

**TOGETHER GAMING SOLUTIONS P.L.C.**

**Annual Report and Financial Statements  
31 December 2019**

**Company Registration Number: C 72231**

	<b>Pages</b>
Directors' report	1 - 6
Corporate Governance - Statement of Compliance	7 - 9
Independent auditor's report	10 - 17
Statement of financial position	18
Statement of comprehensive income	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22 - 49

## Directors' report

The Board of directors present the audited financial statements of Together Gaming Solutions p.l.c. (the "Company") registration number C 72231 for the year ended 31 December 2019. The Company is part of the broader group of companies having Gameday Group plc as the parent undertaking (the "Group"). The Company has its head office and registered address at 6, Paceville Avenue, St. Julians STJ 3109, Malta.

### Principal activities

The Company is the B2B service provider arm of the Group and owner of the Group's key intellectual property assets – the Bethard Brand (the "Brand") and the 'AleAcc' iGaming platform (the "Platform") that it provides to its clients under a Malta Gaming Authority B2B licence (the "Intangible Assets"). The Company licenses the Brand to other Group companies (operating under the Brand) and offers its iGaming platform as a 'turnkey' solution to various licensed operators (including the Group's B2C licensed B2C iGaming operator). The Company (together with the Group's licensed B2C iGaming operators) also offers its iGaming platform to whitelabel iGaming operators as part of a full-service 'whitelabel' solution for launching and operating online casino and sportsbook websites.

### Review of the business

The Company went through a restructuring exercise during quarter two of the year under review where it acquired the Intangible Assets and the obligations linked to the Brand, i.e. the related Brand ambassador agreement. Furthermore, the Company sought to raise funding from the local capital market to part finance the acquisition of the Intangible Assets.

In July 2019, the Company issued €20,000,000 in bonds bearing an annual interest rate of 5.9%, which were fully subscribed, with €8,237,900 of the amount subscribed by Bethard Group Limited, a related party which is wholly owned by the Gameday Group plc. The bonds were admitted to the Official List of the Malta Stock Exchange on 23 July 2019. The bonds were trading slightly above par as at 31 December 2019.

### Financial Performance

Revenue is mainly generated from three different revenue streams: whitelabel services, licensing of the Brand and turnkey services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of directors that makes strategic decisions. The Board of directors considers the Company to consist of one single segment (2018: one segment), both from a business perspective and a geographical perspective in line with IFRS 8.

During the first four months of the year, the Company offered only whitelabel services to a number of whitelabel customers and revenues were solely related to this activity. After acquiring the Intangible Assets, the Company started generating revenues in the form of royalties from the licensing of the Brand and platform fees charged to licensed operators. At the same time, it assumed direct marketing expenses relating to the Brand and incurred bond interest during the second half of the year.

During the year under review, revenue totalled €11,083,776 (2018: €3,679,963). Net of directly attributable costs, revenue of the Company as disclosed in the financial statements amounted to €6,898,839 (2018: €223,794) corresponding to a year on year increase of 2983%. Revenue was earned from the following revenue streams: i) revenue from the licensing of the Brand amounting to €4,344,046 (2018: Nil), ii) revenues from the leasing of the platform amounting to €451,442 (2018: Nil), and iii) revenues from whitelabel customers amounting to €2,103,351 (2018: €223,794).

Cost of sales amounted to €4,834,616 (2018: €5,000) and mainly consisted of marketing costs relating to the Brand of €3,566,090 (2018: Nil) and other direct costs (including platform costs) of €1,268,526 (2018: €5,000).

## **Directors' report - continued**

### **Financial Performance - continued**

Other expenses amounted to €2,657,590 (2018: €6,379) and mainly consisted of depreciation and amortisation amounting to €1,481,482 (2018: Nil) and employee benefit expenses (including director fees) amounting to €486,777 (2018: Nil). The increase in personnel costs relate to recruitment made during the year that was required to meet the Company's extended operational activity.

Financing costs amount to €617,815 (2018: Nil) which mainly relate to the 5.9% interest on the bonds issued by the Company in July 2019.

The Company registered a loss after tax for the year amounting to €787,274 (2018: Profit after tax of €212,415).

The directors do not expect any significant changes in the Company's activities in the short term and expect that the Company will become profitable in the foreseeable future.

### **Financial Position**

As at 31 December 2019, the Company's total asset base stands at €55,131,732 (2018: €4,414,325). The main assets of the Company include intangible assets that were acquired during the year, specifically the Brand, stated at purchase price of €25,000,000 (2018: Nil), the Platform stated at €13,961,330 (2018: Nil) and trade and other receivables of €14,800,396 (2018: €4,222,037).

The Company's main liabilities are €20,000,000 bonds issued to the public during the year 2019 and trade payables amounting to €15,315,885 (2018: €4,228,213).

During the year, the Company increased its share capital to €20,580,000 from €1,500 as at end of year 2018. The Company has a debt leverage ratio of less than 50% as at 31 December 2019 (2018: Nil) and a liquidity position that remains sufficient for the Company to continue to honour its liabilities for the foreseeable future.

### **Results and dividends**

The financial results are set out in statement of comprehensive income on page 19. During the year, the directors did not declare any dividends (2018: Nil).

### **Principal risks and uncertainties faced by the Company**

The Company's main objective is to operate software and iGaming platforms and to provide related services to software and iGaming companies. The Company does not conduct any online gambling operations; however, it is dependent on the online gambling industry, which includes its primary client and the rest of its customers. The entire revenue stream of the Company is concentrated within the iGaming sector and is subject to the concentration risk and performance risk of this sector. The laws and regulations surrounding the online gambling industry are complex, constantly evolving, and in some cases also subject to regulatory uncertainty and restrictions. Laws and gaming regulations are constantly being introduced in various European and other countries thus prohibiting or restricting operations therein. Future changes to laws and regulations, could have a material adverse effect on the Group's business, financial condition and the results of its operations. The Company has been in operation for a limited number of years and its clients are, in their majority, still in an early growth stage. The Company's performance is highly dependent on the performance of one of its main clients, Bethard Group Limited, since a substantial part of its revenues are generated from licensing of the Brand and the Platform to this specific iGaming operator.

## **Directors' report - continued**

### **Principal risks and uncertainties faced by the Company - continued**

In addition to the above, the directors also consider the following risks as being relevant to the Company:

- Compliance risk, being the risk relating to regulation that could result in restrictions in its customers' operations and risks associated with unregulated markets;
- Credit risk, being the risk that customers do not honour payment for the services rendered;
- Technological and systems development; and
- Dependence on key individuals having technical expertise of iGaming software development and its associated technology.

The aforementioned risks are not an exhaustive list of potential risks and uncertainties faced by the Company and should be considered with possible implications driven by the COVID-19 pandemic that occurred after the end of the reporting period.

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

#### *COVID-19 and its potential Impact on Financial and Operational Performance*

The Company is closely following global developments on COVID-19 pandemic and its potential impact on its business.

The Company's revenues are derived exclusively from the online gambling industry, which is affected by general economic and consumer trends outside the Company's control. The occurrence of extraordinary events such as the recent COVID-19 virus outbreak in early 2020, have had an adverse impact on the global economy and in turn on the Company's business. Since the initial outbreak in China, COVID-19 has spread across the globe, causing disruption to businesses and economic activity (as reflected in recent fluctuations in the global stock markets).

This notwithstanding, as the revenues of the Company are driven by the gambling activity of online users of its customer's websites, which gambling activity is in turn driven by the online users' disposable incomes, there is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes, the number of online users utilising online casino and sports betting websites and the amounts being spent by online users if this persists longer. This scenario may lead to a decrease in revenues for the Company and could have a negative impact on the Company's operations, earnings and financial position. Although the situation is uncertain, based on the information available at the time of reporting, the Company believes that the COVID-19 outbreak will not have a foreseeable negative long-term effect on the Group's business.

The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the continuously evolving situation and inherent uncertainties, it is difficult for the Company to ascertain the full impact of COVID-19 on its business, or to provide a quantitative estimate of this impact at this stage. The Company will continue to monitor the situation on a frequent and ongoing basis.

