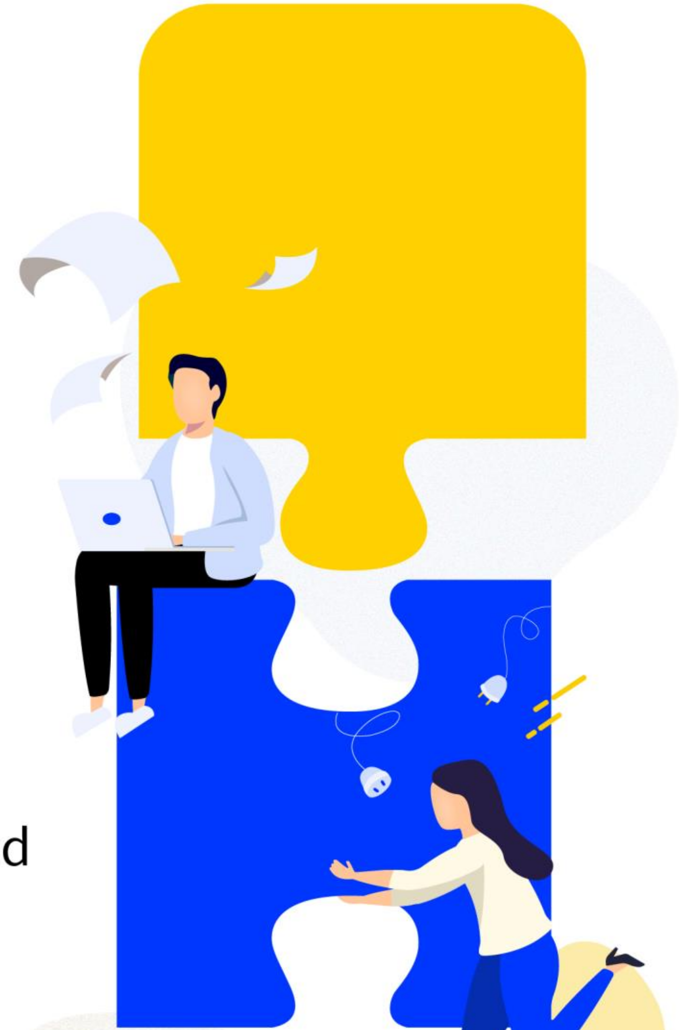
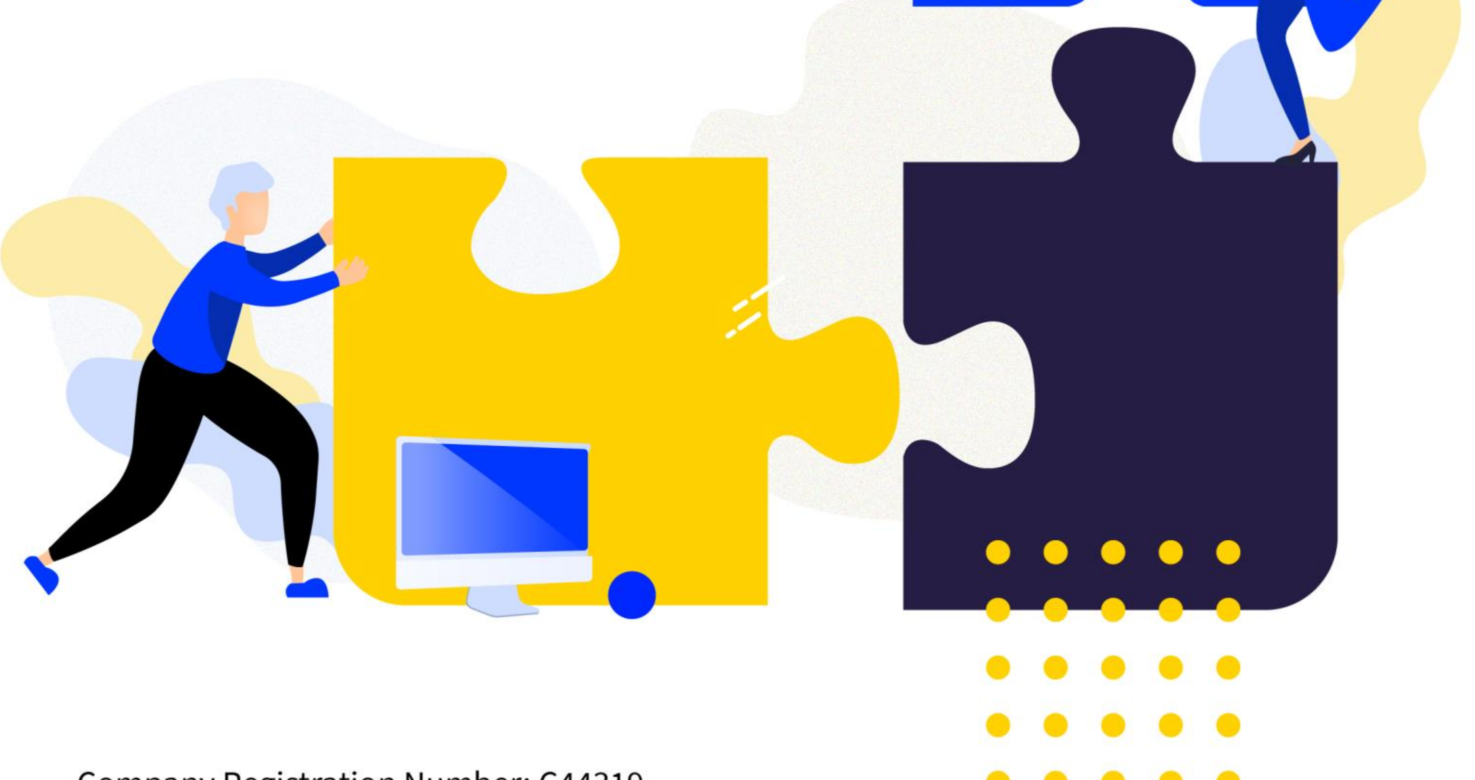
Gaming Innovation Group p.l.c.



