TOGETHER GAMING SOLUTIONS P.L.C.

Annual Report and Financial Statements
31 December 2022

Company Registration Number: C 72231

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 2022. The Company is a subsidiary of Gameday Group plc and is part of the broader group of companies of 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 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 licence. The Company offers its iGaming platform as a 'turnkey' solution to various licensed operators (including the Group's licensed B2C iGaming operator). The Company also offers its iGaming platform to third party white label iGaming operators as part of a full-service 'white label' solution 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). On 18 June 2021, the Company transferred the Brand to a fellow subsidiary Company at fair value which equated to book value as part of a wider group restructuring exercise which included the sale of the Group's B2C gaming activity by the Group's parent Company to a third-party.

In 2022, the Company's intention was to invest part of the proceeds from the disposal of the Brand into marketing activities to accelerate growth in its B2B services to third party iGaming operators, including full white label solution services and 'turnkey' solutions on the Company's proprietary iGaming platform. The Group retained its B2C licences solely for the purposes of supporting the Company's B2B business and white label clients. This planned investment did not materialise as the B2B market did not present the right investment opportunities in 2022 due to ongoing regulatory developments.

In Q1 2023, the Group had the opportunity to re-purchase 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.

Review of the business

During the year, revenue was mainly generated from two different streams: white label services and turnkey services. There were no revenues from royalties and turnkey fees generated from the Brand since the Brand was sold on 18 June 2021. Parting ways with the Brand left an impact on the Company revenues generated during the year. Whilst the Company refocused its efforts on generating third party revenues to drive future growth, revenue growth didn't match original expectations due to various challenges encountered within the B2B industry and subsequent lack of opportunities for investment in the marketing area that would have been necessary to generate such revenue.

During the year under review, gross revenue totalled €4,467,676 (2021: €8,982,530). Net of directly attributable costs, the revenue of the Company as disclosed in the financial statements amounted to €2,052,769 (2021: €3,810,743) corresponding to a year-on-year decrease of 46% (2021: 58%).

Directors' report - continued

Review of the business - continued

As described above, the revenue decrease was mainly attributable to the sale of the Brand which resulted in no royalty income during 2022 (2021: €1,730,059). Revenue during 2022 was derived from; i) leasing of the platform (turnkey services) amounting to €527,890 (2021: €514,693); and ii) white label services amounting to €1,524,879 (2021: €1,565,991).

Cost of sales amounted to €745,275 (2021: €2,577,627) and mainly consisted of other direct costs (including platform costs) of €630,188 (2021: €1,290,302), and marketing costs which related to the Brand. During 2022, the costs were only €115,087 (2021: €1,287,325) following the termination of the marketing agreement with former brand ambassador. Accordingly, whilst revenue decreased to €4,467,676 in 2022 from €8,982,530 in 2021, gross profit increased to €1,307,494 from €1,233,116.

Administrative expenses amounted to €3,403,294 (2021: €3,413,346) and mainly consisted of depreciation and amortisation amounting to €2,581,151 (2021: €2,496,410) and employee benefit expenses (including director fees) amounting to €280,732 (2021: €358,613).

Finance costs amount to €953,560 (2021: €969,903) which mainly relate to the 5.9% interest on the bonds issued by the Company in July 2019.

The Company registered a loss for the year amounting to €2,935,235 (2021: €4,144,547).

Following the disposal of the Brand and the restructuring of the Group, the Company kept focusing its efforts on developing its B2B activities to replace discontinued revenue streams with third party business from white label and turnkey services. Management expected that, following the disposal of the Brand and the restructuring of its business, there would have been a short-to-medium-term mismatch between revenues and operational cost that resulted in short-to-medium-term losses.

During the course of 2022, the B2B business momentum was low due to ongoing regulatory developments and competition. Accordingly, the Company did not encounter sufficient opportunities for attractive investments in the marketing area to accelerate its growth in the B2B sector, as initially envisaged and accordingly decided to postpone investment activity until the market stabilises. In the meantime, the Group and the Company consistently kept reviewing strategic options for the B2B business to break this trend whilst ensuring the necessary efforts are put in to place to drive revenue growth. To this end, management seized the opportunity immediately after year end for the Group to secure the buyback of the former Brand business allowing the Company to have immediate access to revenues from the newly B2C assets acquired by the Group through the provision of its platform services, consequently increasing its revenues at a faster rate, whilst at the same time, retaining sufficient liquidity for future investment in the B2B market should the opportunity arise.

Financial Position

The Company's financial position is set out in the statement of financial position on page 11.

At 31 December 2022, the Company's total asset base stood at €28,875,839 (2021: €36,683,864), of which €14,971,484 (2021: €15,605,189) comprised cash and cash equivalents.

Trade and other receivables amounted to €4,290,501 (2021: €9,920,737) of which €3,544,221 (2021: €8,802,568) are related party receivables.

Directors' report - continued

Financial Position - continued

Included in trade and other receivables at year-end is a balance receivable in connection with the disposal of the Brand from Gameday Group plc of €3,318,277 (2021: €8,568,237), net of a loss allowance provision. As disclosed in Note 19 to these financial statements, on 25 March 2022, an intra-group restructuring exercise took place resulting in the settlement of part this balance amounting to €5,185,521 through the transfer and subsequent cancellation of a number of the Company's bonds at a selling price of €99 per bond, being the average market price on the date of sale. These bonds had a total nominal value of €5,237,900.

The other main asset of the Company following the sale of the Brand, comprised of the technology platform (the "Platform") which is stated at a net book value of €9,386,194 (2021: €10,885,068).