#### *Potential impact on performance of the Company being dependent on Gaming Operators*

All of the Company's revenue streams are dependent on the operational performance of the Company's Gaming operator clients including whitelabel operators and licensed gaming operators. The pandemic has resulted in several sport events including major sports events and leagues across the globe being cancelled, or postponed including the Euro 2020, the Olympics, Premier League, the NHL and NBA for safety reasons. As a result, iGaming operators are facing major short-term losses in betting volumes. Management expects that there will likely be an overall decline in sports betting revenues in 2020 across all its clients. The Company's primary client had revenue exposure to sports betting of 33% in 2019 and nearly 50% in Q1 2020.

## **Directors' report - continued**

### **Events after the end of the reporting period – continued**

The latter has decreased significantly after mid-March 2020 due to the cancelation and postponement of sports events across the world. This Company's primary client has seen a drop of over 75% in the traffic within sports betting compared to the first two months of 2020 and no short-term recovery is within sight.

However, the Company expects at least part of the sports betting revenues, which would have been materialised in H1 2020, to instead be realized in H2 2020 or 2021, depending on the rescheduling (rather than outright cancellation) of sporting events. In order to mitigate the negative effect from the declining traffic trend within sports betting, its main gaming operator customer informed management that new player intake as per mid-March 2020 will be generated only through affiliation revenue share agreements. The strategic shift towards revenue share will likely result in the Group, of which the Company forms part of, improving its cashflow during the distressed period. In the long-term, the Company continues to see sports betting as a core business area of its primary client and foresees no change to the long-term strategy in response to the COVID-19 outbreak.

The Company does not foresee negative implications on casino revenues as a result of COVID-19 for its primary client of the Company in the short term, based on market indicators and current figures as at the time of reporting. The virus's expected effect on online casino activity globally is expected to be overall positive or neutral. The Company's primary client has seen a slight increase in its online casino traffic in March 2020 with more stable levels in April 2020. This client's casino revenues constituted 67% of its revenues in 2019 and circa 50% as at Q1 2020.

If the positive trend continues, the positive casino traffic development will partly offset the negative development within sports betting. It should also be noted that the majority of the Company's B2B whitelabel clients operate mainly in the online casino market (rather than sports betting).

### *Potential impact on the value of the Company's assets*

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020. However, the Company has carried out an external assessment of its Brand asset based on its estimated COVID-19 impact which showed no impairment requirements. Notwithstanding, this does not eliminate the risk of future impairments in the value of the Company's Brand value. The assessment of impairment of the Group's intangible assets is designated as a critical accounting estimate Note 3. Note 4 provides further detail on the impairment assessment, which is inherently uncertain, particularly for the sports revenues of its major client which is sensitive to variations in the underlying key assumptions, including forecast growth. Similarly, management's loss allowance on receivables was determined as at 31 December 2019, based on experience developed as at year end, without considering the impact that COVID-19 could have on credit risk.

## **Directors**

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

Mr Johan Svensson (appointed on 14 September 2015 and resigned on 17 January 2019)  
Mr Mikael Hassilgren (appointed on the 17 January 2019 and resigned on 1 June 2019)  
Mr Erik Johan Sebastian Skarp (appointed on 14 September 2015)  
Mr Benjamin Delsing (appointed on 17 January 2019)  
Mr Edward Licari (appointed on 17 January 2019)  
Mr Etienne Borg Cardona (appointed on 17 January 2019)  
Mr Kari Pisani (appointed on 17 January 2019)  
Mr Michael Warrington (appointed on 17 January 2019)

## **Directors' report - continued**

### **Directors - continued**

The Board meets on a regular basis to discuss performance, position and other matters. The Company's Articles of Association require each director to retire from office at least once every three years, with retiring directors eligible for re-election.

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

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

In preparing the financial statements, the directors are responsible for:

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

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act (Cap. 386). 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.

The financial statements of the Company for the year ended 31 December 2019 are included in the Annual Report 2019, which is made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

### **Auditors**

Griffiths & Associates Ltd resigned from the post of auditors of the Company with effect from 30 May 2019. PricewaterhouseCoopers Malta were appointed as auditors of the Company on 24 January 2020.

PricewaterhouseCoopers Malta have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

### **Disclosure in terms of the Listing Rules**

#### **Going concern statement pursuant to Listing Rule 5.62**

The Company leases its Brand and offers its Platform as a turnkey solution to licensed B2C iGaming operators. Furthermore, the Company (together with the Group's licensed B2C iGaming operators) offers its Platform to whitelabel iGaming operators as part of a full-service 'whitelabel' solution for launching and operating online casino and sportsbook websites. Given that the Company's revenues are driven by the gambling activity of online users of its customer's websites there is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could impact adversely overall activity if this persists longer. This scenario may lead to a decrease in revenues for the Company and could have a negative impact on the Company's operations, earnings and financial position.

**Directors' report** - continued

**Going concern statement pursuant to Listing Rule 5.62** - continued

The Company's executive management have re-evaluated the performance for the Company for 2020 and 2021, assuming as a minimum that its clients will experience a further three months of minimal sports betting related revenues, considering that 2020 major sports events such as the EURO 2020 and the Olympics have been postponed to 2021 and that casino-related revenues maintaining current levels. This evaluation also excluded any further potential growth of the Company's B2B business beyond the original projections although growth was experienced in Q1 2020. Additionally, the Company and its fellow subsidiaries have immediately undertaken various cost-cutting measures including a significant reduction in marketing costs in relation to sports betting during this period of uncertainty and reducing operating costs, both of which are expected to mitigate the impact of reduced revenues on the cash flows of both the Company and those of its fellow subsidiaries.

At the same time, management acknowledges that the impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the control of the Company and its Group.

**Pursuant to Listing Rule 5.70.1**

The Company has an agreement with Bethard Group Limited, a related party, for the sharing of office space leased from Frank Salt Ltd.

**Statement by the directors on the financial statements and other information included in the Annual Report**

The directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit of the Company and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



Mr Erik Johan Sebastian Skarp  
Director



Mr Michael Warrington  
Director

6  
Paceville Avenue  
St. Julians STJ 3109  
Malta

15 May 2020



## Corporate Governance - Statement of Compliance

The Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the "Code"). Although the adoption of the Code is not obligatory, companies with securities that are listed on a 'regulated market' (and that are subject to the Listing Rules and the Code) are required to include, among other things, in their annual report, a corporate governance statement and a statement by the directors on a Company's compliance with the Code, accompanied by a report of the auditors thereon. Companies that do not have any listed equity securities, including Together Gaming Solutions p.l.c. (the "Company"), are exempt from certain requirements relating to the contents of this corporate governance statement.

### Compliance

The Company's Board of Directors (the "Board") believe in the principles espoused by and the adoption of the Code and the Company has endorsed them to the extent that they are considered complementary to the size, nature, and operations of the Company. In particular, the Board believes that, due to the Company's size, operations and particular circumstances, it is not necessary for the Board to establish the remuneration, nomination and Board performance evaluation committees (and the related supporting principles and Code Provisions) that are suggested in the Code, and that the function of these committees can efficiently be undertaken by the Board itself. It should also be noted that the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of the Board itself (half of which is composed by independent non-executive Directors), the Company's shareholder and the market. The shareholders approve the remuneration paid to the directors at the annual general meeting.

### The Board

The Board is responsible for devising a strategy, setting policies and the management of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for ensuring that its operations are in conformity with all relevant rules and regulations.

Directors meet regularly, mainly to review the operational and financial performance of the Company, any significant matters arising, and to review internal control processes. The Board met formally, in-person and by telephone conference seven times during the year under review (with the first meeting of the Board as composed below held in July 2019). Save for one exception, all meetings were attended by the full Board. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting documents, which are circulated in advance of the meeting. All the directors have access to independent professional advice at the Company's expense should they so require and frequently make use of this facility on various issues.

Throughout the period under review, the Board has regularly reviewed management performance. The Company has in place systems whereby the directors obtain timely information from the Managing Director and other members of the executive management team, not only at meetings of the Board but at regular intervals or when the need arises.

The Board is currently composed of one executive, two non-executive and three independent non-executive directors, as listed below

Mr Benjamin Delsinger (Managing Director)  
Mr Erik Johan Sebastian Skarp (Chairman and Non-Executive Director)  
Mr Edward Licari (Non-Executive Director)  
Mr Michael Warrington (Independent Non-Executive Director)  
Mr Etienne Borg Cardona (Independent Non-Executive Director)  
Mr Kari Pisani (Independent Non-Executive Director)

The Company Secretary of the Company is Mr Edward Licari.

