Together Gaming solutions plc
Mezzanin Office, The George Hotel
Ball Street, Paceville
St. Julians, STJ 3123
Malta

COMPANY ANNOUNCEMENT

Reference: (06/2023)

The following is a company announcement issued by Together Gaming Solutions p.l.c. (C 72231) (the "**Company**") pursuant to the Listing Rules issued by the Listing Authority.

Quote

Approval of the Company's Interim Financial Statements

On the 26th of August 2023, the board of directors of the Company approved the Company's unaudited interim financial statements for the six (6) month period ended 30 June 2023. A copy of the interim financial statements is attached to this announcement and is also being made available on the Company's website at: www.togethergaming.com/relations.

Unquote

By order of the Board.

Edward Licari
Company Secretary
28 August 2023

TOGETHER GAMING SOLUTIONS PLC HALF-YEARLY FINANCIAL REPORT

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2023

Interim Directors' Report

The Board of Directors present the interim report and unaudited condensed interim financial statements of Together Gaming Solutions p.l.c. (the "**Company**") with a registration number C 72231 for the six-month period ended 30 June 2023. 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 Mezzanine Office, The George Hotel, Triq Ball, Paceville, St. Julians STJ 3123, Malta.

Principal activities

The Company is the B2B service provider arm of the Group and the owner of the Group's key intellectual property asset (the "Intangible Asset") mainly the 'Aleacc' iGaming platform (the "Platform") that it provides to its clients under a Malta Gaming Authority B2B license. The Company offers its iGaming platform either as a 'turnkey' solution to various licensed operators (including the Group's licensed B2C iGaming operator) or as part of a full-service 'white label' solution to third-party white label iGaming operators for launching and operating online casino and sportsbook websites.

The Company previously also owned the Bethard Brand (the "Brand"), including the Bethard, Fastbet and Betive domains, which it licensed to other Group Companies (operating under the Brand). The Group disposed of the Brand in 2021 to focus on growing its B2B business.

Early in 2023, the Group had the opportunity to repurchase the Brand at a significantly lower price than that at which it had been sold. Given this opportunity as well as the lack of investment opportunities in the B2B space, management saw this as a suitable alternative to accelerate growth within the Group and the Company, whilst still retaining significant liquidity for investment in B2B opportunities that may arise in the future once the regulatory environment stabilises. The Brand was reacquired in Q1 2023 and the Company now offers turnkey solutions to the Group's B2C arm.

Review of the business

Revenue was generated from two different revenue streams: white label services 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 (2022: one segment), both from a business perspective and a geographical perspective in line with IFRS 8.

During the period under review, revenue totalled €1,247,591 (2022: €3,002,456). Net of directly attributable costs, the revenue of the Company as disclosed in the financial statements amounted to €807,275 (2022: €1,119,531) corresponding to a year-on-year decrease of 28%. This decrease is mainly due to the reduction in B2B clients and its related activity.

Cost of sales amounted to €537,714 (2022: €336,625), other direct costs (including platform costs) increasing up to €529,769 (2022: €230,538), whilst marketing costs were only € 7,945 (2022: €106,087).

Administrative expenses amounted to €2,000,410 (2022: €1,582,847) and mainly consisted of depreciation and amortisation amounting to €1,318,144 (2022: €1,282,261). During the reporting period, our financial performance reflects a strategic shift driven by the reacquisition of our brand and the subsequent restructuring initiatives. The reacquisition was executed with a long-term vision to enhance brand value and market positioning. While this move presents compelling growth opportunities, it also entails addressing certain cost dynamics.

The cost base analysis is of paramount importance for management as it navigates through the integration of the reacquired brand and the ongoing restructuring efforts. As part of this process, management has identified areas of cost overlap resulting from the convergence of operational functions which the management team is diligently working to streamline and address these overlapping costs, seeking operational efficiencies without compromising commitment to quality.

Financing costs amounted to €471,017 (2022: €496,528) which mainly relates to the 5.9% interest on the bonds issued by the Company in July 2019. During 2023, the Company also generated €58,849 worth of finance income from the issuing of a 6.25% loan to its parent company for the reacquisition of its B2C business and the income from its short-term investments.