During 2022, no deferred tax assets were recognised. The Company de-recognised a deferred tax asset relating to the Brand amounting to €1,040,371 in 2021, which was previously recognised in 2020.

Following the payment of bond interest amounting to €870,964 (2021: €870,963), cash and cash equivalents amounted to €15,108,696 at year-end (2021: €15,750,065).

The Company's main liabilities are €14,762,100 (2021: €20,000,000) bonds issued to the public in 2019 and trade and other payables amounting to €2,428,320 (2021: €2,078,462).

During the year, the Company's share capital remained constant at €20,580,000 in line with 2021. The Company's debt leverage at 31 December 2022 was less than 50% (2021: less than 50%). The current asset ratio stood at 7.78 at the end of 2022 (2021: 11.55) and hence its liquidity position 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 the statement of comprehensive income on page 12. During the year, the directors did not declare any dividend (2021: Nil).

Principal risks and uncertainties faced by the Company

Exposure to 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.

Directors' report - continued

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. During late 2021, the Netherlands regulated its gaming industry negatively impacting revenues for several gaming operators and white label operators across the gaming industry. In line with all other gaming operators, the Company, the revenue of which is also directly dependent on the online Gambling industry, experienced reduced revenues consequent to this regulatory development. The Company expects further jurisdictions to regulate their gaming industry with the consequence of similar impacts on revenues.

COVID-19 and its impact on financial and operational performance

All of the Company's revenue streams are dependent on the operational performance of the Company's Gaming operator clients including white-label operators and licensed gaming operators.

COVID-19 left adverse implications on the worldwide economy during 2020 and 2021, yet seemingly not impacting 2022. The Gambling market began to stabilise during 2022, following the unprecedented upheaval and disruption of the pandemic showing a steady trend of online gambling. The global online casino market developed strongly during 2022. Europe's gambling market revenue increased 23% this year, driven by the post-pandemic reopening of casinos and betting shops, with total revenue stabilising 8% above pre-pandemic levels.

Although the Company perceives any resurgence of COVID-19 on the same levels as experienced in 2020 and 2021 or any other pandemic to have negative impact on its revenues, nevertheless during 2022, the Company's revenues did not seem to have been impacted directly by the existing presence of COVID-19.

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 licence 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 exsisting 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 Q1 2023, the Group pounced on an opportunity that arose and managed to reacquire the Brand B2C assets it had previously disposed of during 2021 and the Company should now be generating immediate revenues from its B2C group arm through the provision of its turnkey platform services, consequently addressing the shortfall in expected revenues in the short-to-medium-term.

Directors' report - continued

Establishing Revenue growth from diversified B2B activities - continued

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.

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.

Going concern assessment

A baseline scenario of profitability and liquidity projections for the period 2023 to 2024 has been reset 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 B2C assets that occurred in Q1 2023, and 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 B2C assets. 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 advanced to its parent company to part finance the acquisition of the Brand B2C assets. 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 financial statements. Reference should also be made to Note 1.1 to these financial statements.

Directors' report - continued

Directors

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

Mr. Erik Johan Sebastian Skarp
Mr. Benjamin Delsinger
Mr. Edward Licari
Mr. Kari Pisani
Mr. Michael Warrington
Mr. David Bonnet – appointed 10 January 2022

Mr. Edward Licari also held the office of Company Secretary during the year.

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 (IFRS) as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- 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 control 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 2022 are included in the Annual Report 2022, 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

RSM Malta were re-appointed as auditors of the Company in 2022.

Directors' report - continued

Disclosure in terms of the Capital Markets Rules

Going concern statement pursuant to Capital Markets Rule 5.62

The Company's revenues will still be driven by the gambling activity of online users of its customer's websites and there still remains a risk that the prolongation of the prevailing unfavourable economic conditions due to the introduction of new laws and regulations in a number of unregulated jurisdictions and the prevailing Global economic uncertainties post the Ukraine and Russia armed conflict could keep on suppressing overall activity.

The Company's executive management has re-evaluated prudently the performance of the Company for 2022 and 2023, factoring in the reacquisition of the Brand, the expected increase in the B2B activities and initiatives notwithstanding the disruptions being caused by the introduction of new laws and regulations in a number of unregulated jurisdictions and the prevailing Global economic uncertainties post the Ukraine and Russia armed conflict. The prudent base case scenario 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 B2C assets. 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 advanced to its parent Company to part finance the acquisition of the Brand B2C assets. Nevertheless, projections indicate sufficient liquidity for the foreseeable future.

Accordingly, Management and the Board nevertheless remain confident that the Company shall meet its commitments within the next 12 months and consequently, shall continue operating as a going concern.

Pursuant to Capital Markets Rule 5.70.1

The Company had an agreement with Bethard Group Limited, a related party, for the sharing of the leased office space. In March 2022, both the third-party lease and the sharing of lease with a related party were terminated. In the same month, the Company entered into a new lease agreement with another third party.

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 (IFRS) 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.

Signed on behalf of the Company's Board of Directors on 26 April 2023 by Mr. Erik Johan Sebastian Skarp (Director and Chairman of the Board) and Mr. Michael Warrington (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Report and Financial Statements.