Annual Report and Consolidated Financial Statements

31 December 2019



Company Registration Number: C44319

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

Principal activities and future developments

The Group's principal activities during 2019 were the provision of online gaming services, primarily casino and sports, provision of a remote gaming platform and affiliate marketing operations. The Group became dual listed on the NASDAQ Stock Exchange on 26 March 2019.

On 6 November 2019 the Board has appointed Richard Brown as GiG's Chief Executive Officer. The Board decided to replace the previous CEO Robin Reed on 5 September, asking GiG's, then, COO Richard Brown to assume the role as acting CEO.

The Board and the CEO have decided to conduct a strategic review of the Company to identify value-creating opportunities, reduce complexity and improve efficiency within the business.

The first action taken as a result of the strategic review was to discontinue any investment in its proprietary game studio during 2019. Towards the end of 2019, as part of this strategic review, the Board decided to initiate a process for disposal of its B2C segment.

Events after the reporting date

On 14 February 2020, Gaming Innovation Group Plc. signed a Share Purchase Agreement with Betsson Group for the divestment of its B2C assets, which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson will, through this agreement, become a long term partner of GiG, generating revenues to GiG's Platform Services. Betsson commits to initially keep the brands operational on GiG's platform for a minimum of 30 months. For the first 24 months, Betsson will pay a premium platform fee based on NGR generated.

On 16 April 2020, the Group completed the sale of its B2C Assets to Betsson. GiG received €33 million as consideration, including an upfront cash payment of €22.3 million relating to the acquisition, a prepaid platform fee of €8.7 million, €2 million relating to GiG's Spanish casino license, but excluding working capital adjustments. On 22 April 2020, GiG used part of these proceeds to repay the Company's SEK300 million 2017 - 2020 bond together with the cost incurred of SEK 1.1m for extending the maturity date of such bond from 6 March 2020 to 22 April 2020.

The sale of the B2C vertical is a result of GiG's strategic review, initiated in November 2019, leading to an evolved strategic direction to reduce complexity and improve efficiency. By divesting the B2C vertical, GiG will free up resources, enabling full dedication to driving and growing its B2B business, securing stable and sustainable earnings and profit margins. GiG sees a large and sustainable addressable market for its platform business as the regulation of the iGaming industry continues and is well positioned with the omni-channel platform offering to capitalise on the continued digital transformation of the worldwide gambling market.

GiG has, as part of the strategic review, made a decision to make its technical platform sportsbook agnostic, and partner with other sportsbook providers to offer the best solutions to its customers. Betsson's sportsbook solution is intended to be integrated on GiG's platform-offering. Both GiG and Betsson will gain strategic advantage in having the possibility to sell their respective B2B solutions in an environment without conflict of their own B2C brands.