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## **Corporate Governance - Statement of Compliance - continued**

### **The Board - continued**

Directors are presently appointed during the Company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

### **Internal controls & risk management systems in relation to financial reporting**

The Board is generally responsible for the Company's system of internal controls and risk management system in relation to the financial reporting and for reviewing its effectiveness. Such controls and systems are designed to achieve business objectives while managing, rather than eliminating, the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the Company is delegated to the Managing Director and the rest of the executive management within the limits set by the Board. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. The Group's finance department carries out the monthly bank, creditors and debtor reconciliations, performs monthly debtor settlement reports, manages employee payroll, manages and administers the accounting and finance functions, prepares monthly management accounts and other data reporting and trend analysis. A policy was put in place during the initial Board meetings held by the current Board that lays down the minimum required reports that should be made available to the Board in order to keep it informed in a structured and systematic manner on the operational and financial performance of the Company. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the directors on a regular basis.

The monitoring of these controls and systems has been delegated to the Audit Committee (as described below). The Board and Audit Committee are satisfied with the effectiveness of the Company's system of internal controls.

### **Audit Committee**

The Board established an Audit Committee (the "Committee") in 2019 to assist the Board in fulfilling its supervisory and monitoring responsibilities. The Committee operates according to detailed terms of reference established by the Board that reflect the requirements of the Listing Rules as well as current good corporate governance best practices. These terms of reference establish its composition, role, responsibilities and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Committee, which is required to meet at least four times a year, is a sub-committee of the Board and is directly responsible and accountable to the Board.

The primary purpose of the Committee is to assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. Among other responsibilities, the Committee is responsible for monitoring the financial reporting process and monitoring of the effectiveness of the Company's internal controls and risk management systems in relation to the financial reporting of the Company.

The Audit Committee is composed entirely of independent non-executive Directors (each of which satisfies the independence criteria set out in the Listing Rules). In accordance with the Listing Rules, the members of the Audit Committee who are designated as competent in auditing and/or accounting are Mr Etienne Borg Cardona and Mr Michael Warrington. Unless otherwise decided by the Board from time to time, the Board shall appoint a new Audit Committee Chairman for each financial year. Mr. Warrington has been appointed as the first Audit Committee Chairman.

**Corporate Governance - Statement of Compliance** - continued

**Audit Committee** - continued

**The members of the Audit Committee are:**

Mr Michael Warrington (Chairman)  
Mr Etienne Borg Cardona (Member)  
Mr Kari Pisani (Member)

**Relationship with bondholders and the market**

The Company publishes interim and annual financial statements, and when required, Company announcements. The Board feels these provide the market with adequate information about its activities and performance.

Signed on behalf of the Board of Directors on 15 May 2020 by:



Mr Michael Warrington  
Director and Chairman of the  
Audit Committee



Mr Etienne Borg Cardona  
Director and member of the  
Audit Committee



## *Independent auditor's report*

To the Shareholders of Together Gaming Solutions p.l.c.

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

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#### *Our opinion*

In our opinion:

- Together Gaming Solutions p.l.c.'s (the 'Company') financial statements give a true and fair view of the Company's financial position as at 31 December 2019, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

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

Together Gaming Solutions p.l.c.'s financial statements, set out on pages 18 to 49, comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

## *Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Company, in the period from 1 January 2019 to 31 December 2019, are disclosed in note 14 to the financial statements.

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### *Material Uncertainty Relating to Going Concern*

We draw attention to Note 1.1 and Note 21 to these financial statements, which describe the directors' assessment of the impact of the COVID-19 outbreak on the business operations of the Company, its financial position and its ability to meet its forecasts. These events or conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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### *Our audit approach*

#### **Overview**



Overall materiality: €66,000, which represents approximately 1% of Revenue.

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- Impairment assessment relating to the value of intangibles

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



## *Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall materiality</b>	€66,000
<b>How we determined it</b>	Approximately 1% of Revenue
<b>Rationale for the materiality benchmark applied</b>	Together Gaming Solutions p.l.c. commenced its B2B operations in Q3 2019 and the year ended 31 December 2019 therefore represents a first period of operations. The Company has a growth strategy in the initial years which places particular focus on top line revenues. Revenue is a generally accepted benchmark and is therefore considered as a relevant benchmark for our materiality assessment. We chose 1% which is based on professional judgement, noting that it is also within the range of commonly accepted revenue related benchmarks.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €6,600 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *'Material uncertainty relating to going concern'* section, we have determined the matter described below to be the key audit matter to be communicated in our report:



## Independent auditor's report - continued

To the Shareholders of Together Gaming Solutions p.l.c.

Key audit matter	How our audit addressed the Key audit matter
<p data-bbox="174 517 774 577"><i>Impairment assessment relating to the value of intangibles</i></p> <p data-bbox="174 607 774 696">Refer to note 1.1 (Basis of preparation), note 3 (Critical accounting estimates &amp; judgements) and note 4 (Intangible assets).</p> <p data-bbox="174 707 774 824">This key audit matter specifically relates to the risk of impairment of the brand and gaming platform that were acquired in 2019 from Bethard Group Limited, a related party.</p> <p data-bbox="174 837 774 1016">IAS 36 'Impairment of Assets' requires that intangible assets are subject to an impairment review at least annually, or more frequently when there is evidence of a trigger event. IAS 36 also requires a number of specific disclosures in respect of the impairment assessment.</p> <p data-bbox="174 1030 774 1294">The Company has a total intangible asset value of €39m as at 31 December 2019 split between: i) brand €25m and ii) gaming platform €14m. The annual impairment review was performed at the lowest level at which the Company could allocate such value – this is referred to as a cash generating unit ("CGU"). As from 2019, management considers that the Company operates two CGUs being the revenues generated from brand and those linked to the platform.</p> <p data-bbox="174 1308 774 1550">When performing the annual impairment review of the above mentioned intangibles as at 31 December 2019, management determined that carrying value of both the brand and the gaming platform was fully recoverable and that there were no indicators of impairment. An external valuation was also obtained from an independent third party supporting the brand valuation as at 31 December 2019.</p> <p data-bbox="174 1563 774 1680">Further detail on the inputs applied in arriving at the valuation of the brand (which has an indefinite useful life) and the related sensitivity disclosures are included in note 4.</p> <p data-bbox="174 1693 774 1841">In performing our audit, we have focused on this area as the preparation of these assessments involves a significant degree of estimation, in particular in respect to the cash flow forecasts including growth rates and discount rate.</p>	<p data-bbox="774 517 1304 719">We evaluated the suitability and appropriateness of the impairment methodology applied, and the discounted cash flow model prepared by management. We also took into account the obtained external valuation from an independent third party supporting the brand valuation as at 31 December 2019.</p> <p data-bbox="774 732 1304 911">The calculations underlying the impairment model were re-performed in order to check the model's accuracy. Due focus was given to the basis for the determination of the two CGUs, including enquiry of the Board and management.</p> <p data-bbox="774 925 1304 1207">Management's cash flow forecasts were critically assessed and agreed to the business plan approved by the Board of Directors. Our independent valuation experts assessed the discount rate and long-term growth rate assumptions by benchmarking the underlying inputs in the calculation to market data. We concluded that these parameters applied by the Company are reasonable.</p> <p data-bbox="774 1220 1304 1534">We have considered management's sensitivity analysis and assessed whether or not a reasonable possible change in key assumptions could result in additional impairment, beyond the amounts reflected in the financial statements for the year ended 31 December 2019. The recoverable amount and impairment assessment for the brand are highly sensitive to changes in key assumptions. We considered also the appropriateness of disclosures made in relation to this impairment assessment.</p> <p data-bbox="774 1547 1304 1695">We also reviewed the disclosures relating to the non-adjusting events occurring after the reporting date indicating the potential impact of COVID-19 on the carrying amount of these assets.</p> <p data-bbox="774 1709 1304 1926">Based on the work performed, we found the carrying value, and the related disclosures, to be consistent with the explanations and evidence obtained. As disclosed in note 1.1 to the financial statements, the impairment assessment as at 31 December 2019 did not contemplate the impact of COVID-19 as this is considered as a non-adjusting event.</p>



## *Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

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### *Other information*

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon). Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

### *Responsibilities of the directors and those charged with governance for the financial statements*

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

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

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





## *Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with 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.

We also provide those charged with governance 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, related safeguards.