Corporate Governance - Statement of Compliance

The Capital Markets Rules issued by 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 are subject to the Capital Markets Rules) are required to include, among other things, in their Annual Report, a corporate governance statement and a statement by the directors on the Company's compliance with the Code of Principles of Good Corporate Governance, 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 can efficiently be undertaken by the Board itself. However, the Board in any case undertakes, on an annual basis, a review of the remuneration paid to the directors and carries out an evaluation of their performance. 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 decisions relating to the redemption of the bond, and for monitoring 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, remotely ten times during the year under review. 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 year 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 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. David Bonnet (Independent Non-Executive Director) - Appointed 10 January 2022
Mr. Kari Pisani (Independent Non-Executive Director)

The Company Secretary of the Company is Edward Licari.

Corporate Governance - Statement of Compliance - continued

The Board - 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.

Internal controls & risk management 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. The monitoring of these controls and systems has been delegated to the Audit Committee (as described below). Such a system is 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 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 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 Capital Markets 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 meets at least five 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 quality control and risk management system 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 Capital Markets Rules). In accordance with the Capital Markets Rules, the members of the Audit Committee who were designated as competent in auditing and/or accounting were Mr. David Bonnet 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. The board decided to retain Mr. Michael Warrington as Audit Committee Chairman during 2022.

Corporate Governance - Statement of Compliance - continued

Audit Committee - continued

The Members of the Audit Committee are:

Mr. Michael Warrington (Chairman) - Appointed as Chairman on 1 May 2021
Mr. David Bonnet (Member) - Appointed on 10 January 2022
Mr. Kari Pisani (Member)

Relations 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.

Conflicts of Interest

On joining the Board and regularly thereafter, directors and officers of the Company are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and Capital Markets Rules. The Company has also set reporting procedures in line with the Capital Markets Rules, Code of Principles, and internal code of dealing.

Signed on behalf of the Company's Board of Directors on 26 April 2023 by Mr. Michael Warrington (Director, Chairman of the Audit Committee) and Mr. Kari Pisani (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Report and Financial Statements.

Statement of financial position

	Notes	Year ended 31 December 2022 €	2021 €
ASSETS			
Non-current assets			
Intangible assets	4	**9,386,194**	10,885,068
Right-of-use assets	5	**223,140**	265,262
Property, plant and equipment	6	**4,520**	7,608
Deferred tax asset	11	**-**	-
Total non-current assets		**9,613,854**	11,157,938
Current assets			
Trade and other receivables	7	**4,290,501**	9,920,737
Cash and cash equivalents	8	**14,971,484**	15,605,189
Total current assets		**19,261,985**	25,525,926
Total assets		**28,875,839**	36,683,864
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	**20,580,000**	20,580,000
Accumulated losses		**(9,026,131)**	(6,090,896)
Total equity		**11,553,869**	14,489,104
Non-current liabilities			
Borrowings	10	**14,658,466**	19,842,990
Lease liabilities	5	**187,481**	141,172
Total non-current liabilities		**14,845,947**	19,984,162
Current liabilities			
Trade and other payables	12	**2,428,320**	2,078,462
Lease liabilities	5	**47,703**	132,136
Total current liabilities		**2,476,023**	2,210,598
Total liabilities		**17,321,970**	22,194,760
Total equity and liabilities		**28,875,839**	36,683,864

The notes on pages 15 - 42 are an integral part of these financial statements.

The financial statements on pages 11 to 42 were approved and authorised for issue by the Board of Directors on 26 April 2023. The financial statements were signed on behalf of the Company's Board of Directors by Mr. Erik Johan Sebastian Skarp (Director and Chairman of the Board) and Mr. Michael Warrington (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Report and Financial Statements.

Statement of comprehensive income

	Notes	Year ended 31 December 2022 €	2021 €
Revenue	13	**2,052,769**	3,810,743
Cost of sales	15	**(745,275)**	(2,577,627)
Gross profit		**1,307,494**	1,233,116
Administrative expenses	15	**(3,403,294)**	(3,413,346)
Net impairment (losses)/recovery on financial and contract assets	2.1b	**(253,964)**	45,957
Operating loss		**(2,349,764)**	(2,134,273)
Other Income	14	**368,346**	-
Loss on settlement and cancellation of bonds		**(257)**	-
Finance costs	17	**(953,560)**	(969,903)
Loss before tax		**(2,935,235)**	(3,104,176)
Tax expense	18	**-**	(1,040,371)
Loss for the year - Total comprehensive loss		**(2,935,235)**	(4,144,547)

The notes on pages 15 - 42 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Accumulated losses €	Total €
Balance at 1 January 2021	20,580,000	(1,946,349)	18,633,651
Comprehensive loss			
Loss for the year	-	(4,144,547)	(4,144,547)
Total comprehensive loss	-	(4,144,547)	(4,144,547)
Balance at 31 December 2021	20,580,000	(6,090,896)	14,489,104
Balance at 1 January 2022	**20,580,000**	**(6,090,896)**	**14,489,104**
Comprehensive loss			
Loss for the year	**-**	**(2,935,235)**	**(2,935,235)**
Total comprehensive loss	**-**	**(2,935,235)**	**(2,935,235)**
Balance at 31 December 2022	**20,580,000**	**(9,026,131)**	**11,553,869**