Directors' report – continued

Events after the reporting date - continued

The strategic review continues for its proprietary sportsbook where GiG is actively discussing joint ventures or other constellations with potential partners to release the true asset value of the sportsbook and to secure external long term funding.

The divestment of B2C assets strengthens the Group's balance sheet by reducing net interest bearing debt by SEK300m through the repayment of the Company's SEK300m 2017-2020 bond from the funds generated by the B2C sale.

The potential impact of COVID-19 is described below.

Overall Group performance

Revenues from continuing operations amounted to €44.1 (2018: €51.6) million in the full year 2019, a decline of 15%, mainly due to the termination of a particular customer contract in Q4-18.

Revenues from discontinuing operations amounted to €79.0 (2018: €99.8) million in the full year 2019, a decline of 21%, mainly impacted by the challenging Swedish market.

EBITDA for the Group from continued operations decreased from EUR15.9 million in 2018 to EUR4.8m in 2019 mainly due to the termination of the above mentioned customer contract in Q4 2018.

EBITDA from the discontinued operations increased from EUR1.7 million in 2018 to EUR10.8 million in 2019 mainly driven through marketing cost optimisation.

EBITDA is equivalent to operating profit before depreciation and amortisation, impairment, other losses and share of net profit of associate accounted for using the equity method.

During the year, the continued operations of the Group incurred an impairment loss of EUR 3.9 million, which mainly represents the impact of the discontinuation of the Group's game studio (EUR2.0m), losses on investments in start-up companies (EUR0.9m) and impairment of capitalised sportsbook assets (EUR1.0m).

Impairment losses of intangible assets and goodwill from discontinued operations as a result of the divestment of B2C in 2020 amounted to EUR34.9m. The impairment of the B2C intangible assets and goodwill value was determined by reference to the expected consideration value of the sale transaction with Betsson. Therefore no further material impairment is expected once this transaction is completed.

Revenues

Net Gaming revenue from discontinued operations amounted to EUR79.0 million (2018: EUR99.8 million) for the full year 2019 due to the headwinds encountered in the Swedish market.

Revenues from continued operations consisted of revenues from performance marketing which increased to EUR30 million (2018: EUR29.3 million) for the full year 2019, and revenues from platform and other B2B services which decreased to EUR14.1 million (2018:EUR22.3 million) due to the above-mentioned termination of a principal B2B client.

Marketing expenses

With B2C as a discontinued operation, marketing expenses were EUR5.3 million (2018: EUR5.8 million) in the full year 2019, a decline of 9%. Marketing expenses' share of total revenues were 12% (2018: 11%).

Directors' report – continued

Total operating expenses

With B2C as a discontinued operation, other operating expenses amounted to €10.4 (2018: €8.0) million in the full year 2019, an increase of 29%. Personnel expenses were €23.6 (2018: 21.9) million, an increase of 25%. Capitalised expenses related to the Company's development of technology and future products amounted to €5.1 (2018: €5.6) in the full year 2019 and are capitalised over 3 years.

During the year, the continued operations of the Group incurred an impairment loss of EUR 3.9 million, which mainly represents the impact of the discontinuation of the Company's game studio (EUR2.0m), losses on investments in start-up companies (EUR0.9m) and impairment of capitalised sportsbook assets (EUR1.0m).

Profit from operations

Loss before tax from for the group from continued operations for the full year 2019 was EUR 30.8 million (2018: EUR7.2 million). Loss before tax from the group from discontinued operations for the full year 2019 was EUR26.5 million (2018: EUR13.1m).

Loss before tax at a company level for the full year 2019 was EUR76.8 million (2018: EUR4.0m). This is subsequent to an impairment charge of EUR 72.3m which is further described below.

Net finance costs

Net finance costs from continued operations for 2019 were EUR8.2 million (2018: EUR4.9 million). The increase in 2019 is mainly due to higher interest and early redemption expenses on bonds of EUR6.4 million (2018: EUR4.9 million), a decrease from favourable exchange differences of EUR0.8 million in 2018 to unfavourable exchange differences of EUR0.8 million in the current year, as well as EUR 0.8 million in terms of notional interest arising upon adoption of IFRS 16 'Leases' during 2019.