The Company registered a loss after tax for the period amounting to €2,016,577 (2022: €1,281,285).

Financial position

The statement of financial position of the Company as at 30 June 2023 shows total asset base stands at €26,136,239 as compared to €28,875,839 as at 31 December 2022. The Company's main assets as at 30 June 2023 consisted of the intangible asset at €8,272,943 (2022: €9,386,194). Cash stood at €5,801,336 (2022: €14,971,484). The Company's main liabilities as at 30 June 2023 consist of the bonds issued to the public during the year ended 31 December 2019 amounting to €14,691,132 (2022: €14,658,466) and trade and other payables amounting to €1,696,183 (2022: €2,428,320). The share capital of the Company remained unchanged over the period at €20,580,000 (2022: €20,580,000).

Results and dividends

The financial results are set out in the condensed interim statement of comprehensive income on page 5. The Board of Directors does not recommend the payment of an interim dividend (2022: Nil).

Principal risks and uncertainties for the remaining six months of the financial year

Exposure to the Online Gambling Industry

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 this concentration risk and performance risk of this sector.

Constant changing laws and regulations

The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases, also subject to 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 expects further jurisdictions to regulate their gaming industry with the consequence of similar impacts on revenues.

Intellectual property rights

The Group also faces the risk that the use and exploitation of its intellectual property rights, including rights relating to its software, may infringe the intellectual property rights of a third party. The expenses to be incurred in bringing or defending possible infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Company may result in license damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property.

Establishing Revenue growth from diversified B2B activities

Prior to the disposal of the Brand, the Company's performance was highly dependent on the performance of Bethard Group Limited, a related party from which it generated a substantial part of its revenues. Following the sale of the Brand and discontinuation of this revenue stream, the Company needed to re-focus its efforts on attracting new customers in order to develop its revenues to the levels existing prior to the sale and beyond, in order to consistently sustain its operational cost-base and generate profits.

As anticipated, such efforts to raise revenues to expected levels from the Company's B2B activities proved to be challenging, and it is expected that further time will be required to yield the necessary results from this area. Management is constantly reviewing strategic options to address this B2B business growth delay and is ensuring the necessary efforts are made to drive necessary revenue growth. In the meantime, the Group seized an opportunity to reacquire the Brand that it had previously disposed of in 2021, albeit at a significantly lower price. This acquisition secured turnkey revenues for Company through the provision of its turnkey platform services, addressing part of the shortfall in expected revenues in the short-to-medium-term. It also strengthened the Group's strategic positioning and increased opportunities to grow overall revenue streams in the medium-to-long-term. Management continues to review its strategic options to achieve the expected revenue growth and generate the necessary profits and cash flows for the foreseeable future.

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

- Global economic uncertainties consequent to the ongoing armed conflict between Russia and Ukraine and the rising inflation across the globe;
- Consolidation of Gambling regulation across Europe and beyond;
- Compliance and regulatory 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 pay for the services rendered;
- Impairment risk of intangible assets, being the risk that long-term assets such as intangibles are particularly at risk of impairment due to the fact that the carrying value may be impacted by several unwarranted events and economic circumstances;
- Technological and systems development; and
- Dependence on key individuals having technical expertise of iGaming software development and its associated technology.

Principal risks and uncertainties for the remaining six months of the financial year – continued

Establishing Revenue growth from diversified B2B activities – continued

The aforementioned risks are not an exhaustive list of potential risks and uncertainties faced by the Company. If any of the risks occur, the Company's business operations, financial condition, and operating results may be adversely impacted.

Events after the end of the reporting period

There are no events subsequent to the reporting period which require mention in this report.

Going concern statement pursuant to Capital Markets Rule 5.62

A baseline scenario of profitability and liquidity projections for the period 2023 to 2024 has been reset by adopting a prudent approach with conservative assumptions which take into consideration the need to constantly build up new revenues. The revised projections by management for 2023 and beyond, take into consideration the reacquisition of the Brand that occurred in Q1 2023, and the foreseeable revenues generated therefrom in addition to a modest increase in B2B revenues.

The prudent base case scenario set by management anticipates a status quo of the white label business and a slow ramp-up of turnkey business, in addition to increased revenues from the provision of its turnkey platform services to the B2C arm of the Group, following the group's reacquisition of the Brand.