The notes on pages 15 - 42 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2022 €	2021 €
Cash flows from operating activities			
Loss before tax		**(2,935,235)**	(3,104,176)
Adjustments for:			
Depreciation and amortisation	4,5,6	**2,581,151**	2,496,410
Finance costs	17	**953,560**	969,903
Gain on derecognition of lease	14	**(8,850)**	-
Loss on settlement and cancellation of bonds	10	**257**	-
		590,883	362,137
Change in operating assets and liabilities:			
Movement in trade and other receivables		**110,260**	6,781,099
Net impairment losses on financial and contract assets	2.1b	**253,964**	(45,957)
Movement in trade and other payables		**(152,669)**	(5,511,395)
Net cash generated from operating activities		**802,438**	1,585,884
Cash flows from investing activities			
Payments for the acquisition of intangible assets	4	**(1,001,403)**	(912,918)
Proceeds from the sale of intangible assets	4	**-**	15,552,390
Net cash (used in)/generated from investing activities		**(1,001,403)**	14,639,472
Cash flows from financing activities			
Principal elements of lease payments	5	**(81,000)**	(144,000)
Bond interest payments	17	**(870,964)**	(870,963)
Movement in related parties balances		**437,734**	-
Movement in shareholder balances		**71,826**	-
Net cash used in financing activities		**(442,404)**	(1,014,963)
Net movement in cash and cash equivalents		**(641,369)**	15,210,393
Cash and cash equivalents at beginning of year		**15,605,189**	535,555
Loss allowance movement on cash and cash equivalents		**7,664**	(140,759)
Cash and cash equivalents at end of year	8	**14,971,484**	15,605,189

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

The notes on pages 15 - 42 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

During 2021, the Company leased its Brand and offered its Platform as a turnkey solution to licensed B2C iGaming operators. Furthermore, the Company (together with the Group's licensed B2C iGaming operators) offered its Platform to white label iGaming operators as part of a full-service 'white label' solution for launching and operating online casino and sportsbook websites. On 18 June 2021, the Company transferred its Brand to Prozone Limited being a Group subsidiary, in preparation for the sale of the Group's B2C business which took place on 1 July 2021.

The aforementioned sale transaction followed 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 being at the forefront of this new strategy. Consequently, the Company no longer licensed the Brand to other Group companies. To this end, the Company intended to increase its B2B marketing activities and continued 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 licences 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.

Accordingly, the Board is 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 financial statements. For this reason, the Board believes that it is appropriate to prepare the financial statements on a going concern basis.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, amendments and interpretations to published standards effective in 2022

In 2022, the Company has adopted amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning 1 January 2022. None of these have had any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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 (2021: 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 generally recognised in the statement of comprehensive income 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. Summary of significant accounting policies - continued

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 Company 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.

(a) Recognition, measurement and de-recognition

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 the statement of comprehensive income 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:

	Useful life
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. 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

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 1.5).

1.5 Impairment of non-financial assets

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.

1.6 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 the statement of comprehensive income in the period of derecognition.

1. Summary of significant accounting policies - continued

1.6 Property, plant and equipment - continued

(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 the statement of comprehensive income 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.

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 loss 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 2.1b for further details. For cash and cash equivalents, the Company considers having 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 using 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: at fair value through profit or loss and as 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 normally 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. Following the sale of the Brand in 2021, this revenue stream was no longer generated.

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 steam falls in scope of IFRS 15.

1. Summary of significant accounting policies - continued

1.17 Revenue recognition - continued

Revenue from white label services

In contracting with white label 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 white label service to the third party. Revenue earned by the Company from white label 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 from 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 non-cancellable lease arrangements for the use of immovable properties. These rental contracts are typically made for fixed periods but may have extension options as described below.

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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do 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.

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;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; 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 lessee's incremental borrowing rate is used, being the rate that the individual lessee 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 received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency, and security.

Lease payments are allocated between principal and finance costs. 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 leases 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 foreign exchange risk, 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:

	2022	2021
	€	€
Trade receivables (Note 7)	**1,053,870**	725,823
Amounts due from related parties (Note 7)	**3,544,221**	8,802,568
Cash at bank (Note 8)	**15,108,696**	15,750,065
Maximum exposure to credit risk	**19,706,787**	25,278,456

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets

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

- trade receivables;
- debt investments carried at amortised cost; and
- cash and cash equivalents

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 forty-two months and monitored over the period between 1 July 2019 and 31 December 2022, 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 31 December 2022 for trade receivables was determined to be €322,536 (2021: €53,533).

The loss allowance for trade receivables as at 31 December 2022 and 2021 reconcile to the opening loss allowances as follows:

	2022	2021
	€	€
Opening loss allowance as at 1 January	**53,533**	50,384
Increase in loss allowance on trade receivables recognised in profit or loss during the year	**269,015**	52,403
Receivables written off during the year as uncollectible	**(12)**	(49,254)
Closing loss allowance at 31 December (Note 7)	**322,536**	53,533

Debt investments carried at amortised cost

The Company's debt investments carried at amortised cost primarily relate to amounts due from its parent company, Gameday Group plc (Note 7). The Company measures credit risk and expected credit losses on the amount due from its parent company 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 2022, 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 may exist a probability of default taking into account the financial standing of the relevant counterparties and their ability to meet their contractual obligations.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Following the sale of the intangible asset specifically, the 'Bethard' brand, a balance of €8,801,568 was due in 2021 to the Company by Gameday Group plc in connection with this transaction. On 25 March 2022, an intra-group restructuring exercise took place with the end result that the parent company settled an amount of €5,185,521 due in terms of this balance receivable through the resale of a number of the Company's bonds at a selling price of €99 per bond, being the average market price on the date of sale. These bonds had a total nominal value of €5,237,900 to the Company (Note 10).

The remaining balance owed by the Gameday Group plc to the Company as at 31 December 2022 was of €3,544,221 including intercompany transactions during 2022.

As a result, the credit loss allowance was calculated on the remaining outstanding balance and the Company decreased the loss allowance provision to €225,944 (2021: €233,331) based on the 12-month expected credit losses, resulting in a reduction of the loss allowance by €7,387 (2021: €239,120).

