (Contd)

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of most of its trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

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.

3.3 Intangible assets

Intangible assets comprise of computer software and are initially measured at cost less accumulated depreciation and impairment losses if any. Computer software recognised as assets is amortised using the straight-line method over its useful lives, not exceeding 3 years.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the statement of profit or loss within "Other Income" or "Other Expenses".

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.4 Investments in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially stated at cost less impairment. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged to the statement of profit or loss and other comprehensive income.

3.5 Consolidated financial statements

The financial statements are separate financial statements which contain information about NAZARA TECHNOLOGIES as an individual company and do not contain consolidated financial information as the parent of group.

The Company holds a Global Business Licence (*formerly called Category 1 Global Business Licence*) issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of an unquoted company incorporated in Singapore, NAZARA PTE LTD.

3.6 Foreign currency translation

Functional and presentation currency

The financial statements are presented in currency United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.7 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current reporting year, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.8 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank, net of bank overdrafts. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

All fixed deposits with initial maturity of more than 3 months are recognised separately under other financial assets.

3.9 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

3.10 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings for the year consist of the current and prior years' results as disclosed in the statement of profit or loss and other comprehensive income.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.12 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.13 Expenses

All expenses are recorded for in the statement of profit or loss and other comprehensive income on the accrual basis.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

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

3.15 Revenue

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

3.16 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NAZARA TECHNOLOGIES

Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.18 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following is the judgement made by management in applying the accounting policies of the Company that has the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Impact of COVID-19

The black swan event of the COVID-19 pandemic has severely disrupted life and business alike around the world. Emergency measures, quarantines, and travel bans are the new norms for most of the major economies, including Mauritius. Business continuity, accessibility, and availability have emerged as top priorities for organizations of all sizes across every vertical. This has presented itself as a clear and present opportunity for Nazara Technologies.

We have experienced a sharp increase in market interest to deploy technology solutions such as access management and business process automation to ensure improved availability, accessibility, and efficiency. The Company's digital and interactive games have significantly helped the Company's market position as a leading technology product and services organization helping companies better deal with the new norm.

The Company has been quite frugal in its financial matters and prudent in its investment decisions, while monitoring the evolving market conditions closely, to ensure its own continuity. Management believes that it has considered the possible impact on its market position, business operations and customer relations arising from the unfolding events of COVID-19 that are now known as of the date of approval of financial statements.

To this effect, Management feels that as of now the impact of COVID-19 pandemic may not adversely or significantly affect the company. Nevertheless, Management is also aware that such an impact on the Company's financial statements may change from its estimations as of the date of approval of its financial statements. Management will continue to closely monitor material changes and the evolution of economic conditions, as these unfold.

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Notes to the financial statements

For the year ended 31 March 2020

3. Summary of accounting policies (Contd)

3.18 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of investments in subsidiaries

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investment in subsidiaries and confirmed that the carrying amount has not suffered any impairment in value at the reporting date.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of these cash flows.

Impairment of financial assets

The Company uses the guidance of IFRS 9 to determine the degree of impairment of its trade and other receivables. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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For the year ended 31 March 2020

4. Financial instrument risk

Risk management objectives and policies

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

Financial assets and financial liabilities

	2020	2019
	USD	USD
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Current:		
Trade and other receivables*	6,974,624	8,148,935
Other financial assets	2,309,023	-
Cash and cash equivalents	3,425,618	4,719,132
Total financial assets	12,709,265	12,868,067
Financial liabilities		
Current		
<i>Financial liabilities measured at amortised cost:</i>		
Trade and other payables**	330,830	793,914
Total financial liabilities	330,830	793,914

* Trade and other receivables exclude prepayments and tax withheld from customers.