The projections indicate that 2023 revenues are unlikely to surpass the Company's operating cost base, and management expects a negative EBITDA in 2023 shifting to positive by end Q1 2024. Cash flows are projected to decrease throughout the projected period in view of the expected operating loss for the year and the intra-group loan it advanced to its parent company to part finance the acquisition of the Brand. Nevertheless, projections indicate sufficient liquidity for the foreseeable future.

Accordingly, Management and the Board are confident that the Company is well-positioned to meet its commitments for at least the next twelve months and accordingly concur with the going concern assumptions for the preparation of these condensed interim financial statements.

Statement pursuant to Capital Markets Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2023 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) applicable to interim financial reporting (IAS 34 Interim Financial Reporting); and

- The interim directors' report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

Signed on behalf of the Board of Directors on 28 August 2023:

Erik Skarp
Director

Michael Warrington
Director

Condensed Interim Statement of Comprehensive Income

	Notes	Period from 1 January to 30 June 2023	2022
		€	€
		(unaudited)	(unaudited)
Revenue	11	807,275	1,119,531
Cost of sales		(537,714)	(336,625)
Gross profit		269,561	782,906
Administrative expenses		(2,000,410)	(1,582,847)
Net impairment recovery on financial and contract assets		126,440	15,184
Operating loss		(1,604,409)	(784,757)
Finance income		58,849	-
Finance costs		(471,017)	(496,528)
Loss before tax		(2,016,577)	(1,281,285)
Loss for the period - total comprehensive loss		(2,016,577)	(1,281,285)

Condensed Interim Statement of Financial Position

	Notes	as at 30 June, 2023	as at 31 December 2022
		€	€
ASSETS		(unaudited)	(audited)
Non-current assets			
Intangible assets	4	8,272,943	9,386,194
Right-of-use asset		196,363	223,140
Property, plant and equipment		2,975	4,520
Total non-current assets		8,472,281	9,613,854
Current assets			
Short-term investments	5	5,952,493	-
Trade and other receivables		4,069,816	4,290,501
Loan to parent	6	1,840,313	-
Cash and cash equivalents	7	5,801,336	14,971,484
Total current assets		17,663,958	19,261,985
Total assets		26,136,239	28,875,839
EQUITY			
Capital and reserves			
Share capital		20,580,000	20,580,000
Accumulated losses		(11,042,708)	(9,026,131)
Total equity		9,537,292	11,553,869
LIABILITIES			
Non-current liabilities			
Borrowings	9	14,691,132	14,658,466
Lease liabilities		141,088	187,481
Total non-current liabilities		14,832,220	14,845,947
Current liabilities			
Trade and other payables		1,696,183	2,428,320
Lease liabilities		70,544	47,703
Total current liabilities		1,766,727	2,476,023
Total liabilities		16,598,947	17,321,970
Total equity and liabilities		26,136,239	28,875,839

Condensed Interim Statement of Changes In Equity

	Share capital	Accumulated losses	Total
	€	€	€
Balance at 1 January 2022	20,580,000	(6,090,896)	14,489,104
Loss for the period - total comprehensive loss for the period	-	(1,281,285)	(1,281,285)
Balance at 30 June 2022	20,580,000	(7,372,181)	13,207,819
Balance at 1 July 2022	20,580,000	(7,372,181)	13,207,819
Loss for the period - total comprehensive loss for the period	-	(1,653,950)	(1,653,950)
Balance at 31 December 2022	20,580,000	(9,026,131)	11,553,869
Balance at 1 January 2023	**20,580,000**	**(9,026,131)**	**11,553,869**
Loss for the period - total comprehensive income for the period	-	**(2,016,577)**	**(2,016,577)**
Balance at 30 June 2023	**20,580,000**	**(11,042,708)**	**9,537,292**