Net impairment recovery/(loss) on financial and contract assets recognised in profit or loss

During the year, the following recovery/(loss) were recognised in profit or loss in relation to impaired financial assets:

	2022	2021
	€	€
Increase in loss allowance recognised in profit or loss during the year	**(269,003)**	(3,149)
Receivables written off during the year as uncollectible	**(12)**	(49,254)
Recovery on other financial assets	**15,051**	98,360
Recovery/(impairment) on financial and contract assets	**(253,964)**	45,957

(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 (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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

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. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On Demand	Due within one year	Between 1 and 2 Years	Between 2 and 7 Years	Total
31 December 2022	**€**	**€**	**€**	**€**	**€**
Borrowings (Note 10)	**-**	**883,060**	**493,546**	**14,762,100**	**16,138,706**
Trade and other payables (Note 12)	**2,428,320**	**-**	**-**	**-**	**2,428,320**
Lease liabilities (Note 5)	**-**	**47,703**	**52,410**	**135,071**	**235,184**
Total	**2,428,320**	**930,763**	**545,956**	**14,897,171**	**18,802,210**
31 December 2021					
Borrowings (Note 10)	-	435,481	870,963	16,504,027	17,810,471
Trade and other payables (Note 12)	441,861	1,636,601	-	-	2,078,462
Lease liabilities (Note 5)	**-**	91,103	91,103	91,102	273,308
Total	441,861	2,163,185	962,066	16,595,129	20,162,241

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.

2.2 Fair value estimation

Management analyses financial instruments carried at fair value, by the 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.

2. Financial risk management - continued

2.2 Fair value estimation - continued

At 31 December 2022 and 2021, the carrying amounts of other financial instruments, comprising cash at the bank, receivables, payables, borrowings 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.

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 the future development of the 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 that 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 judgments 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 judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree that 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. For further detail about intangibles assigned a definite useful life refer to Note 4.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the past pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 2.1b, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

4. Intangible assets

	Total €	Platform €	Brand €
Year ended 31 December 2021			
Opening net book amount	37,332,841	12,332,841	25,000,000
Additions	912,918	912,918	-
Amortisation charge	(2,360,691)	(2,360,691)	-
Disposals	(25,000,000)	-	(25,000,000)
Closing net book amount	10,885,068	10,885,068	-
As at 31 December 2021			
Cost	16,943,225	16,943,225	-
Accumulated amortisation	(6,058,157)	(6,058,157)	-
Closing net book amount	10,885,068	10,885,068	-
Year ended 31 December 2022			
Opening net book amount	**10,885,068**	**10,885,068**	**-**
Additions	**1,001,403**	**1,001,403**	**-**
Amortisation charge	**(2,500,277)**	**(2,500,277)**	**-**
Closing net book amount	**9,386,194**	**9,386,194**	**-**
As at 31 December 2022			
Cost	**17,944,628**	**17,944,628**	**-**
Accumulated amortisation	**(8,558,434)**	**(8,558,434)**	**-**
Closing net book amount	**9,386,194**	**9,386,194**	**-**

Additions to the platform of €1,001,403 represents capitalised costs based on external invoices received from 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 constant development of the Company’s 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 demonstrating any impairment triggers.

4. Intangible assets - continued

On 18 June 2021, the Company entered into an Intellectual Property Rights Purchase and Transfer Agreement with Prozone Limited, wherein the Company transferred the Bethard brand including the Bethard, Fastbet and Betive domains to Prozone Limited for a purchase consideration of €25,000,000.

5. Leases

The Company entered into an office lease agreement on 1 March 2022 for a period of 3 years, ending 31 March 2025.

In the comparative period, the Company terminated the lease agreement which was entered into for the rental of office premises. The below table shows the right-of-use assets and corresponding lease liabilities position as at 31 December 2022.

	Rights-of-use assets - premises €
Cost	
Opening balance	-
Additions	397,893
Balance at 31 December 2021	397,893
Opening balance	**397,893**
Additions	**267,768**
Disposals	**(397,893)**
Balance at 31 December 2022	**267,768**
Accumulated amortisation	
Opening balance	-
Amortisation	132,631
Balance at 31 December 2021	132,631
Accumulated amortisation	
Opening balance	**132,631**
Disposals	**(165,789)**
Amortisation	**77,786**
Balance at 31 December 2022	**44,628**
Carrying amount	
As at 31 December 2021	265,262
As at 31 December 2022	**223,140**

5. Leases - continued

	2022	2021
	€	**€**
Rights-of-use assets - premises	**223,140**	265,262
Lease liabilities:		
Current	**47,703**	132,136
Non-current	**187,481**	141,172
	235,184	273,308

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

	2022	2021
	€	€
Depreciation charge of right-of-use assets		
Premises	**77,786**	132,631
Interest expense (included in net finance expense) (Note 17)	**16,061**	19,416

The cash outflow in 2022 relating to the principal elements of lease payments captured by IFRS 16 amounted to €81,000 (2021: €144,000).