Statement of financial position

The largest asset on the balance sheet relates to intangible assets of EUR46.5 million, which mainly comprises goodwill generated through business combinations (EUR5.5 million), as well as affiliate assets acquired (EUR31.3 million). A right-of-use asset amounting to EUR14 million was recognised as a result of the adoption of IFRS 16. Trade and other receivables decreased to EUR20.4 million from EUR29.2 million in 2018, mainly due to the release of a EUR2 million bank guarantee previously required to operate a Spanish licence as well as trade receivables of EUR2.4m classified as AHFS.

Significant liabilities in the Group's balance sheet include trade and other payables and the bond issue. Trade and other payables have decreased year on year. Lease liabilities amounting to EUR 14,635,892 are connected to the adoption of IFRS 16.

Directors' report – continued

Statement of financial position - continued

On 31 December 2019, the Group and Company waived amounts receivable from the ultimate parent company of EUR4,442,526 and EUR3,721,224, which resulted in a reduction in the capital contribution of the same amount of the Group and the Company (refer to Note 18). The Company has also waived amounts due from a number of its subsidiaries of EUR8,918,181 which resulted in in the same increase in investment in subsidiaries (Note 9).

Financing and cash flow

The Group experienced a net cash outflow during the year of EUR 4.3 million (2018: inflow of EUR0.5 million). The main driver behind the net cash outflow was the interest payments with regards to the bonds of the Group.

As at 31 December 2019, net current liabilities of the Group and Company amounted to EUR5,250,275 (including the assets and liabilities classified as held for sale) and EUR30,197,217 respectively (2018: net current assets; EUR10,041,907 and EUR14,386,415). Current liabilities include a bond for an amount of EUR30,035,406 (nominal value SEK 300 million), which has been repaid on 22nd April 2020. Further, as described in note 22, a bond with a nominal value of EUR36,907,743 (SEK 400 million), becomes payable in June 2022.

The Group has repaid the 2017 - 2020 tranche of borrowings on 22 April 2020 following receipt of the proceeds due from the Group's divestment of its B2C vertical to Betsson Group (see note 6). As a result of this transaction, the Group has received EUR34 million on 16 April 2020, inclusive of net working capital adjustments, which have been used to fund the bond redemption for a total Euro equivalent of EUR27.8 million (applying currency rates in April 2020), inclusive of any late payment fees and interest.

The Group expects its financial position to improve following the repayment of the bond. At the same time, GIG acknowledges that pressures on liquidity will continue to prevail, until actions emanating from the Group's strategic review are successfully implemented. These include rationalisation of costs and operations in line with the Group's new focus. As described in note 6, an advance payment of EUR8.7million on B2B support services was used to settle the bond in Q1 of 2020, giving rise to increased liquidity pressures in the short term.

COVID-19

Impact of COVID-19 on the Group's operations and financial information

The occurrence of extraordinary events, such as natural disasters, and the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In early 2020, the existence of a new virus, now known as COVID-19, was confirmed, and since this time COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, which has also adversely impacted global stock markets.

Directors' report - continued

Impact of COVID-19 on the Group's operations and financial information - continued

The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact. Management has however considered the potential impact, based on the known circumstances as at the date of reporting, and their assessment of potential future developments.

The Group closely monitored the progress of the Coronavirus (COVID-19) outbreak, and introduced contingency measures to reduce the risk for its staff, and to ensure business continuity. The Group successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Group operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities.

The Group has a robust BCP to ensure continuity of operations, and working from home is an integral part of day to day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Group's business and its customers. COVID-19 did not result in disruption to the Group's operating model as a result of its agility.

Potential impact on Sports due to COVID-19

Since the pandemic has resulted in several sport events across the globe being cancelled, or postponed for safety reasons, management anticipates that there will be a negative impact from COVID-19 for sports betting revenues. Since revenues related to sports betting only accounted for around 6.5% of total revenues in 2019, and similar proportions were projected for 2020, management expects the impact for GIG Group to be contained. Most of sports related revenues relate to paid Media, and initiatives are already in place to re-direct media spend from sports to casino. Management has already considered cost-mitigation measures, and is able to benefit from relief offered by governments. Although the likely length of cessation of sports events is uncertain, management considers that activity may resume after the summer break. Events that are postponed may contribute positively when they are subsequently rescheduled.

