TOGETHER GAMING SOLUTIONS PLC HALF-YEARLY FINANCIAL REPORT

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2020

Interim Directors' Report

The Board of directors present the interim financial statements of Together Gaming Solutions p.l.c. (the **"Company"**) registration number C 72231 for the six month period ended 30 June 2020. 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 **"Intangible 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 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

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 (2019: one segment), both from a business perspective and a geographical perspective in line with IFRS 8.

During the six months of 2020 under review, revenue totalled €8,302,292 (2019: €3,833,648). Net of directly attributable costs, revenue of the Company as disclosed in the financial statements amounted to €4,762,485 (restated 2019: €2,179,916) corresponding to a period on period increase of 118%.

Cost of sales amounted to €3,482,296 (restated 2019: €1,221,837) and mainly consisted of marketing costs relating to the Brand of €2,587,721 (2019: 1,023,214) and other direct costs (including platform costs) of €894,575 (restated 2019: €198,623).

Other expenses amounted to €1,650,394 (2019: €704,693) and mainly consisted of depreciation and amortisation amounting to €1,152,697 (2019: 359,107).

Financing costs amount to €111,304 (2019: €Nil) which mainly relate to the 5.9% interest on the bonds issued by the Company in July 2019. In 2020, a related party owning 41.19% of the bonds issued, waived off its rights to receive the related bond interest of 5.9% for the period from the date of the bond issue to 30 June 2020. Consequently, the finance costs for the period to 30 June 2020 amounting to €614,559 include an adjustment of €503,255 relating to this waiver.

The Company registered a loss after tax for the period amounting to €394,764 (2019: Profit after tax of €253,386).

Financial Position

The statement of financial position of the Company as at 30 June 2020 shows a total asset base of €47,001,268 as compared to €55,131,732 as at 31 December 2019. The Company's main liabilities as at 30 June 2020, consist of the bond issued to the public during the year 2019 amounting to €19,713,249 (2019: €19,678,113) and trade payables amounting to €7,082,094 (2019: €14,782,459). As a result of a group VAT set off effected by the relevant authority during the reporting period, the Company set off VAT receivable amounting to €7,614,000 against a liability due to a related party in relation to VAT payable on the consideration paid by the Company to acquire the intangible assets from the related party in 2019. Share capital of the Company remained unchanged over the period at €20,580,000 (2019: €20,580,000).

The liquidity position of the Company should be sufficient for the Company to meet its liabilities for the foreseeable future; and furthermore the Company retains an appropriate gearing position.

Events after the end of the reporting period

COVID-19 and its further potential impact on Financial and Operational Performance

All 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 major sports events and leagues across the globe being cancelled or postponed in addition to the introduction of restrictive and responsible gaming legislation in various jurisdictions. As a result, iGaming operators face 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 although the latter percentage decreased significantly after mid-March 2020 due to the cancelation and postponement of sports events across the world. Revenues subsequently recovered well after July 2020 as sports activity resumed.

Whilst the Company's main Gaming operator client did not experience any significant drop in casino revenues during the first 3 months of the COVID-19 outbreak, it did however experience a significant decline in casino revenues in July 2020 mainly due to the related implementation of temporary responsible gaming regulations within a number of licenced jurisdictions, mainly Spain and Sweden, the latter, being the predominant market in which its primary client operates. These temporary gaming regulations are currently effective until the end of the year. The Company's primary client has seen stable levels of casino revenues up to June 2020 and a significant reduction in July and August 2020. This client's casino revenues constituted 67% of its revenues in 2019 and circa 55% as at Q2 2020.

Going concern
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 prolongation of the prevailing unfavourable economic conditions due to COVID-19 and the extension of temporary restrictive gaming regulation could impact adversely overall activity. This scenario has led to a decrease in revenues for the Company and could have a short term negative impact on the Company's operations, earnings and financial position (including the carrying value of intangibles).

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 six months of reduced casino activity and reduced sports betting related revenues. This evaluation also excluded any further potential growth of the Company's B2B business beyond the original projections. Additionally, the Company and its fellow group subsidiaries maintained their cost-cutting measures introduced in Q 1 2020 including a significant reduction in marketing costs in relation to casino and sports betting during this period of continued uncertainty and the reduction of 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.

During the first half of 2020 the Company carried out an independent 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 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. The Company remains dependent on cash flows generated from a fellow subsidiary that may not materialise as planned. 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. Subject to the risks and uncertainties noted in this section, the Directors have continued to adopt the going concern basis of accounting in preparing these interim financial statements, based on a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and meet its liabilities when they fall due. The Company continues to monitor the situation on an ongoing basis.