6. Property, plant and equipment

	Total	Office Equipment	Furniture & Fittings
	€	**€**	**€**
Year ended 31 December 2021			
Opening netbook amount	10,696	8,444	2,252
Depreciation charge	(3,088)	(2,838)	(250)
Closing netbook amount	7,608	5,606	2,002
As at 31 December 2021			
Cost	13,857	11,353	2,504
Accumulated depreciation	(6,249)	(5,747)	(502)
Closing netbook amount	7,608	5,606	2,002
Year ended 31 December 2022			
Opening netbook amount	**7,608**	**5,606**	**2,002**
Depreciation charge	**(3,088)**	**(2,838)**	**(250)**
Closing netbook amount	**4,520**	**2,768**	**1,752**
As at 31 December 2022			
Cost	**13,857**	**11,353**	**2,504**
Accumulated depreciation	**(9,337)**	**(8,585)**	**(752)**
Closing net book amount	**4,520**	**2,768**	**1,752**

7. Trade and other receivables

	2022	2021
	€	€
Trade receivables from contracts with customers	**1,053,870**	725,823
Less: Loss allowance on trade receivables	**(322,536)**	(53,533)
Trade receivables, net of loss allowance	**731,334**	672,290
Amounts due from related parties, net of loss allowance (Note 2.1b and Note 19)	**3,318,277**	8,569,237
Indirect taxation	**163,980**	495,030
Prepayments and accrued income	**76,910**	184,180
	4,290,501	9,920,737

Amounts due from related parties as at 31 December 2022 are net of a loss allowance of €225,944 (2021: €233,331). 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:

	2022	2021
	€	€
Cash at bank and in hand	**15,108,696**	15,750,065
Less expected credit losses	**(137,212)**	(144,876)
	14,971,484	15,605,189

Net debt reconciliation

The following is an analysis of net debt and the movements in net debt for each of the periods presented:

	2022	2021
	€	€
Borrowings (including bond issue costs) (Note 10)	**(14,658,466)**	(19,842,990)
Lease liabilities (Note 5)	**(235,184)**	(273,308)
Cash and cash equivalents	**14,971,484**	15,605,189
Net debt	**77,834**	(4,511,109)

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 and the accrual of bond interest costs.

As per Note 2.1.b, the borrowings principal balance was reduced by €5,237,900, leaving a borrowings outstanding principal balance of €14,762,100 as at 25 March 2022.

9. Share capital

	2022	2021
	€	€
Authorised		
30,000,000 (2021: 30,000,000) ordinary shares of €1 each	**30,000,000**	30,000,000
Issued and fully paid		
20,580,000 (2021: 20,580,000) ordinary shares of €1 each	**20,580,000**	20,580,000

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

	2022	2021
	€	€
Non-current		
5.9% 2024-2026 Bonds	**14,658,466**	19,842,990

	2022	2021
	€	€
Principal bonds outstanding	**20,000,000**	20,000,000
Gross amount of bond issue costs	**(403,061)**	(403,061)
Bond settlement and release of bond issue cost	**(5,185,264)**	-
Amortisation of bond issue costs to 31 December	**246,791**	246,051
Amortised cost and closing carrying amount	**14,658,466**	19,842,990

Interest on the 5.9% 2024-2026 Bonds is payable annually in arrears, on 22 July of each year. As at 31 December 2022, the Bonds were trading at slightly below par at €99 with the most recent trading price of €98 as at 20 April 2023.

On 25 March 2022, the parent company acquired outstanding bonds from a related party and used these bonds to offset a receivable due to the Company. The settlement of the €5,185,521 receivable due to the Company resulted in a net loss of €257.

Accrued interest as at 31 December 2022 amounts to €390,105 (2021: €389,854) 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% (2021: 35%). The deferred tax liabilities are mainly considered to be of a non-current nature.

Movement in temporary differences during the year:

	2022 €	2021 €
Year ended 31 December		
At beginning of the year	**-**	1,040,371
De-recognition of deferred tax assets	-	(1,040,371)
At 31 December	**-**	-

	2022 €	2021 €
De-recognition of deferred tax assets	**-**	(1,040,371)
Tax expense	**-**	(1,040,371)

All amounts listed in the above table are recognised in profit and loss. In 2021, after evaluating an internal deferred tax asset analysis, management is of the view that the most prudent approach would be to derecognise the existing deferred tax assets of €1,040,371, as at 31 December 2021, thus resulting in an equivalent tax expense of €1,040,371 for the year ending 31 December 2021. No deferred tax provision was taken during 2022.

12. Trade and other payables

	2022 €	2021 €
Trade and other payables	**903,980**	701,979
Amount owed to related parties (Note 19)	**878,595**	441,861
Accruals and deferred income	**255,640**	544,768
Accrued interest on bonds	**390,105**	389,854
	2,428,320	2,078,462

Amounts owed to related parties are interest-free, unsecured, and repayable on demand.

13. Revenue

	2022 €	2021 €
Income generated from related parties	**2,010,269**	3,699,811
Income generated from third parties	**42,500**	110,932
	2,052,769	3,810,743

The Company generated revenues in the form of turnkey fees and royalties from the licensing of the Brand and platform fees charged to licensed operators. Additionally, it generated revenue from white label services offered to white label customers. The Company's revenue in 2022 and 2021 was therefore split as follows:

	2022 €	2021 €
White label services	**1,524,879**	1,565,991
Royalties - licensing of the Brand	**-**	1,730,059
Turnkey fees	**527,890**	514,693
Revenue	**2,052,769**	3,810,743

All revenue generated from the various revenue streams is being treated as one revenue segment in line with internal management reporting. Following the sale of the Brand on 18 June 2021, the Company parted ways with its royalties revenue stream and turnkey fees generated from the Brand intangible asset.

14. Other Income

	2022 €	2021 €
Legal compensation	**359,496**	-
Gain on derecognition of lease	**8,850**	-
	368,346	-

During 2022, the Company was awarded compensation for the marketing fees paid in relation to its former brand ambassador agreement.