Potential impact on Casino due to COVID-19

Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil. Certain regulators are considering introducing deposit limits for a temporary period of time. Although management is still reviewing any potential impact these restrictions might entail for the group, the expectation is that these will not have a material impact. The Group's casino activity has been in line with forecast up to March 2020. The Group cannot exclude that there could be a negative effect in the future if a global recession continues to prevail.

Potential impact on Group outlook due to COVID-19

There is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes. Therefore, negative developments in the global economy dependent on external factors outside of the Group's control could adversely affect casino activity in the longer term. However, there could also be positive developments from a potential shift of gambling activity from offline brick and mortar casinos to online casinos.

Potential impact on asset value due to COVID-19

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020.

Directors' report - continued

Potential impact on asset value due to COVID-19 - continued

Since approximately 9% of the carrying value of the Group's assets from continued operations relate to Sports business, management does not expect the impact of future impairment to be significant as a result of COVID-19, when also considering the Group's amortisation policy for these assets. Management expects that €5.3million of the Group's right-of-use assets will no longer be utilised by the Group following the down-scaling of operations. Management remains cautiously optimistic about the opportunity to sub-lease such property on a commercial basis.

Potential impact on liquidity due to COVID-19

Given that the Group is not materially exposed to Sports, and that Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil, the impact of COVID-19 on the Group's liquidity is not expected to be significant in the very short term. However, as indicated above, there is a risk that if a global recession prevails due to the outbreak of COVID-19 there could be a reduction in online users' disposable incomes. Also, certain regulators are considering introducing deposit limits for a temporary period of time. This could in turn have an adverse impact on both the Group's Casino, and Sports operations when these will eventually resume, which could in turn have an adverse impact on the Group's cash generation that could be material. These factors compounded by the Group's existing liquidity pressures may lead to uncertain scenarios, where liquidity shortfalls may occur.

In order to address these uncertainties, management is accelerating its cost mitigation measures, and the implementation of other initiatives to alleviate pressures on liquidity and strengthen the Group's financial position sufficiently to enable GIG to face adversities brought about by COVID-19. Furthermore, the Group plans to tap into COVID-19 related assistance, which governments in the territories in which the Group operates have introduced. Accordingly, management continue to believe that these financial statements should be drawn up on a going concern basis.

Significant risks and uncertainties

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 and there are legal doubts on whether the availability of a site within foreign markets constitutes a solicitation to persons residing within that market. Legislation concerning online gaming is under review in certain jurisdictions, and in some circumstances, previous opportunities to offer gaming products to certain customers based in some markets on principles of freedom to provide services, would be closed due to legal restrictions being imposed. In some other cases, previously unregulated jurisdictions pass legislation regulating the market creating new opportunities to offer products and services to those markets with legal certainty.

Following the divestment of its B2C segment, GIG expects to be less directly exposed to legal and compliance risks associated with gaming operations. As part of its de-risking strategy, the Group has also reviewed its white label model, and will no longer offer white label licensing by the end of 2020. The Group will offer existing customers platform and back-office solutions as an alternative. The aim is for B2C gaming licenses to be relinquished, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds.

The Group will continue to primarily operate in the online gambling industry. The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases also subject to uncertainty, and in certain countries online gambling is prohibited and/or restricted. If enforcement or other regulatory actions are brought against any of the online gambling operators that are also the Group's customers, the Group's revenue streams from such customers may be adversely affected.

Directors' report - continued

Significant risks and uncertainties - continued

This risk will be mitigated through a fixed pricing model to be adopted for platform services.

It is the Group's view that the responsibility for compliance with laws and regulations rests with the customers for Media segment. Although gaming laws and regulations of many jurisdictions do not specifically apply to the supply of B2B services, certain countries have sought to regulate or prohibit the supply of such services. The Group may therefore be subject to such laws, directly or indirectly. The Group mitigates this risk through monitoring of legal developments, contractual arrangements, and by seeking external advice to assist with the assessment of risk exposures as appropriate.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gaming and anti-money laundering obligations. These uncertainties represent a risk for the Group's ability to develop and grow the business, as changes in legislation or enforcement practices could force the Group to exit markets, or even result in financial sanctions, litigation, license withdrawal or unexpected tax exposures, which have not duly been provided for in the financial statements. These risks will continue to apply to past exposures on B2C and white labelling lines of business, for as long as related warranties may continue to apply, and until white label licenses are terminated. Potential contingent liabilities are disclosed within the notes to the financial statements.