Results and dividends
The condensed interim statement of comprehensive income is set out on page 4. The Board of directors does not recommend the payment of an interim dividend (2019: €Nil).

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority.
We confirm that to the best of our knowledge:

- This condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of Together Gaming Solutions p.l.c.; and
- Includes a fair review of the information required in terms of Listing rules 5.81 to 5.84.

Erik Skarp
Director

Etienne Borg Cardona
Director

Condensed Statement of Comprehensive Income

	Notes	Period from 1 January to June 30, 2020	Period from 1 January to June 30, 2019
		€	€
		(unaudited)	**(restated)**
Revenue	9	4,762,485	2,179,916
Cost of sales		(3,482,296)	(1,221,837)
Gross profit		1,280,189	958,079
Administrative expenses		(436,775)	(345,586)
Net impairment losses on financial and contract assets		(60,922)	-
Amortisation		(1,152,697)	(359,107)
Operating (loss) / profit		(370,205)	253,386
Finance cost		(111,304)	-
(Loss) / profit before tax		(481,509)	253,386
Tax		86,745	-
(Loss) / profit for the period - total comprehensive income		(394,764)	253,386

Condensed Statement of Financial Position

	Notes	as at June 30, 2020	as at December 31, 2019
		€	€
ASSETS		(unaudited)	(audited)
Non-current assets			
Intangible assets	4	38,155,771	38,961,330
Right of use asset		22,509	157,833
Property, plant and equipment		6,213	6,940
Deferred tax asset		510,653	423,908
Total non-current assets		38,695,146	39,550,011
Current assets			
Trade & other receivables		6,842,429	14,800,396
Cash & cash equivalents	5	1,463,693	781,325
Total current assets		8,306,122	15,581,721
Total assets		47,001,268	55,131,732
EQUITY			
Share capital		20,580,000	20,580,000
Retained earnings		(997,426)	(602,662)
Total equity		19,582,574	19,977,338
LIABILITIES			
Non-current liabilities			
Borrowings	7	19,713,249	19,678,113
Lease liability		-	76,385
Total non-current liabilities		19,713,249	19,754,498
Current liabilities			
Trade and other payables		7,682,936	15,315,885
Lease liability		22,509	84,011
Total current liabilities		7,705,445	15,399,896
Total liabilities		27,418,694	35,154,394
Total equity and liabilities		47,001,268	55,131,732

Condensed Statement of Changes In Equity

	Share Capital	Retained Earnings	Total
	€	€	€
Balance at 1 January 2019	1,500	184,612	186,112
Total comprehensive income for the period	20,578,500	253,386	20,831,886
Balance at 30 June 2019	20,580,000	437,998	21,017,998
Balance at 1 July 2019	20,580,000	437,998	21,017,998
Total comprehensive income for the period	-	(1,040,660)	(1,040,660)
Balance at 31 December 2019	20,580,000	(602,662)	19,977,338
Balance at 1 January 2020	**20,580,000**	**(602,662)**	**19,977,338**
Total comprehensive income for the period	-	**(394,764)**	**(394,764)**
Balance at 30 June 2020	**20,580,000**	**(997,426)**	**19,582,574**

Condensed Statement of Cash Flows

	Period from 1 January to 30 June 2020	Period from 1 January to 30 June 2019
	€	€
	(unaudited)	(restated)
(Loss) / profit before tax	**(481,509)**	253,386
Add amortisation	**1,152,697**	359,107
Add finance cost	**111,304**	-
	782,492	612,493
Movement In working capital:		
Change in trade and other receivables	**2,104,186**	(12,693,897)
Net impairment losses on financial and contract assets	**430,524**	-
Change in trade and other payables	**(2,285,786)**	12,182,582
Net cash generated from operating activities	**1,031,416**	101,178
Cash flows from investing activities		
Acquisition of intangible assets	**(298,293)**	(11,040)
Net cash used In investing activities	**(298,293)**	(11,040)
Cash flows from financing activities		
Issue of share capital	**-**	78,500
Borrowing costs	**(5,740)**	(208,352)
Principal elements of lease payments	**(45,015)**	-
Net cash used in financing activites	**(50,755)**	(129,852)
Net increase / (decrease) from cash and cash equivalents	682,368	(39,714)
Cash and cash equivalents at beginning of the period	781,325	192,288
Cash and cash equivalents at end of the period	1,463,693	152,574

Notes to condensed interim financial statements

1. Summary of significant accounting policies

1.1 Basis of Preparation

This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority – Listing Authority and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, 'Interim financial Reporting''.