Furthermore, an income was recognised from the early de-recognition of the Company's previous lease.

15. Expenses by nature

	2022 €	2021 €
Cost of sales		
Brand awareness marketing	**115,087**	1,287,325
Other direct costs (including platform costs)	**630,188**	1,290,302
Total cost of sales	**745,275**	2,577,627
Administrative expenses		
Employee benefit expense (Note 16)	**280,732**	358,613
Management fees	**-**	150,000
Professional fees	**132,829**	286,858
Depreciation and amortisation (Notes 4, 5, 6)	**2,581,151**	2,496,410
Bank charges	**43,009**	10,874
Exchange rate variance	**59,584**	(42,587)
Other operating expenses	**305,989**	153,178
Total administrative expenses	**3,403,294**	3,413,346

Auditor's fees

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

	2022 €	2021 €
Annual statutory audit	**29,400**	28,000
Other non-audit services	**2,000**	500
	31,400	28,500

Other non-audit services relate to assisting with ESEF compliance and assistance in reviewing the interim financial statements.

16. Employee benefit expenses

	2022 €	2021 €
Wages and salaries	**272,143**	347,056
Social security costs	**8,589**	11,557
	280,732	358,613

The average number of employees employed during the year to 31 December 2022 amounted to 5 employees (2021: 7 employees).

Included in the total employee benefit expense is an amount of €154,461 (2021: €171,159) relating to directors' fees, €55,000 (2021: €63,750) relating to non-executive directors and €99,461 (2021: €107,409) relating to fees paid to an executive director.

17. Finance costs

	2022 €	2021 €
Interest payable on bonds	**870,964**	870,963
Amortisation of transaction costs	**66,535**	78,505
Lease interest and finance charges	**16,061**	19,416
Other finance costs	**-**	1,019
	953,560	969,903

Interest payable on bonds falls due on the 22 July of each financial year for the bond duration. The first interest payment fell due on 22 July 2020. The amount of interest payable in 22 July 2022 was €1,079,246.

Following a waiver of interest amounting to €208,282 due to a related party owning 52,379 bonds waiving off its right to receive the interest, consequently, the amount of interest paid to the remaining bondholders on 22 July 2022 was €870,964.

The amount of accumulated interest due from 22 July 2021 to 31 December 2022 amounted to €390,105. Following the settlement by a related party owning 52,379 bonds, the total interest payable to the remaining bondholders is €390,105.

18. Tax expense

	2022 €	2021 €
Deferred tax expense (Note 11)	**-**	1,040,371
Deferred tax expense for the year	**-**	1,040,371

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

	2022 €	2021 €
Loss before tax	**(2,935,235)**	(3,104,176)
Tax at 35%	**(1,027,332)**	(1,086,462)
Tax effect of:		
Deductible temporary differences	**-**	(1,153,644)
Current-year losses for which no deferred tax asset is recognised	**1,027,332**	2,239,371
Disallowed expenses & other differences	**-**	735
Derecognition of deferred tax asset	**-**	1,040,371
	-	1,040,371

19. 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 which 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 had 60 shareholders, most of whom had less than 10% shareholding. Gameday Group plc has no ultimate controlling party.

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 Registrar of Companies in Malta.

The companies forming part of Gameday Group plc include Bethard Group Limited and World Class Services Limited. Together Gaming Solutions p.l.c. carried out related party transactions with both subsidiary companies of Gameday Group plc and also with its parent company.

The following transactions were carried out with related parties:

(1) Following the sale of the intangible asset specifically, the 'Bethard' brand, a balance of €8,801,568 was due in 2021 to the Company by its parent company, Gameday Group plc, in connection with this transaction. On 25 March 2022, an intra-group restructuring exercise took place with the end result that Gameday Group plc settled an amount of €5,185,521 due in terms of this balance receivable through the resale of a number of the Company's bonds having a nominal value of €5,237,900 to the Company. Following the acquisition of the bonds from Gameday Group plc, the Company cancelled the bonds in accordance with clause 8.8 of the terms and conditions of the Bonds (as set out in the prospectus for the Bonds). The Company accepted to proceed with this intra-group restructuring exercise on the grounds that it will (a) contribute to the diminution of the claims owed to it by Gameday Group plc and thus significantly reduce the Company's sizeable exposure to this debtor; and (b) further reduce its liabilities by an amount equal to the value of the bonds cancelled, thus contributing to the simplification and strengthening of the Company's statement of financial position.

(2) During 2022, Together Gaming Solutions p.l.c. retained 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 white label customers (Note 13).
- an intangible asset licence agreement with Worldclass Services Limited giving rise to revenues earned from related parties (Note 13).
- sub-licensing agreement with Worldclass Services Limited giving rise to revenues earned from third parties.

19. Related parties - continued

Related party balances at year end were as follows:

	2022	2021
	€	€
Amounts due from fellow subsidiary	**-**	1,000
Amounts due from immediate parent	**3,544,221**	8,801,568
	3,544,221	8,802,568
Amounts owed to fellow subsidiaries	**(878,595)**	(441,861)

.

20. Significant risks and uncertainties

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 several other markets in Europe.

The Company monitors the legal situation within the EU and in certain jurisdictions outside the EU, and if any of its key markets were to regulate, the Company and its fellow subsidiaries if feasible would obtain the required licenses to be in a position to continue operating in that jurisdiction. The Rest of the 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 regulations, 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.