Condensed Interim Statement of Cash Flows

	Period from 1 January to 30 June	
	2023	2022
	€	€
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss before tax	**(2,016,577)**	(1,281,285)
Adjustments for:		
Depreciation and amortisation	**1,318,144**	1,282,261
Finance costs	**471,017**	496,528
Net impairment recovery on financial and contract assets	**(52,960)**	10,107
	(280,376)	507,611
Change in operating assets and liabilities:		
Movement in trade and other receivables	**(1,566,668)**	(3,210,925)
Movement in trade and other payables	**(1,164,039)**	690,513
Net cash used in operating activities	**(3,011,083)**	(2,012,801)
Cash flows from investing activities		
Payments for the acquisition of short-term investments	**(5,952,493)**	-
Payments for the acquisition of PPE	-	(4,651)
Payments for the acquisition of intangible assets	**(176,572)**	(574,745)
Net cash used in investing activities	**(6,129,065)**	(579,396)
Cash flows from financing activities		
Principal elements of lease payments	**(30,000)**	(51,000)
Net cash used in financing activites	**(30,000)**	(51,000)
Net decrease in cash and cash equivalents	**(9,170,148)**	(2,643,196)
Cash and cash equivalents at beginning of the period	**14,971,484**	15,605,189
Cash and cash equivalents at end of the period	**5,801,336**	12,961,993

Notes to condensed interim financial statements

1. Summary of significant accounting policies

1.1 Basis of Preparation

The condensed interim financial statements are being published in terms of Capital Markets Rule 5.74 issued by the Malta Financial Services Authority – Listing Authority and have been prepared in accordance with the applicable Capital Markets Rule and the International Accounting Standard 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386).

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 2023 and the comparative period in 2022. The comparative statement of financial position as at 31 December 2022 has been extracted from the audited financial statements for the year then ended.

This half-yearly financial report has not been audited nor reviewed by the Company's independent auditors, in terms of Capital Markets Rule 5.75.5.

The accounting policies applied in the preparation of the Company's condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2022.

There were no standards, amendments and interpretations that are mandatory for the accounting period after 1 January 2023 that had a significant impact on the Company's policies and condensed interim financial statements.

Going concern

Following the sale of the previously owned Brand, a strategic decision by the Group (following industry developments in the B2C market over the past year) to focus on its B2B business, with the Company at the forefront of this new strategy is now being adopted. To this end, the Company intends to further increase its B2B marketing activities and will continue to provide full white label solution services to third-party white label iGaming operators, as well as, offering 'turnkey' solution of the Company's proprietary iGaming platform to licensed third-party B2C operators. The Group retained its B2C licenses solely for the purposes of supporting the Company's B2B business and white label clients.

A baseline scenario of profitability and liquidity projections for the period 2022 to 2023 has been reset adopting a more prudent approach with more cautious assumptions taking into consideration the need to constantly build up new revenues and the disposal of the Brand during 2021. The revised projections by management for 2023 and beyond, take into consideration the reacquisition of the Brand B2C assets that occurred in Q1 2023.

The prudent base case scenario set by management anticipates a status quo of the white label business and a slow ramp-up of turnkey business, in addition to increased revenues from the provision of its turnkey platform services to its group's B2C arm, following the group's reacquisition of the brand asset. The projections indicate that 2023 revenue is likely to surpass the Company's operating cost base, and management expects a positive EBITDA in 2023. Cash flows are projected to decrease throughout the projected period in view of the intra-group loan it made to its parent company to acquire the Brand B2C assets. Nevertheless, projections indicate sufficient liquidity for the foreseeable future.

The Company's executive management has re-evaluated prudently the performance of the Company for 2023, 2024, and thereon, including the re-acquisition of the Brand and the expected increase in revenues therefrom and from new potential B2B activity.

The aforementioned events or conditions may indicate the existence of material uncertainty which may cast doubt about the Company's future ability to generate expected cashflows and profitability. Based on the above, Management and the Board nevertheless, reasonably expect that the Company will retain adequate resources to continue its operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of the 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 2022.

3. Critical accounting estimates 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.

3. Critical accounting estimates and judgements – continued

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
- Allowance for expected credit losses

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 Allowance for expected credit losses

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 forty-eight months and monitored over the period between 1 July 2019 and 30 June 2023, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. On that basis, the loss allowance as at 30 June 2023 for trade receivables, Related Party Receivables & Cash & Cash Equivalents was determined to be €559,251 (December 2022: €685,692).