In addition to the above, the Group faces the risk that customers are not able to pay for the services rendered when these fall due. Specifically, for Media services, the Group faces operational risks arising from Google's changes of its algorithm that could temporarily impact rankings, and hence also impact revenues. Risk exposures associated with the impact of COVID-19 are included above.

Financial risk management

Information on the Group's and Company's financial risk management is disclosed in Note 3 of the financial statements.

Pledged securities

The Company has pledged its issued share capital with a nominal value of EUR1 which is owned by the immediate parent and this has been pledged to Nordic Trustee ASA, acting as the agent on behalf of bond holders. The bonds are secured by guarantees provided by group operating subsidiaries standing in as joint and several securities guaranteeing the discharge of the Issuer's obligations, as well as by pledged shares held by the Issuer in operating subsidiaries.

Results and dividends

The income statements are set out on page 22. The directors did not declare a dividend during the current and preceding financial years.

Directors

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

- Mr Robin Eirik Reed (resigned 24 December 2019)
- Mr Jan Mikael Angman (resigned 9 May 2019)
- Mr Justin Psaila (appointed 9 May 2019)
- Mr Richard Brown (appointed 18 December 2019)

Directors' report - continued

Results and dividends – continued

The Company's Articles of Association do not require the directors to retire.

Statement of directors' responsibilities for the financial statements

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

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

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

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The financial statements for Gaming Innovation Group p.l.c for the year ended 31 December 2019 are included in the Annual Report 2019 which is published in hard-copy printed form and may be available on the Group's website. The directors are also responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over and security of the website. Access to the information published on the Group's website is available in other countries and jurisdictions where legislation governing the presentation and dissemination of financial statements may differ from requirements or practices in Malta.

Auditors

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

Mr Richard Brown
Director

Mr Justin Psaila
Director

Registered office
@GiG Beach
Dragunara Road
St. Julians STJ3148
Malta

27 April 2020

Independent auditor's report

To the Shareholders of Gaming Innovation Group p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

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

Our opinion is consistent with our additional report to the Board of directors.

What we have audited

Gaming Innovation Group p.l.c.'s financial statements, set out on pages 20 to 98, comprise:

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

Basis for opinion

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

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

Independence

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

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

The non-audit services that we have provided to the group and its subsidiaries, in the period from 1 January 2019 to 31 December 2019, are disclosed in note 24 to the financial statements.

Emphasis of Matter

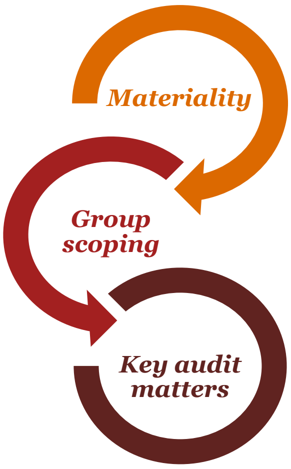
We draw attention to Note 1.1 in relation to the basis of preparation of these financial statements, which addresses developments in connection with COVID-19, and the potential impact on financial pressures and operational performance. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potentially unfavourable nature of these developments, and the impact they could have on the basis of preparation of these financial statements. Our opinion is not modified in respect of this matter.

Independent auditor's report - continued

To the Shareholders of Gaming Innovation Group p.l.c.

Our audit approach

Overview



Overall group materiality: €1.23 million, which represents 1% of net revenues (including continuing and discontinued operations)

- We conducted a full scope audit on the significant components based in Malta, and performed risk-based audit procedures on other foreign significant components. Moreover, specified audit procedures were performed on certain account balances.

Impairment assessment of goodwill and other intangible assets

Compliance with laws and regulations given the developing nature of the gaming sector

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

Materiality

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

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

Independent auditor's report *- continued*

To the Shareholders of Gaming Innovation Group p.l.c.

Overall group materiality	€1.23 million
How we determined it	1% of net revenues (including continuing and discontinued operations)
Rationale for the materiality benchmark applied	We chose net revenues (including continuing and discontinued operations) as the benchmark because, in our view, it is a key financial metric used in assessing the performance of the Group. We chose 1% based on our professional judgement noting that it is also within the range of commonly accepted revenue related benchmarks.