## *Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

### *Report on other legal and regulatory requirements*

#### *Report on the statement of compliance with the Principles of Good Corporate Governance*

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 7 to 9 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

#### *Other matters on which we are required to report by exception*

We also have responsibilities:

- under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
- under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.



*Independent auditor's report - continued*

To the Shareholders of Together Gaming Solutions p.l.c.

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*Appointment*

We were first appointed as auditors of the Company for the year ended 31 December 2019 by the board of directors on 24 January 2020.

**PricewaterhouseCoopers**

78, Mill Street  
Qormi  
Malta

A handwritten signature in blue ink, appearing to read 'S. Mamo', is written over the printed name and title.

Stephen Mamo  
Partner


15 May 2020


## Statement of financial position

	Notes	Year ended 31 December	
		2019 €	2018 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4	38,961,330	-
Right-of-use assets	5	157,833	-
Property, plant and equipment	6	6,940	-
Deferred tax asset	11	423,908	-
Total non-current assets		39,550,011	-
<b>Current assets</b>			
Trade and other receivables	7	14,800,396	4,222,037
Cash and cash equivalents	8	781,325	192,288
Total current assets		15,581,721	4,414,325
<b>Total assets</b>		<b>55,131,732</b>	<b>4,414,325</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	9	20,580,000	1,500
Retained earnings		(602,662)	184,612
Total equity		19,977,338	186,112
<b>Non-current liabilities</b>			
Borrowings	10	19,678,113	-
Lease liabilities	5	76,385	-
Total non-current liabilities		19,754,498	-
<b>Current liabilities</b>			
Trade and other payables	12	15,315,885	4,228,213
Lease liabilities	5	84,011	-
Total current liabilities		15,399,896	4,228,213
Total liabilities		35,154,394	4,228,213
<b>Total equity and liabilities</b>		<b>55,131,732</b>	<b>4,414,325</b>

The notes on pages 22 to 49 are an integral part of these financial statements.

The financial statements on pages 18 to 49 were authorised for issue by the Board on 15 May 2020 and were signed on its behalf by:

  
Mr Erik Johan Sebastian Skarp  
Director

  
Mr Michael Warrington  
Director

## Statement of comprehensive income

		Year ended 31 December	
		2019	2018
		€	€
	Notes		
Revenue	13	6,898,839	223,794
Cost of sales	14	(4,834,616)	(5,000)
<b>Gross profit</b>		<b>2,064,223</b>	<b>218,794</b>
Administrative expenses	14	(2,150,725)	(6,379)
Net impairment losses on financial and contract assets	2b	(506,865)	-
<b>Operating (loss)/profit</b>		<b>(593,367)</b>	<b>212,415</b>
Finance costs	16	(617,815)	-
<b>(Loss)/profit before tax</b>		<b>(1,211,182)</b>	<b>212,415</b>
Tax credit	17	423,908	-
<b>(Loss)/profit for the year - Total comprehensive income</b>		<b>(787,274)</b>	<b>212,415</b>

The notes on pages 22 to 49 are an integral part of these financial statements.

**Statement of changes in equity**

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2018		1,500	(27,803)	(26,303)
<b>Comprehensive income</b>				
Profit for the year		-	212,415	212,415
<b>Total comprehensive income</b>		-	212,415	212,415
<b>Balance at 31 December 2018</b>		1,500	184,612	186,112
<b>Balance at 1 January 2019</b>		1,500	184,612	186,112
<b>Comprehensive income</b>				
Loss for the year		-	(787,274)	(787,274)
<b>Total comprehensive income</b>		-	(787,274)	(787,274)
<b>Transactions with owners</b>				
Issue of share capital	9	20,578,500	-	20,578,500
<b>Total transactions with owners</b>		20,578,500	-	20,578,500
<b>Balance at 31 December 2019</b>		<b>20,580,000</b>	<b>(602,662)</b>	<b>19,977,338</b>

The notes on pages 22 to 49 are an integral part of these financial statements.

## Statement of cash flows

	Notes	Year ended 31 December	
		2019 €	2018 €
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(1,211,182)	212,415
<i>Adjustments for:</i>			
Depreciation and amortisation	4, 5, 6	1,481,482	-
Finance costs	16	617,815	-
		888,115	212,415
<i>Change in operating assets and liabilities:</i>			
Increase in trade and other receivables		(868,173)	(853,916)
Net impairment losses on financial and contract assets	2b	506,865	-
Increase in trade and other payables		837,321	831,972
<b>Net cash generated from operating activities</b>		<b>1,364,128</b>	<b>190,471</b>
<b>Cash flows from investing activities</b>			
Payments for the acquisition of intangible assets	4	(413,848)	-
Payments for additions to property, plant and equipment	6	(7,164)	-
<b>Net cash used in investing activities</b>		<b>(421,012)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Issue of share capital	9	78,500	-
Borrowing costs	10	(403,021)	-
Principal elements of lease payments	5	(29,433)	-
<b>Net cash used in financing activities</b>		<b>(353,954)</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>		<b>589,162</b>	<b>190,471</b>
Cash and cash equivalents at beginning of year		192,163	1,692
<b>Cash and cash equivalents at end of year</b>	8	<b>781,325</b>	<b>192,163</b>

Non-cash investing and financing activities are disclosed separately in Note 8.

The notes on pages 22 to 49 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

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

#### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 – Critical accounting estimates and judgments).

#### *Going concern*

The Company generates income through licensing of the Brand and also offers its iGaming platform as a turnkey solution to licensed iGaming operators. The Company (together with the Group's licensed B2C iGaming operator) also offers its iGaming platform to whitelabel iGaming operators as part of a full-service 'whitelabel' solution for launching and operating online casino and sportsbook websites.

The occurrence of extraordinary events such as the recent COVID-19 virus outbreak in early 2020, have had an adverse impact on the global economy. Since the initial outbreak in China, COVID-19 has spread across the globe, causing disruption to businesses and economic activity (as reflected in recent fluctuations in the global stock markets). The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event.

In 2019, the Company's primary client, Bethard Group Limited, a related party, derived 67% of its revenues from casino with the residual 33% from sports betting. Given that the Company's revenues and those of its fellow subsidiaries are driven by the gambling activity of online users of its customers' websites, which gambling activity is in turn driven by the online users' disposable income, there is a risk that the unfavourable economic conditions due to the outbreak of COVID-19 could adversely impact overall activity if this persists beyond management's expectations. This, in addition to a number of responsible gambling measures that are being discussed in a number of jurisdictions including, but not limited to, restrictions on deposit limits and stakes. This scenario may lead to a decrease in revenues for both the Company and its fellow subsidiaries and could have a negative impact on the Company's operations, earnings and financial position (including the carrying value of intangibles as disclosed further in Note 4).

The Company's executive management have re-evaluated the performance for the Company for 2020 and 2021, assuming as a minimum that its clients will experience a further three months of minimal sports betting related revenues, considering that 2020 major sports events such as the EURO 2020 and the Olympics have been postponed to 2021 and that casino-related revenues maintaining current levels. This evaluation also excluded any further potential growth of the Company's B2B business beyond the original projections although growth was experienced in Q1 2020. Additionally, the Company and its fellow subsidiaries have immediately undertaken various cost-cutting measures including a significant reduction in marketing costs in relation to sports betting during this period of uncertainty and reducing operating costs, both of which are expected to mitigate the impact of reduced revenues on the cash flows of both the Company and those of its fellow subsidiaries.



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

**1.1 Basis of preparation - continued**

*Going concern - continued*

Given the continuously evolving situation and inherent uncertainties, it is difficult for the Company to ascertain the full impact of COVID-19 on its business, or to provide a quantitative estimate of this impact at this stage although the Company believes that the COVID-19 outbreak will not have a foreseeable negative long-term effect on its business and the business of its fellow subsidiaries. Any adverse impact resulting from the current economic environment in the short term could however have an impact on results and ability of the Company and its fellow subsidiaries to raise the forecasted cash flows as estimated by management. All of these factors could contribute to pressures on liquidity and in the Company's ability to meet obligations in the short term and in particular in view of an amount of €6.7m due to a third party holding a minority indirect shareholding in the Company linked to an existing marketing agreement (refer to Notes 12 and 19 for further detail).