The published figures in this report have been extracted from the unaudited financial statements of Together Gaming Solutions p.l.c. (the "Company") for the six months ended 30 June 2020 and the comparative period in 2019. In line with adopted accounting standards as disclosed in the 2019 annual financial statements, comparative financial information for the six month ended 30 June 2019 has been restated to conform with the current period's presentation and disclosures. Revenues and Cost of Sales were restated at lower amounts to reflect revenues net of directly attributable costs rather than being reported at gross and also are reported inclusive of Marketing Costs. Revenue was restated downwards to €2,179,916 from €3,833,648, while Cost of Sales was restated downwards to €1,221,837 from the previously stated €2,875,570 which also includes Marketing Costs of €1,023,214. These changes did not impact the reported operating profits. The comparative statement of financial position as at 31 December 2019 has been extracted from the audited financial statements for the year then ended.

In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Company's independent auditors.

Going concern

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 customers' websites, there is a risk that the unfavourable economic conditions and the limitation of casino and sports activities and events due to the outbreak of COVID-19 will adversely impact overall activity if this persists beyond management's expectations. In addition to several responsible gambling regulatory measures that have been implemented, this scenario may lead to a decrease in revenues for both the Company and its fellow subsidiaries and could have a short-term negative impact on the Company's operations, earnings, and financial position (including the carrying value of intangibles).

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 six months of reduced casino activity and reduced sports betting related revenues. This evaluation also excluded any further potential growth of the Company's B2B business beyond the original projections. Additionally, the Company and its fellow group subsidiaries maintained their cost-cutting measures introduced in Q 1 2020 including a significant reduction in marketing costs in relation to casino and sports betting during this period of continued uncertainty and the reduction of 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.

During the first half of 2020 the Company carried out an independent 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 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. The Company remains dependent on cash flows generated from a fellow subsidiary that may not materialise as planned. 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. Subject to the risks and uncertainties noted in this section, the Directors have continued to adopt the going concern basis of accounting in preparing these interim financial statements, based on a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and meet its liabilities when they fall due. The Company continues to monitor the situation on an ongoing basis.

1.2. Accounting Policies

The accounting policies adopted in the preparation of the Company's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2019.

There were no standards, amendments and interpretations that are mandatory for accounting period after 1 January 2020 that had a significant impact on the Company's policies and condensed interim financial statements.

2. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.

3. Critical accounting estimate and judgements

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 condensed interim financial statements. In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these condensed interim 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

3.1 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.

3.2 Impact of COVID-19

COVID-19 and its further potential impact on Financial and Operational Performance

All 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 in addition to the introduction of restrictive and responsible gaming legislation in various jurisdiction. As a result, iGaming operators face 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 although the latter percentage decreased significantly after mid-March 2020 due to the cancelation and postponement of sports events across the world. Revenues subsequently recovered well after July 2020 as sports activity resumed.

Whilst the Company's main Gaming operator client did not experience any significant drop in casino revenues during the first 3 months of the COVID-19 outbreak, it did however experience a significant decline in casino revenues in July 2020 mainly due to the related implementation of responsible gaming regulations within a number of licenced jurisdictions, mainly Spain and Sweden, the latter, being the predominant market in which its primary client operates. This negative impact is expected to persist up to the end of December when such responsible gaming regulations may indicatively be lifted. The Company's primary client has seen stable levels of casino revenues up to June 2020 and a significant reduction in July and August 2020. This client's casino revenues constituted 67% of its revenues in 2019 and circa 50% as at Q1 2020.

It should also be noted that most 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

During the first half of 2020 the Company carried out an independent 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.

4. Intangible assets

As at 31 December 2019	Total	Platform	Brand
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	**38,961,330**	**13,961,330**	**25,000,000**
As at 30 June 2020			
Opening net book amount	38,961,330	13,961,330	25,000,000
Additions	306,967	306,967	-
Amortisation charge	(1,112,526)	(1,112,526)	-
Closing net book amount	**38,155,771**	**13,155,771**	**25,000,000**

Additions to the platform amounting to €306,967 represented capitalised costs based on external invoices received from unrelated third parties. The directors are of the view that there are no material changes to the considerations disclosed in the financial statements for year end 2019 in relation to the impairment of the Company's intangible assets.