COVID-19 left adverse implications on the worldwide economy during 2020 and 2021, yet seemingly not impacting 2022. The Gambling market began to stabilise this year following the unprecedented upheaval and disruption of the pandemic showing a steady trend of online gambling.

Prior to the disposal of the Brand, the Company's performance was highly dependent on the performance of Bethard, 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 present levels and beyond, in order to consistently sustain its operational cost-base and generate profits. Such efforts during 2022, as anticipated proved to be challenging, and it is expected to take further time to yield the necessary results.

20. Significant risks and uncertainties - continued

The Group also faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. The expenses 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 royalties damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property.

In addition to the above, the following risks are also 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 technoloy.

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 affected.

21. Comparative financial information

Certain comparative figures disclosed are the main components of these separate financial statements that have been reclassified to conform with the current year’s presentation.

22. Statutory information

Together Solutions p.l.c. is a public liability company and is incorporated in Malta, with its place of business at Mezzanine Office, The George Hotel, Triq Ball, Paceville, St Julians STJ 3123, Malta. The immediate and ultimate parent company is Gameday Group plc, a limited liability company incorporated and domiciled in Malta, whose company registered address is Mezzanine Office, The George Hotel, Triq Ball, Paceville, St Julians STJ 3123, Malta.

23. Events after the reporting period

Subsequent to the year-end, on 14 February 2023, the Company provided a loan of €1,800,000 to Gameday Group plc to part finance the re-acquisition of Bethard's business through the re-acquisition of Prozone Limited. The purchase consideration in the purchase agreement was determined by the parties to be approximately €9,500,000 which comprised of (1) Prozone Limited liabilities amounting to approximately €1,200,000; (2) payment of approximately €6,500,000 due by Esports Entertainment Group, Inc. under the original share purchase agreement entered into in 2021; and (3) €1,650,000 of cash proceeds payable to the selling company at closing and €150,000 cash holdback which may be retained by the purchaser should liabilities exceed the agreed upon amounts in the purchase agreement.

Subsequent to the year-end, following the termination of the ongoing dispute with former brand ambassador, on 28 March 2023, the marketing agreement previously entered into with former brand ambassador was terminated with immediate effect.

24. Contingent Liability

Following claims related to copyright and indefinite right of use over parts of the Company's software that in the Company's view are unjustified, in response the Company has filed a legal complaint against the claimant.

The outcome of this legal proceeding is uncertain, and it is possible that the Company may incur loss or damages as a result of this dispute, the potential financial impact and timing of which cannot be accurately estimated at this time. The Company has consulted with its legal counsel and believes that it has a good case in relation to this matter.

RSM Malta
Mdina Road,
Żebbuġ ŻBĠ 9015,
Malta.
T +356 2278 7000

www.rsm.com.mt

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Together Gaming Solutions p.l.c. ("the Company"), set out on pages 11 - 42, which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee in accordance with the provision of Article 11 of the EU Regulation No. 537/2014 on specific requirements regarding statutory audits of public-interest entities.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that the non-audit services that we have provided to the Company are in accordance with the applicable laws 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 for the year ended 31 December 2022 are disclosed in Note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

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 Related to Going Concern*" section, we determined the matter below to be the key audit matter to be communicated in our report:

Valuation of Intangible Asset

The Company's remaining intangible asset which is the Platform is carried at cost less accumulated amortisation with a carrying value of €9,386,194 as at 31 December 2022.

Further detail is included in Note 4 to these financial statements.

Management believes that there are no impairment triggers due to constant development to the Platform. This assessment also considers management's future plans for this asset and that this asset was assigned a definite useful life and is being amortised.

Audit response

We evaluated the suitability and appropriateness of management's assessment by checking the performance of the Company with the projections prepared by management. We also assessed the appropriateness of disclosures in relation to the impairment assessment.

Based on our work performed, we noted that the carrying value and the related disclosures are consistent with the explanations and evidence obtained.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report, and the corporate governance statement of compliance. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

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. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSM

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Other Information - continued

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

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

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);
- the information given in the directors' report for the financial year on which the financial statements had been prepared is consistent with the financial statements; and
- in light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 IFRS as adopted by the EU and the requirements of the 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 AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, 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 auditors' 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 Code of Principles of Good Corporate Governance

The Capital Markets Rules issued by the Malta Financial Services 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 Capital Markets 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 8 - 10 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

INDEPENDENT AUDITORS' REPORT - continued

Report on Other Legal and Regulatory Requirements - continued

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of Together Gaming Solutions p.l.c. for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

Responsibilities of the directors
The directors are responsible for the preparation of the annual financial report, including the financial statements, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditors' responsibilities
Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the financial statements, comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in XHTML format.

- Examining whether the annual financial report has been prepared in XHTML format.

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

Opinion

In our opinion, the annual financial report for the year ended 31 December 2022 has been prepared in XHTML format in all material respects.

INDEPENDENT AUDITORS' REPORT - continued

Report on Other Legal and Regulatory Requirements - continued

Other matters on which we are required to report by exception

Under the Companies Act (Cap. 386), we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- proper returns have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We also have responsibilities under the Capital Markets 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 in this regard.

Appointment

We were first appointed to act as statutory auditors of the Company by the shareholders of the Company on 15 October 2021 for the year ended 31 December 2021, and we were subsequently reappointed by the shareholders at the Company's general meeting for the financial year thereafter. The period of uninterrupted engagement as statutory auditor of the Company is two financial years.

This copy of the audit report has been signed by

Bertrand Spiteri *(Principal)*

for and on behalf of

RSM Malta

Certified Public Accountants

26 April 2023