The Board of directors continues to believe that forecasted revenues and cash flows for the foreseeable future are achievable and conclude, also based on a buffer of cash projected over the twelve month period from signing of these financial statements and also based on other alternative options of financing that may be available to the Group, that the Company will continue honouring its liabilities as and when they fall due and to continue operating as a going concern. The Company however remains dependent on cash flows generated from a fellow subsidiary which might not materialise as planned. The impact of COVID-19, gives rise to an uncertain environment that is dependent on external factors outside of the control of the Company and its fellow subsidiaries. These conditions indicate the existence of a material uncertainty which may cast a significant doubt about the ability of the Company to continue as a going concern. The Company continues to monitor the situation on an ongoing basis.

*Standards, amendments and interpretations to published standards effective in 2019*

In 2019, the Company has adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning 1 January 2019. The main newly adopted standard that is relevant to the Company is IFRS 16 'Leases'.

**IFRS 16 'Leases'**

Under IFRS 16, 'Leases', a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. IFRS 16 removes the distinction between operating and finance leases for lessees and requires them to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts; the only exceptions are short-term and low-value leases.

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The Company only entered into a lease commitment on 1 September 2019. Accordingly, no reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

As a result of IFRS 16, the Company recognised on 1 September 2019, lease liabilities in relation to leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 September 2019. The incremental borrowing rate applied to the lease liabilities on 1 September 2019 was 5.9%. Right-of-use assets were measured at the amount equal to the lease liability.

Refer to Note 5 for further detail.

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

**1.1 Basis of preparation - continued**

*Standards, amendments and interpretations to published standards effective in 2019 - continued*

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

*Standards, amendments and interpretations to published standards that are not yet effective*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**1.2 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of directors that makes strategic decisions. The Board of directors considers the Company to consist of one single segment (2018: one segment), both from a business perspective and a geographical perspective in line with IFRS 8.

**1.3 Foreign currency translation**

*(a) Functional and presentation currency*

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

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss on a net basis.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

**1.4 Intangible assets**

*(a) Recognition, measurement and de-recognition*

The Company's intangibles are analysed between Brand and platform (computer software).

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

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

**1.4 Intangible assets - continued**

*(a) Recognition, measurement and de-recognition - continued*

Costs associated with maintaining the platform are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the platform include employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included within 'other income/(expense)' in profit or loss in the period of derecognition.

*(b) Amortisation of intangible assets*

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The estimated useful lives of intangible assets are as follows:

	<b>Useful life</b>
Brand	Indefinite
Platform (Computer software)	7 years

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. With respect to the Brand, there is an expectation that this intangible asset will continue to generate net cash inflows and future economic benefits to the Company over an indeterminable period.

The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable.

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

**1.4 Intangible assets - continued**

*(b) Amortisation of intangible assets - continued*

If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortised systematically over its useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

**1.5 Property, plant and equipment**

*(a) Recognition, measurement and de-recognition*

All property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. They are initially measured at cost, that includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with carrying amount and are recognised within 'other income/(expense)' in profit or loss income in the period of derecognition.

*(b) Depreciation of property, plant and equipment*

All property, plant and equipment are depreciated over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, or, in the case of leasehold improvements, the shorter lease term, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Their estimated useful lives are as follows:

	Years
Computer equipment	4
Furniture and fixtures	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

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

**1.6 Impairment of non-financial assets**

Non-financial assets with indefinite useful lives, such as the Brand, are reviewed at each reporting date to determine whether there is any impairment. The carrying amounts of the Company's non-financial assets with finite useful lives, as well as those with indefinite useful lives, are reviewed for impairment whenever there is an indication that the asset may be impaired. The asset's recoverable amount is estimated annually for intangible assets with indefinite useful lives and is also estimated for all non-financial assets if an indication of impairment exists.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ('CGUs'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had previously been recognised.

**1.7 Financial assets**

**1.7.1 Classification**

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**1.7.2 Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**1.7.3 Measurement**

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

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

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

**1.7 Financial assets - continued**

**1.7.3 Measurement - continued**

*(a) Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

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

The Company does not hold any financial assets that are classified into any of the other IFRS 9 categories of financial assets.

**1.7.4 Impairment**

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 2b for further details. For cash and cash equivalents, the Company considers to have low credit risk since the credit risk rating of the banking institution it banks with is equivalent to the globally-understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's or Fitch.

**1.8 Trade and other receivables**

Trade receivables are presented as current assets unless collection is expected after more than one year. If not, they are presented as non-current assets.

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

**1.9 Cash and cash equivalents**

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

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

**1.10 Share capital**

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

**1.11 Financial liabilities**

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified in the following categories: financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9.

Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

**1.12 Trade and other payables**

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

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

**1.13 Offsetting financial instruments**

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

**1.14 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

**1.15 Current and deferred tax**

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

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

**1.15 Current and deferred tax - continued**

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

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

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

**1.16 Employee benefits**

*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under trade and other payables in the statement of financial position.

**1.17 Revenue recognition**

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

*Royalty fees arising from the licensing of the Brand*

Such revenue is calculated as a fixed percentage of the underlying gross gaming revenue generated by Bethard Group Limited, a related party, offset by the brand related expenses incurred by the Company, subject to certain minimum thresholds. This revenue stream falls in scope of IFRS 15.

*Provision of platform services*

In contracting with own license operators (operators that own their own licences) in offering them the use of the Platform, the Company generates revenue by entering into a revenue share or a fixed arrangement where such revenue is apportioned on an accrual basis over the whole term of the contract. This revenue stream falls in scope of IFRS 15.



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

*Revenue from whitelabel services*

In contracting with whitelabel customers (operators that are rebranded under another name), the Company is using its B2B licence and combining this with Bethard Group Limited's B2C licence in offering the whitelabel service to the third party. Revenue earned by the Company from whitelabel services is stated net of direct related costs.

The consideration for such services generally also includes an initial setup fee. In accordance with IFRS 15, the set-up is not seen as a distinct performance obligation as the customer cannot benefit from the set-up itself but for the agreement as a whole. Accordingly, the set-up fee is being deferred over the period of the agreement.

All revenue generated from the various revenue streams is being treated as one revenue segment in line with internal management reporting.

**1.18 Leases**

**1.18.1 Company's leasing activities and how these are accounted for**

The Company has entered into a non-cancellable lease arrangement for the use of immovable property. This rental contract is for a fixed period.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

**1.18 Leases - continued**

**1.18.1 Company's leasing activities and how these are accounted for - continued**

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**1.18.2 Extension and termination options**

Extension and termination options are included in the lease of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the Company.

**1.19 Finance costs**

The Company's finance costs include interest payable on borrowings and lease liabilities. Interest expense is recognised using the effective interest method.

**1.20 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2. Financial risk management

### 2.1 Financial risk factors

The Company's activities potentially expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company did not make use of derivative financial instruments to hedge risk exposures during the current and preceding financial years. The Board of Directors provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the Company's functional currency. The Company has no significant currency risk since substantially all assets and liabilities are denominated in Euro.

##### (ii) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on fair values of financial assets and liabilities and future cash flows.

As at the reporting date, the Company has fixed rate interest-bearing debt (Note 10). Accordingly, its revenue and operating cash flows are substantially independent of changes in market interest rates. In this respect, the Company is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

As at the statement of financial position date, the Company's exposure to changes in interest rates on bank accounts held with financial institutions was limited and the directors consider any defined shift in interest rates to have an immaterial effect on the Company and its operations.

#### (b) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk at the end of the reporting period is analysed as follows:

	2019 €	2018 €
Trade receivables - gross (Note 7)	155,005	437,881
Amounts due from related parties (Note 7)	3,850,727	3,527,108
Cash at bank (Note 8)	781,325	192,163
Maximum exposure to credit risk	<b>4,787,057</b>	<b>4,157,152</b>

**2. Financial risk management - continued**

**2.1 Financial risk factors - continued**

*(b) Credit risk - continued*

Impairment of financial assets

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

- trade receivables; and
- debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial since the banking institution the Company deals with is considered to have a low credit risk rating.

*Trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales generated in three months and monitored over a period of three months before 31 December 2019 and the corresponding historical credit losses experienced within this period. The three month period takes into account the infancy of the Company and there are plans for this to be extended further going forward. The historical loss rates are adjusted to reflect current and forward-looking information. On that basis, the loss allowance as at 31 December 2019 for trade receivables was determined to be €31,244 (2018: €nil).