** Trade and other payables exclude advance from customers

The Company's risk management is carried out under policies approved by the Board of Directors and focuses on securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are as follows:

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For the year ended 31 March 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

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

	Financial assets 2020 USD	Financial assets 2019 USD	Financial liabilities 2020 USD	Financial liabilities 2019 USD
United States Dollar (USD)	12,585,285	12,657,417	328,034	791,272
Euro (EUR)	82,243	190,554	2,796	2,642
Malawian Kwacha (MWK)	41,737	20,096	-	-
Total	12,709,265	12,868,067	330,830	793,914

The following table illustrates the sensitivity of profit and equity in regard to the Company's financial assets and liabilities.

It assumes the following changes in exchange rates based on the average market volatility in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency instruments held at 31 March:

	2020 % change	2019 % change
Euro (EUR)	1%	5%
Malawian Kwacha (MWK)	1%	5%

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For the year ended 31 March 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

If the USD had strengthened by the above percentages, then this would have had the following impact on profit and equity:

	2020	2019
	USD	USD
Euro (EUR)	794	9,396
Malawian Kwacha (MWK)	417	1,005

If the USD had weakened by the above percentages, then this would have had the following impact on profit and equity:

	2020	2019
	USD	USD
Euro (EUR)	(794)	(9,396)
Malawian Kwacha (MWK)	(417)	(1,005)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any interest-bearing financial assets and financial liabilities and is therefore not exposed to interest rate risk on its financial instruments.

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	USD	USD
Assets		
Current:		
Trade and other receivables	6,974,624	8,148,935
Other financial assets	2,309,023	-
Cash and cash equivalents	3,425,618	4,719,132
Total financial assets	12,709,265	12,868,067

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Notes to the financial statements

For the year ended 31 March 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

- *Trade receivables*

The Company uses internal and external information to calculate ECLs for trade receivables and unbilled revenue. The provision is assessed for each customer on an individual basis which is based on past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed defaults rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economics, conditions and ECLs is significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not to be representative of customer's actual default in the future.

As at the reporting date, gross trade receivables and unbilled revenue was USD 1,007,800 (2019: 1,363,132) and the provision for expected credit losses was estimated at USD 21,964.

The closing balance of the trade receivables loss allowance as at 31 March 2020 reconciles with the trade receivables loss allowance opening balance as follows:

	2020	2019
	USD	USD
Financial assets		
Opening loss allowance as at 1 April	-	-
Loss allowance recognised during the year	21,964	-
Loss allowance as at 31 March	21,964	-

- *Amounts due from related companies*

For the amounts due from related companies, management considers the probability of default to be close to zero as the related parties have a strong capacity to meet their contractual obligations. The related parties will ensure that they have sufficient cash reserves to ensure that no event of default occurs in the foreseeable future.

- *Cash and cash equivalents and other financial assets*

The credit risk for the cash and cash equivalents and other financial assets are considered negligible, since the counterparties are reputable banks with high quality external credit rating.

None of the financial assets are secured by collateral or other credit enhancements.

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Notes to the financial statements

For the year ended 31 March 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity needs by carefully monitoring its cash outflows due in day-to-day business.

The following are the contractual maturities of financial liabilities.

	Within one year 2020 USD	Within one year 2019 USD
Trade and other payables	330,830	793,914

5. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, buy back shares or issue new shares.

At 31 March 2020 and 2019, the Company was not geared since it does not have any external borrowings.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Company's financial instruments are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiaries, intangible assets, tax withhold from customers, accrued income and prepayments. Non-financial liabilities include tax payable and advances from customers. Fair value is not applicable for these non-financial instruments since they are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

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Notes to the financial statements

For the year ended 31 March 2020

7. Revenue

Revenue represents amount invoiced to clients and accrued income gross of withholding tax and net of trade discounts and deferred income.