5. Cash and cash equivalents
For the purposes of the condensed statement of cash flows, the period-end cash and cash equivalents comprise of the following:

	As at	As at
	30 June 2020	31 December 2019
	€	€
Cash at bank and in hand	**1,463,693**	781,325
	1,463,693	781,325

Non-cash transactions
During the period January to June 2020, €20,000,000 owed to a related party resulting from the transfer of the Brand and Platform to the Company from a related party for non-cash consideration was excluded from the cashflow statement as it represents a non-cash transaction.

Furthermore, the acquisition of intangible assets gave rise to a VAT consideration amounting to €7,614,000 which was subject to a set-off request with the VAT Department that was processed by the relevant authority in June 2020. Hence, this amount of VAT receivable was offset against the corresponding related party payable during the period and thus represented a non-cash transaction.

Additionally, in 2020, a related party owning 41.19% of the bonds issued waived off its rights to receive the related bond interest. Consequently, bond interest amounting to €253,134 is not included in the accrued interest for the reported first six months of 2020 as well as interest amounting to €250,122 that have been reversed being the previously recognised interest in favour of this related third party.

6. 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 Services Limited. Together Gaming Solutions plc carried out related party transactions with both subsidiary companies of Gameday Group plc and with its parent Company.

The acquisition of intangible assets from a related party gave rise to a VAT consideration amounting to €7,614,000 which was subject to a set-off request with the VAT Department was processed by the relevant authority in June 2020. Hence, this amount of VAT receivable was offset against the corresponding related party payable during the period.

Additionally, in 2020, a related party owning 41.19% of the bonds issued by the Company waived off its rights to receive the annual related bond interest. Consequently, bond interest amounting to €253,134 is not included in the accrued interest for the reported first six months of 2020 as well as interest amounting to €250,122 that have been reversed being the previously recognised interest in favour of this related third party.

Revenue generated from Related party balances during the period were as follows:

	Period ending 30 June 2020	**Period ending** 30 June 2019 (restated)
	€	€
Revenue	**3,677,820**	1,711,232

Related party balances at end of period were as follows:

	As at 30 June 2020	**As at** 31 December 2019
	€	€
Amounts due from related parties	**3,966,235**	3,512,369

	As at 30 June 2020	**As at** 31 December 2019
	€	€
Amounts owed to the immediate parent	**(33,000)**	(33,000)
Amounts owed to fellow subsidiaries	**(18,397)**	(9,800,918)

7. Borrowings
During July 2019, the Company issued a €20,000,000 5.9% Unsecured Callable Bond 2024-2026.

	As at 30 June 2020	As at 31 December 2019
	€	€
Non-current		
5.9% 2024-2026 Bonds	**19,713,249**	19,678,113

	€	€
Principal bonds outstanding	**19,678,113**	20,000,000
Gross amount of bond issue costs	**(5,740)**	(403,021)
Amortisation of bond issue costs	**40,876**	81,134
Amortised cost and closing carrying amount	**19,713,249**	19,678,113

Interest on the 5.9% 2024-2026 Bonds is payable annually in arrears, on 22 July of each year. As at 30 June 2020, the Bonds were trading at slightly below par at €98 with the most recent trading price of €97.50 as at 13 August 2020.

Accrued interest as at 30 June 2020 amounts to €600,841. A related party owning 41.19% of the bonds issued waived off its rights to receive the related bond interest. Consequently, bond interest amounting to €253,134 is not included in the accrued interest for the reported first six months of 2020 as well as the reversal of €250,122 being the previously recognised interest in favour of this related third party.

8. Commitments
The Company entered into marketing agreements through which it is committed to future cash outflows of €1,327,885 which are not provided for in these financial statements and fall due as follows:

	As at 30 June 2020	As at 31 December 2019
	€	€
Within one year	**1,327,885**	2,466,072

9. Revenue

	Period ending 30 June 2020	Period ending 30 June 2019 (restated)
	€	€
Revenue generated from related parties	**3,677,820**	1,711,232
Revenue generated from third parties	**1,084,665**	468,684
	4,762,485	2,179,916

9. Revenue (continued)

The Company's revenue was therefore derived from the following:

	Period ending 30 June 2020	Period ending 30 June 2019 (restated)
	€	€
Whitelabel services	1,431,805	974,433
Royalties – licensing of the Brand	3,006,302	1,124,580
Turnkey services	324,378	80,903
Revenue	**4,762,485**	2,179,916

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

10. Comparative Financial information

Comparative financial information for the period ended 30 June has been restated to conform with the current period's presentation and disclosures. In line with adopted accounting standards as disclosed in the 2019 annual financial statements, revenues and cost of sales where restated at lower amounts to reflect revenues net of directly attributable costs rather than being reported as gross.