The loss allowance for trade receivables as at 31 December 2019 and 2018 reconcile to the opening loss allowances as follows:

	2019	2018
	€	€
Opening loss allowance as at 1 January	-	-
Increase in loss allowance recognised in profit or loss during the year	<b>168,507</b>	-
Receivables written off during the year as uncollectible	<b>(137,263)</b>	-
	<b>31,244</b>	-
Closing loss allowance at 31 December	<b>31,244</b>	-

*Debt investments carried at amortised cost*

The Company's debt investments carried at amortised cost primarily relate to amounts due from related parties forming part of the Gameday Group (Note 7). For amounts due from related parties, the Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The directors consider both historical analysis and forward-looking information in determining any expected credit loss. At 31 December 2019, the directors consider that related party balances are held with counterparties with an average rating based on the Company's internal rating scale. The directors consider that there exists a probability of default taking into account the financial standing of the relevant counterparties and their ability to meet their contractual obligations. As a result, a loss allowance of €338,358 (2018: €nil) has been recognised as at 31 December 2019 based on the 12-month expected credit losses.

## 2. Financial risk management

### 2.1 Financial risk factors - continued

#### (b) Credit risk - continued

##### Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2019 €	2018 €
Increase in loss allowance for trade receivables recognised in profit or loss during the year (Note 7)	(31,244)	-
Receivables written off during the year as uncollectible	(137,263)	-
Increase in loss allowance on other financial assets (Note 7)	(338,358)	-
<b>Net impairment losses on financial and contract assets</b>	<b>(506,865)</b>	<b>-</b>

#### (c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 10 and 12). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €	On demand €	Due within one year €	Between 1 and 2 Years €	Between 2 and 7 years €
<b>31 December 2019</b>					
Borrowings (Note 10)	19,678,113	-	-	-	19,678,113
Trade and other payables (Note 12)	15,315,885	9,833,918	5,481,967	-	-
Lease liabilities (Note 5)	160,396	-	84,011	76,385	-
<b>Total</b>	<b>35,154,394</b>	<b>9,833,918</b>	<b>5,565,978</b>	<b>76,385</b>	<b>19,678,113</b>
<b>31 December 2018</b>					
Trade and other payables (Note 12)	4,228,213	3,388,058	840,155	-	-
<b>Total</b>	<b>4,228,213</b>	<b>3,388,058</b>	<b>840,155</b>	<b>-</b>	<b>-</b>

The Company continues to assess its funding requirements to ensure that adequate funds are in place to meet its financial liabilities when they fall due.

## 2. Financial risk management - continued

### 2.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Significant unobservable inputs and valuation adjustments are regularly reviewed.

At 31 December 2019 and 2018 the carrying amounts of financial instruments, comprising cash at bank, receivables, payables (including lease liabilities) and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The bond is deemed to be a level 1 financial instrument, is held at amortised cost and the fair value is disclosed in Note 10.

### 2.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Prospectus issued in relation to the 5.9% bonds (Note 10).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets. The Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Company's activities, the capital level as at the end of the reporting period is deemed adequate by the directors.

### 3. Critical accounting estimates and judgments

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 except for:

- Impairment of intangible assets with an indefinite useful life; and
- Impact of COVID-19 (refer to Note 21)

#### *Impairment of intangible assets with an indefinite useful life*

IAS 36 requires management to undertake an annual test for impairment of intangible assets with an indefinite useful life. Impairment testing is an area involving management judgement. It requires assessments as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain estimates are required to be made in respect of highly uncertain matters, including management's expectation of growth in revenues. These estimates are considered to be critical particularly in light of current market circumstances.

The Company prepares and approves management plans for its operations, which are used in the calculations. Having considered the recent timing of the Company's acquisition of the Brand, the Company's future plans, and the headroom in the recoverable amount in comparison to the carrying amount, management considers that the Company's intangible assets with an indefinite useful life are not impaired. Further disclosures on key assumptions are included in Note 4.

4. Intangible assets

	Total €	Platform €	Brand €
<b>As at 31 December 2018</b>			
Cost	-	-	-
Accumulated amortisation	-	-	-
Closing net book amount	-	-	-
<b>Year ended 31 December 2019</b>			
Opening net book amount	-	-	-
Additions	40,413,848	15,413,848	25,000,000
Amortisation charge	(1,452,518)	(1,452,518)	-
Closing net book amount	<b>38,961,330</b>	<b>13,961,330</b>	<b>25,000,000</b>
<b>As at 31 December 2019</b>			
Cost	40,413,848	15,413,848	25,000,000
Accumulated amortisation	(1,452,518)	(1,452,518)	-
Closing net book amount	<b>38,961,330</b>	<b>13,961,330</b>	<b>25,000,000</b>

Included within additions to the platform is an amount of €413,848 representing capitalised costs based on external invoices received from unrelated third parties.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ('CGUs'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use, is based on the estimated future cash flows 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 or CGU. Management has concluded that the acquired Brand and Platform are two separate cash-generating units for the purposes of IAS 36. This conclusion is based on the fact that the performance and cash flows of the different assets are independent on those generated by other assets and the Company monitors and manages its operations as two separate units.

Having considered the recent timing of the Company's acquisition of Platform, the Company's future plans and the fact that this component of intangibles has been assigned a definite useful life and is being accordingly amortised, management considers that the Platform is not impaired.

The directors have evaluated the Brand for impairment as at 31 December 2019 and are of the view that the carrying amount, after also obtaining an independent external valuation from experts in the field of intangible valuations, amounting to €25,000,000 (2018: €nil) is recoverable. The recoverable amount of the acquired Brand was assessed on the basis of value-in-use calculations (through the discounted cash flow approach, specifically the Relief from Royalty method), and a detailed assessment was performed at the end of the reporting period. The Company's conclusion is that the recoverable amount is well in excess of the assets' carrying amount disclosed above and therefore no impairment is required as at 31 December 2019. The recoverable amount was based on:

- the cash flows reflecting actual Brand related income in 2019;
- the expected cash flows for 2020 – 2024 which include a Compounded Annual Growth Rate ('CAGR') of 27.7% over the period;
- a perpetual growth rate of 2% beyond these dates; and
- a pre-tax discount rate of 18.5%.



**4. Intangible assets - continued**

The discount rate is based on the Company's pre-tax weighted average cost of capital. Management's method for determining the values inherent to each significant assumption is based on experience and expectations regarding the risk-adjusted performance of the market. The directors are satisfied that the judgements made are appropriate to the circumstances relevant to these assets and their cash-generation.

The Company's conclusion is that the recoverable amount of the Brand cash generating unit is highly sensitive to changes in key assumptions also taking into account the recent inherent uncertainties brought about by COVID-19. The principal assumption used in the impairment assessment relates to projected revenue growth rates. If the CAGR over the period 2020-2024 (as disclosed above) had to fall to below 24.0%, impairment would most likely arise.

**5. Leases**

The Company did not have any operating lease commitments as at 31 December 2018. Accordingly, a reconciliation of operating lease commitments disclosed as at 31 December 2018 to the lease liability recognised as at 1 January 2019 is not applicable. The Company entered into a lease for the rental of office premises on 1 September 2019.

The below table shows the right-of-use assets and corresponding lease liabilities recognised as at 31 December 2019. All recognised right-of-use assets relate to the Company's premises.

	2019	2018
	€	€
<b>Rights-of-use assets - premises</b>	<b>157,833</b>	-
<b>Lease liabilities:</b>		
Current	84,011	-
Non-current	76,385	-
	<b>160,396</b>	-

Additions to the right-of-use assets during the 2019 financial year amounted to €186,573.

The statement of profit or loss shows the following amounts relating to leases:

	2019	2018
	€	€
<b>Depreciation charge of right-of-use assets</b>		
Premises	28,740	-
	<b>28,740</b>	-
Interest expense (included in net finance expense) (Note 16)	3,256	-
	<b>3,256</b>	-

The cash outflow in 2019 relating to the principal elements of lease payments captured by IFRS 16 amounted to €29,433.