	2020 USD	2019 USD
Revenue	1,380,994	3,419,451
<i>Geographical Markets:</i>		
Africa	435,084	1,636,074
Other than Africa	945,910	1,783,377
	1,380,994	3,419,451

8. Administrative expenses

	2020 USD	2019 USD
Advertising fees	531,491	778,530
Technological services	170,541	326,242
Connectivity and Co location expense	156,688	171,102
Admin and business Services	88,203	170,709
Legal and professional fees	33,127	73,275
Travelling and conveyance	13,598	38,041
Bank charges	13,942	11,349
Digital marketing services	10,802	28,569
Audit fees	4,957	2,500
Amortisation (Note 11)	8,349	7,893
Miscellaneous expenses	1,824	1,510
Sales promotion and business development	900	2,748
	1,034,422	1,612,468

9. Finance income

The finance income consists of interest on fixed deposits made during the year.

	2020 Rs	2019 Rs
Interest income on:		
Interest on fixed deposits	82,248	-

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For the year ended 31 March 2020

10. Taxation

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim a 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15% (2017: 15%). As a holder of a GBL, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% (2017: 80%) of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3% (2017: 3%).

Gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

At 31 March 2020, the Company has a tax liability of USD 869,619 and tax paid/withheld is USD 902,450 restricted to the tax liability amount.

Statement of profit or loss and other comprehensive income

	2020	2019
	USD	USD
Tax expense	54,964	256,768

Statement of financial position

	2020	2019
	USD	USD
Current tax liabilities	869,619	2,616,751

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Notes to the financial statements

For the year ended 31 March 2020

10. Taxation (Contd)

Movement in current tax liabilities

	2020	2019
	USD	USD
At 01 March	2,616,751	2,359,983
Charge for the year	54,964	256,768
Reversal of prior year tax provision	(1,802,096)	-
	869,619	2,616,751

The income tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2020	2019
	USD	USD
Profit before tax	366,429	1,711,784
Tax calculated at the rate 15%	54,964	256,768
Tax charge	54,964	256,768

11. Intangible assets

	2020	2019
	USD	USD
Cost		
At 01 April	25,050	-
Additions	-	25,050
At 31 March	25,050	25,050
Amortisation		
At 01 April	7,893	-
Charge for the year	8,349	7,893
At 31 March	16,242	7,893
Carrying amount		
At 31 March	8,808	17,157

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For the year ended 31 March 2020

12. Investments in subsidiaries

(i) Unquoted and at cost:

	2020	2019
	USD	USD
Balance at 01 April and at 31 March	13,462	13,462

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holdings	Cost	Cost
			USD	USD
			2020	2019
Nazara Uganda Limited	Uganda	99%	3,960	3,960
Nazara Zambia Limited	Zambia	99.98%	2,009	2,009
NZ Mobile Kenya Limited	Kenya	99.9%	1,249	1,249
NZ Mobile Nigeria Limited	Nigeria	99.9%	6,244	6,244
Total			13,462	13,462

- (iii) The investments have been stated at cost as their fair values cannot be reliably estimated. The directors have assessed the recoverable amounts of these investments in subsidiaries and confirm that the cost of these investments has not suffered any impairment in values at the reporting date.
- (iv) The Company holds a Global Business Licence (*formerly called Category 1 Global Business Licence*) issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of an unquoted company incorporated in Singapore, NAZARA PTE LTD.

13. Trade and other receivables

	2020	2019
	USD	USD
Trade receivables (Note 13 (i))	999,399	1,354,731
Allowance for expected credit losses (Note 13 (i))	(21,964)	-
Trade receivables – net	977,435	1,354,731
Amounts due from related companies (Note 13 (ii))	5,997,189	6,794,204
Tax withheld from customers	902,450	2,631,743
Prepayments	3,062	3,912
	7,880,136	10,784,590

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For the year ended 31 March 2020

13. Trade and other receivables (Contd)

- (i) The average credit period on sales of services is 120 days. No interest is charged on trade receivables for overdue balances. Trade receivables over 365 are assessed for impairment using the expected credit loss model.

The carrying amount of the trade receivables are considered as reasonable approximation of the fair values as these financial assets are short-term and hence the time value of money is not significant

The directors have assessed the recoverable amounts of the trade and other receivables and concluded that an allowance of USD 21,964 for expected credit losses is required for the Company.