Events after the end of the reporting period

There are no events subsequent to the reporting period which require mention in this report.

4. Intangible assets

	Platform
As at 31 December 2022	
	€
Opening net book amount	**10,885,068**
Additions	1,001,403
Amortisation charge	(2,500,277)
Closing net book amount	**9,386,194**
As at 30 June 2022	
Opening net book amount	**9,386,194**
Additions	176,572
Amortisation charge	(1,289,823)
Closing net book amount	**8,272,943**

Additions to the platform of €176,572 are capitalised costs based on services 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 the year ended 31 December 2022 in relation to the impairment of the Company's intangible assets.

5. Short-term investments

	As at 30 June 2023	As at 31 December 2022
	€	€
Opening net book amount	**-**	-
Additions	5,952,493	-
Closing net book amount	**5,952,493**	**-**

During 2023, Together Gaming Solutions plc applied for the tender of the 91 Days Malta Government Treasury Bills due for repayment on 24 August 2023. These investments are offering a yield between 3.15% to 3.17%.

6. Loan to parent

	As at 30 June 2023 €	As at 31 December 2022 €
Loan to parent company	**5,952,493**	-

On 14 February 2023, the Company provided a loan of €1,800,000 to Gameday Group plc to part finance the reacquisition of Bethard's business, which had been sold in March 2021. The loan has a fixed rate of interest of 6.25% per annum, which interest is repayable on the 10 June of each year, with the maturity date of the loan being 10 June 2026.

7. Cash and cash equivalents

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

	As at 30 June 2023 €	As at 31 December 2022 €
Cash at bank and in hand	**5,865,067**	15,108,696
Less expected credit losses	**(63,731)**	(137,212)
	5,801,336	14,971,484

8. 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 Mezzanine Office, The George Hotel, Triq Ball, Paceville, St Julians STJ 3123, Malta.

Gameday Group plc prepares the consolidated financial statements of the Group, of which the Company forms part. These financial statements are filed and available for public inspection at the Registrar of Companies in Malta and on the Company's website.

The companies forming part of Gameday Group plc include Bethard Group Limited and World Class Services Limited. The Company carried out related party transactions with both subsidiary companies of Gameday Group plc and with its parent company.

Revenue generated from related parties during the period and balances with related parties were as follows:

	Period ending 30 June 2023 €	Period ending 30 June 2022 €
Revenue	**€472,760**	260,238

Revenue generated from related parties during the period and balances with related parties were as follows:

	As at 30 June 2023 €	As at 31 December 2022 €
Amounts due from immediate parent	**4,053,196**	3,544,221

	As at 30 June 2022 €	As at 31 December 2022 €
Amounts owed to fellow subsidiaries	**(476,478)**	(878,595)

9. Borrowings

	As at 30 June 2022 €	As at 31 December 2022 €
Non-current		
5.9% 2024-2026 Bonds	**19,803,621**	14,658,466

	€	€
Principal bonds outstanding	**14,762,100**	20,000,000
Bond settlement and release of bond issue cost	-	(5,185,264)
Gross amount of bond issue costs	**(403,061)**	(403,061)
Amortisation of bond issue costs	**332,093**	246,791
Amortised cost and closing carrying amount	**14,691,132**	14,658,466

Interest on the 5.9% 2024-2026 bonds is payable annually in arrears, on 22 July of each year. As at 30 June 2023, the bonds were trading at slightly below par at €99.6 (2022: at €98) with the most recent trading price of €100.50 as at 23 August 2023.

Accrued interest as at 30 June 2023 amounts to €822,007 (31 December 2022: €390,105).

10. Commitments

As at 31 December 2022 and also during 2023, there were no future outflows committed to by the Company.

11. Revenue

	Period ending 30 June 2023 €	Period ending 30 June 2022 €
Revenue generated from related parties	**472,760**	260,238
Revenue generated from third parties	**334,515**	859,293
	807,275	1,119,531

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

	Period ending 30 June 2023 €	Period ending 30 June 2022 €
White label services	**334,515**	859,293
Turnkey services	**472,760**	260,238
Revenue	**807,275**	1,119,531

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

12. Comparative information

Certain comparative figures have been reclassified to conform with the current period's condensed interim financial statements presentation.