**6. Property, plant and equipment**

	Total €	Computer Equipment €	Furniture & Fittings €
<b>As at 31 December 2018</b>			
Cost	-	-	-
Accumulated depreciation	-	-	-
Closing net book amount	-	-	-
<b>Year ended 31 December 2019</b>			
Opening net book amount	-	-	-
Additions	7,164	4,914	2,250
Depreciation charge	(224)	(205)	(19)
Closing net book amount	6,940	4,709	2,231
<b>As at 31 December 2019</b>			
Cost	7,164	4,914	2,250
Accumulated depreciation	(224)	(205)	(19)
Closing net book amount	6,940	4,709	2,231

**7. Trade and other receivables**

	2019 €	2018 €
Trade receivables from contracts with customers	155,005	437,881
Less: Loss allowance on trade receivables	(31,244)	-
Trade receivables, net of loss allowance	123,761	437,881
Amounts due from related parties, net of loss allowance	3,512,369	3,527,108
Indirect taxation	8,170,522	253,471
Prepayments and accrued income	2,993,744	3,577
	14,800,396	4,222,037

Indirect taxation relates to VAT receivable at year end which includes an amount of €7,615,000 relating to input VAT that arose on the intangible asset (Platform and Brand as disclosed in Note 4) assignment agreement signed during the year with a related party. The amount €7,615,000 is subject to an ongoing set-off request with the VAT department. Should this set-off request be approved then the Company will set-off this balance against a payable to a related party (Note 12) that existed as at 31 December 2019.

Amounts due from related parties as at 31 December 2019 are net of a loss allowance of €338,358 (2018: €nil). These amounts are unsecured, interest free and repayable on demand.

**8. Cash and cash equivalents**

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

	2019 €	2018 €
Cash at bank and in hand	781,325	192,288
Bank overdraft	-	(125)
	781,325	192,163

*Non-cash transactions*

During the year to 31 December 2019, the Brand and Platform amounting to €40,000,000 (as disclosed in Note 4) were transferred to the Company from a related party for non-cash consideration predominantly made up of: i) assumed borrowings of €20,000,000 (as disclosed in Note 10), ii) the contribution from a related party by way of new shares amounting to €20,500,000 (as disclosed in Note 9), iii) the taking on of prepayments amounting to €2,300,000 linked to an existing marketing agreement offset by the extinguishment of other amounts due to related parties of €1,800,000.

The above transaction also gave rise to VAT considerations as disclosed in Note 7. In view of the pending set-off request, this transaction also represents a non-cash transaction.

Refer to note 18 for further detail

*Net debt reconciliation*

The following is an analysis of net debt for each of the period presented:

	2019 €	2018 €
Borrowings (including bond issue costs) (Note 10)	(19,678,113)	-
Lease liabilities (Note 5)	(160,396)	-
Cash and cash equivalents	781,325	192,163
Net Debt	(19,057,184)	192,163

As disclosed in Note 10, borrowings are subject to a fixed rate of interest and non-cash movements relate to the amortisation of bond issuance costs.

**9. Share capital**

	2019 €	2018 €
<b>Authorised</b>		
30,000,000 (2018: 1,500) ordinary shares of €1 each	30,000,000	1,500
<b>Issued and fully paid</b>		
20,580,000 (2018: 1,500) ordinary shares of €1 each	20,580,000	1,500

**9. Share capital - continued**

On 17 January 2019, the Company changed its status from a single member Company to a public limited Company and increased its authorised share capital to 30,000,000 ordinary shares of €1 each. On the same date, in order to meet the minimum share capital requirements for a public limited Company, the Company increased its issued share capital by 45,500 ordinary shares of €1 each. This allotment of shares was done against a cash consideration.

On 16 April 2019, the Company further increased its issued share capital with an additional 33,000 ordinary shares of €1 each fully paid up for a cash consideration.

On 2 May 2019, Gameday Group plc, the immediate and ultimate parent Company, subscribed to 20,500,000 ordinary shares in the Company for a non-cash consideration in settlement of amounts due by the Company to Gameday Group plc.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**10. Borrowings**

	2019 €	2018 €
<b>Non-current</b>		
5.9% 2024-2026 Bonds	<b>19,678,113</b>	-
	2019 €	2018 €
Principal bonds outstanding	20,000,000	-
Gross amount of bond issue costs	(403,021)	-
Amortisation of bond issue costs to 31 December	81,134	-
Amortised cost and closing carrying amount	<b>19,678,113</b>	-

Interest on the 5.9% 2024-2026 Bonds is payable annually in arrears, on 22 July of each year. As at 31 December 2019, the Bonds were trading at slightly above par at €100.20 with the most recent trading price of €97.95 as at 11 May 2020.

Accrued interest as at 31 December 2019 amounts to €533,425 as disclosed in Note 12.

**11. Deferred tax**

Deferred taxes are calculated on temporary differences under the liability method using a principal tax rate of 35% (2018: 35%). The deferred tax liabilities are mainly considered to be of a non-current nature.

Movement in temporary differences during the year:

	2019 €	2018 €
<b>Year ended 31 December</b>		
At beginning of year	-	-
Unabsorbed tax losses	4,501,043	-
Deferred tax on financial assets	129,361	-
Deferred tax on intangible assets	(4,206,568)	-
Other	72	-
	423,908	-
At 31 December	423,908	-

	2019 €	2018 €
Unabsorbed tax losses	4,501,043	-
Temporary difference on loss allowance for financial assets	129,361	-
Temporary difference on intangible assets	(4,206,568)	-
Other	72	-
	423,908	-
At 31 December	423,908	-

All amounts listed in the above table are recognised in profit and loss.

**12. Trade and other payables**

	2019 €	2018 €
Trade and other payables	233,991	29,124
Amount owed to related parties	9,833,918	3,388,058
Accruals and deferred income	4,714,551	811,031
Accrued interest on bonds	533,425	-
	15,315,885	4,228,213
	15,315,885	4,228,213

Amounts owed to related parties are unsecured, interest free and repayable on demand. As disclosed in Note 7, as at 31 December 2019, there is an ongoing set-off request with the VAT department for an indirect taxation balance of €7,615,000. Should this set-off request be approved then the Company will set-off this balance against the amount owed to related parties as disclosed above.

Included within accruals and deferred income as at 31 December 2019 is an amount of €4,234,545 linked to marketing accruals due to a third party holding a minority share in the ultimate parent Company resulting in a minority indirect shareholding in the Company.

**13. Revenue**

	2019 €	2018 €
Revenue generated from related parties	6,336,525	-
Revenue generated from third parties	562,314	223,794
	6,898,839	223,794

During the first four months of the year, the Company offered only whitelabel services to a number of whitelabel customers and its revenues were solely related to this activity. After acquiring the intangible assets (Note 4), the Company started generating revenues in the form of royalties from the licensing of the Brand and platform fees charged to licensed operators. At the same time, it assumed direct marketing expenses relating to the Brand. The Company's revenue in 2019 was therefore derived from the following:

	2019 €	2018 €
Whitelabel services	2,103,351	223,794
Royalties – licensing of the Brand	4,344,046	-
Turnkey services	451,442	-
<b>Revenue</b>	<b>6,898,839</b>	<b>223,794</b>

All revenue generated from the various revenue streams is being treated as one revenue segment in line with internal management reporting.

**14. Expenses by nature**

	2019 €	2018 €
<i>Cost of sales</i>		
Brand awareness marketing	3,566,090	-
Other direct costs (including platform costs)	1,268,526	5,000
<b>Total cost of sales</b>	<b>4,834,616</b>	<b>5,000</b>
<i>Administrative expenses</i>		
Employee benefit expense (Note 15)	486,777	-
Management fees	100,000	-
Professional fees	70,682	3,586
Depreciation and amortisation (Notes 4, 5, 6)	1,481,482	-
Bank charges	5,625	1,824
Other operating expenses	6,159	969
<b>Total administrative expenses</b>	<b>2,150,725</b>	<b>6,379</b>

**14. Expenses by nature - continued**

*Auditor's fees*

Fees charged by the auditors for services rendered during the financial years ended 31 December relate to the following:

	2019 €	2018 €
Annual statutory audit	35,000	1,750
Other non-audit services	135,000	-
Tax compliance services	1,400	-
	171,400	1,750

Other non-audit services relate to assisting the Company during the listing process. Such services were provided prior to PwC's appointment as auditor of the Company which took place on 24 January 2020 for the 2019 financial year end audit.

**15. Employee benefit expense**

	2019 €	2018 €
Wages and salaries	447,303	-
Social security costs	39,474	-
	486,777	-

The average number of employees employed during the year to 31 December 2019 amounted to 9 (2018: nil).