- (ii) For the amounts due from related companies, management considers the probability of default to be close to zero as the related parties have a strong capacity to meet their contractual obligations. The related parties will ensure that they have sufficient cash reserves to ensure that no event of default occurs in the foreseeable future.

The amount due from the related companies are unsecured, interest free and receivable on demand.

14. Other financial assets

Other financial assets include fixed deposits inclusive of interest receivable placed with banks.

	2020 USD	2019 USD
Fixed deposits with initial maturity of more than 3 months:		
- Between 6 to 12 months	2,309,023	-

15. Cash and cash equivalents

	2020 USD	2019 USD
Fixed deposits with initial maturity of less than 3 months	2,018,274	1,000,000
Cash at bank in:		
- EUR	47	-
- USD	1,407,297	3,719,132
	3,425,618	4,719,132

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For the year ended 31 March 2020

16. Stated capital

	2020	2019
	USD	USD
<i>Issued, Subscribed and Paid-up</i>		
380 Shares of USD 10 each	3,800	3,800

The rights attached to the Ordinary share are as follows:

- (i) the right to be provided with notice of and to attend meetings of the shareholders generally and to vote on any matters to be considered by the shareholders generally;
- (ii) the right to receive any dividend or distribution; and
- (iii) on winding up, the right to share in the assets of the Company, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up (the surplus assets).

17. Trade and other payables

	2020	2019
	USD	USD
Trade payables (Note 17 (i))	113,984	147,757
Amounts due to a related company (Note 17 (ii))	142,970	588,429
Advance from customers	1,457	-
Accruals	73,876	57,728
	332,287	793,914

- (i) The average credit period for local purchases and foreign suppliers are 45 days and 60 days respectively. No interest is charged on trade payables for overdue balances. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

- (ii) The amount due to a related company are unsecured, interest free and repayable on demand.

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Notes to the financial statements

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18. Related party transactions

During the year, the following transactions were carried out with the related parties of the Company.

Name of transacting party	Description of relationship	Description of transaction	Volume of transaction USD	Debit/(credit) balance at 31 March 2020 USD	Debit/(credit) balance at 31 March 2019 USD
Mastermind Sports Ltd	Associate of Fellow Subsidiary	Service availed	14,486	28,108	17,594
Nazara Uganda Limited	Subsidiary company	Sales/Services	81,354	291,289	209,935
Nazara Zambia Limited	Subsidiary company	Sales/Services	17,234	121,220	103,986
Nzmobile Kenya Limited	Subsidiary company	Sales/Services	148,978	1,677,428	1,558,246
Nzmobile Nigeria Limited	Subsidiary company	Sales/Services	147,618	3,243,258	3,201,619
Nazara Bangladesh Limited	Associate company	Sales/Services	456	627,485	627,029
Nazara Technologies FZ LLC	Group company	Receivable	1,067,394	-	1,067,394
Selling shareholders*	Shareholder of ultimate holding company	Receivable	-	8,401	8,401
Nodwin Gaming Private Limited	Subsidiary of ultimate holding company	Payable	-	-	(25,184)
Nazara Technologies Ltd	Ultimate holding company	Payable	420,275	(142,970)	(563,245)

*Selling shareholders includes Mitter Infotech LLP and Westbridge Venture II Investments Holding, which are the shareholders of ultimate holding Company (Nazara Technologies Limited, India). The amount comprises of share issue expenses incurred in connection with proposed Initial Public offer (IPO) of the ultimate holding Company. However, the ultimate holding Company has deferred its plan for IPO. The selling shareholders have agreed that the ultimate holding Company and its subsidiaries can carry forward these expenses and will reimburse these along with future IPO expenses on successful completion of IPO.

The terms and conditions of the amounts due to/from the companies are disclosed in notes 13 and 17 respectively.

19. Events after the reporting date

There have been no other events after the reporting date which would require disclosure or adjustment to the 31 March 2020 financial statements.