Included in the total employee benefit expense is an amount of €156,804 relating to directors' remuneration with €62,038 relating to non-executive directors and €94,766 relating to an executive director.

**16. Finance costs**

	2019 €	2018 €
Interest payable on bonds	614,559	-
Lease interest and finance charges	3,256	-
	617,815	-

**17. Tax expense**

	2019 €	2018 €
Deferred tax credit (Note 11)	(423,908)	-
Tax credit for the year	(423,908)	-

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

	2019 €	2018 €
(Loss)/Profit before tax	(1,211,182)	212,415
Tax at 35%	(423,913)	74,345
Tax effect of:		
Tax losses received from another member of the Group	-	(74,345)
Other differences	5	-
	(423,908)	-

**18. Related parties**

The companies forming part of Gameday Group plc are considered by the directors to be related parties as these companies are ultimately owned by the same ultimate beneficiaries.

The Company is a subsidiary of Gameday Group plc who is the ultimate parent company. The registered office of both companies is situated at 6, Paceville Avenue, St. Julians, Malta STJ 3109.

Gameday Group plc prepares the consolidated financial statements of the Group, of which Together Gaming Solutions p.l.c. forms part. These financial statements are filed and available for public inspection at the Malta Business Registry in Malta.

The companies forming part of Gameday Group plc also include the following companies: Bethard Group Limited and World Class Entertainment Limited. Together Gaming Solutions plc carried out related party transactions with both subsidiary companies of Gameday Group plc. and with its parent Company.

The following transactions were carried out with related parties:

(1) Together Gaming Solutions p.l.c. and Bethard Group Limited entered into an intangible asset assignment agreement, pursuant to which Together Gaming Solutions p.l.c. acquired the Bethard Brand, an iGaming software platform and the rights over a prepaid amount to a third party service provider from Bethard Group Limited for a total consideration of €42,300,000;

(2) An assignment and allotment agreement was entered with Bethard Group Limited, Together Gaming Solutions p.l.c. and Gameday Group plc wherein Bethard Group Limited assigned its right to receive €20,500,000 of the IP asset assignment consideration to Gameday Group plc. Consequently, Together Gaming Solutions p.l.c. owed Bethard Group Ltd €21,800,000 and €20,500,000 to Gameday Group plc;



**18. Related parties - continued**

(3) On 2 May 2019, Gameday Group plc subscribed to €20,500,000 ordinary Shares in Together Gaming Solutions p.l.c. for a non-cash consideration in settlement of amounts due by Together Gaming Solutions p.l.c. to Gameday Group plc;

(4) On 22 July 2019 Together Gaming Solutions p.l.c. issued €20,000,000 5.9% Unsecured Callable Bonds Due 2024-2026. Bethard Group Limited subscribed, on 19 July 2019, to 8,237,900 5.9% Unsecured Callable Bonds issued by Together Gaming Solutions p.l.c., in respect of which a subscription payment of €8,237,900 became due by the Bethard Group Limited to Together Gaming Solutions p.l.c. Upon the subscription payment becoming due as described above, the Company and Bethard Group Limited became mutual debtors, as a result of which an automatic set off took place in accordance with Article 1196 of the Civil Code (Chapter 16 of the laws of Malta), which extinguished the subscription payment obligation of the Bethard Group Limited and the obligation of Together Gaming Solutions p.l.c. to pay the corresponding amount of €8,237,900 to Bethard Group Limited;

(5) On 25 July 2019, Together Gaming Solutions p.l.c. requested the stockbroker who collected the bond proceeds on its behalf to effect a direct payment of all the net bond proceeds of €11,595,654 to Bethard Group Limited resulting in an outstanding balance of €1,966,446 owing to Bethard Group Limited by Together Gaming Solutions p.l.c.;

(6) The intangible asset assignment effected for a total consideration of €42,300,000 triggered Value Added Tax ("VAT") of €7,615,000 being 18% VAT on the total consideration and this amount was consequently invoiced to Together Gaming Solutions p.l.c.. The amount of VAT €7,615,000 is an amount receivable from the VAT department and is subject to a set off exercise at the VAT department against the output VAT due by Bethard Group Limited. Once the set off exercise is concluded by the VAT department, this amount should no longer feature as an amount owed to Bethard Group Limited by Together Gaming Solutions p.l.c. and should have no cash impact;

(7) During the year, Together Gaming Solutions p.l.c. entered into the following trading agreements and carried out related party trading transactions in line with these agreements:

- a business development services agreement with Worldclass Services Limited allowing for the recharging of expenses including the share attributable to whitelabel customers (refer to Note 13);
- an intangible asset licence agreement with Worldclass Services Limited giving rise to revenues earned from related parties (refer to Note 13);
- an agreement with Bethard Group Limited for the sharing of office space leased from Frank Salt Ltd. (refer to Note 5); and
- a management services agreement (refer to Note 14).

Related party balances at year end were as follows:

	2019	2018
	€	€
Amounts due from related parties	3,850,727	3,527,108
	2019	2018
	€	€
Amounts owed to the immediate parent	(33,000)	(45,500)
Amounts owed to fellow subsidiaries	(9,800,918)	(3,307,764)
Loans to fellow subsidiaries	-	(14,489)

**19. Commitments**

The Company entered into marketing agreements through which it is committed to future cash outflows of €2,466,072 which are not provided for in these financial statements and fall due as follows:

	2019	2018
	€	€
Within one year	<b>2,466,072</b>	-

**20. Significant risks and uncertainties – Legal and regulatory**

The Company and its fellow subsidiaries operate in the online gaming industry. For internet based betting operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions. Legislation concerning internet betting is under investigation in many jurisdictions. As at today certain EU countries have regulated their market by means of country specific licenses whilst at present discussions are in progress on the liberalisation of a number of other markets in Europe.

The Company monitors the legal situation within EU and in certain jurisdictions outside the EU, and if any of its key markets were to regulate, the Company and its fellow subsidiaries would obtain the required licenses to be in a position to continue operating in that jurisdiction. The Rest of World geographic area includes geographies with unclear gambling laws, which over time may affect the Company's revenue, earnings and expansion opportunities, depending on what legal changes may take place.

Future developments and their consequences for the online gaming market are uncertain. The Company's assessment is that both regulation, and the introduction of legislation, both within and outside the EU, or changes in national legislation regarding, inter alia, stakes, marketing, restrictions regarding online gaming or taxes, etc., in jurisdictions in which the Company's services could be made available could result in a material adverse impact on the Company's operations, financial position and earnings. Violations of existing legislation could lead to significant fines or tax exposures that have not been provided for. The legal and technical solutions, as well as restraints on marketing, that the Company may apply in order to limit users' access in certain jurisdictions may prove to be insufficient. This could pose both a risk and an opportunity to the Company.

**21. Events after the end of the reporting period**

The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given that the Company's revenues and those of its fellow subsidiaries are driven by the gambling activity of online users of its customers' websites, which gambling activity is in turn driven by the online users' disposable income and also impacted by the interruption of sports events, there is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could impact adversely overall activity if this persists beyond management's expectations. This, in addition to a number of responsible gambling measures that are being discussed in a number of jurisdictions including, but not limited to, restrictions on deposit limits and stakes. This scenario may lead to a decrease in revenues for both the Company and its fellow subsidiaries and could have a negative impact on the Company's operations, earnings and financial position (including the carrying value of intangibles as disclosed further in Note 4).

**21. Events after the end of the reporting period - continued**

As set out in detail in Note 1.1 above, the Company has taken all available measures to protect the long term sustainability of its operations and the Board of directors has concluded that the Company is in a position to honour its liabilities as and when they fall due over the next twelve months. The Board of directors shall continue to monitor ongoing developments and remains committed to take all appropriate steps to mitigate any potential negative impact that might arise as a consequence of the pandemic.

**22. Comparative financial information**

Certain comparative figures disclosed in the main components of these separate financial statements have been reclassified to conform with the current year's presentation for the purpose of fairer presentation.

**23. Statutory information**

Together Gaming Solutions p.l.c. is a public liability Company and is incorporated in Malta, with its place of business at 6, Paceville Avenue, St. Julians STJ 3109, Malta. The immediate and ultimate parent Company is Gameday Group plc, a limited liability Company incorporated and domiciled in Malta, whose registered address is 6, Paceville Avenue, St. Julians STJ 3109, Malta.