We agreed with the Board of directors that we would report to them misstatements identified during our audit above €123,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of goodwill and other intangible assets As described in the accounting policies, and notes 4 and 7 to the financial statements, the Group tests whether goodwill and other intangible assets are impaired on an annual basis. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, referred to as a cash generating unit ("CGU"). During the year, the Group operated B2C (business-to-customer) and B2B (business-to-business) segments, the latter including performance marketing and technology services.	As part of our work on the impairment assessment of goodwill and other intangible assets, we evaluated the appropriateness of the methodology applied, and the assumptions underlying the discounted cash flow model prepared by management, by involving our valuation experts. The calculations underlying the impairment model were reviewed in order to check the model's accuracy. For B2C segment our valuation experts tested the basis for the impairment charge reflected in the financial statements, with reference to the anticipated transaction value, including the assumptions underlying the variable premium element allocated to the B2C CGU recoverable amount.

Independent auditor's report - continued

To the Shareholders of Gaming Innovation Group p.l.c.

Key audit matter	How our audit addressed the Key audit matter
As described in Note 6, the Group has divested its B2C segment subsequent to the year end. An impairment charge of €34.9m was recognised by reference to the anticipated consideration, net of selling costs, and including an allocation of the future platform fee payable for B2B services, which was deemed to be a 'premium' element. The impairment assessment for goodwill and other intangible assets for the B2B segment relied on value-in-use calculations. The cash flow projections were based on the Group's approved budget for 2020, projection of free cash flows for the period 2021 – 2023, as well as an estimate of the residual value. The perpetual growth rate, as factored in the residual value estimate, was assumed at 2%. During 2019, B2B was impaired by €3m following discontinuance of games studio and an adjustment to the recoverable value of sports platform. As at 31 December 2019, only goodwill and trademarks with a carrying amount of €6.3m have an indefinite useful life. The underlying forecast cash flows, and the supporting assumptions, reflect significant judgements as these are affected by unexpected future market or economic conditions, as well as changes to laws and regulations. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. The extent of judgement and the size of goodwill and intangible assets, resulted in this matter being identified as an area of audit focus.	For the performance marketing component of B2B segment, we carried out sensitivity analysis to assess whether or not a reasonable possible change in key assumptions could result in impairment, and concur with management's view that this component is less sensitive due to the level of headroom between the reported intangible assets and the respective value-in-use. On the other hand, the recoverable amount of the information technology component is very susceptible to the Group achieving the projected level of growth in revenue, and the projected improvement in EBITDA in the next three years. The appropriateness of disclosures made in relation to the impairment assessment of these intangible assets was also reviewed, including related disclosures connected to COVID-19. Based on the work performed, we found the recorded impairment, and the related disclosures, to be consistent with the explanations and evidence obtained. As disclosed in Note 1.1 to the financial statements, the impairment assessment as at 31 December 2019 did not contemplate the impact of COVID-19.

Key audit matter	How our audit addressed the Key audit matter
Compliance with laws and regulations given the developing nature of the gaming sector Refer to page 7 & 8 "Significant risks and uncertainties" in the Directors' report, Note 4 (iv) Critical accounting estimates, judgements and errors – Contingent liabilities, and Note 34 "Significant risks and uncertainties". GiG operates on the basis of its international licence in Malta, and other territory specific licences. 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. Regulations are developing, and this evolving environment makes compliance an increasingly complex area with the potential for litigation and licence withdrawal resulting from non-compliance with territory specific regulations, including responsible gambling and anti-money laundering obligations. Following the divestment of its B2C segment, GIG expects to be less directly exposed to legal and compliance risks associated with gaming operations. As part of its de-risking strategy, the Group has also reviewed its white label model, and will no longer offer white label licencing after 2020. The aim is for B2C gaming licenses to be relinquished, thereby materially reducing compliance risks, in particular AML (anti-money laundering) risks inherent in transacting player funds. The risk of non-compliance with relevant laws and licence requirements could give rise to material fines, taxes, penalties, legal claims or market exclusion. To this effect, as disclosed in Note 4 (iv), the Group is exposed to contingent liabilities relating to potential fines that continue to be appealed by the Group. We focused on this area due to its inherent complexity and potential financial exposures.	We evaluated how management monitors legal and regulatory developments, and their assessment of the potential impact on the business. We inquired of management, and the Group's director of legal & compliance about any known instances of material breaches in regulatory or licence requirements that needed to be disclosed, or accruals or provisions to be recorded. We also reviewed correspondence with regulators. We further considered the appropriateness of disclosures to the financial statements, including contingency disclosures. Whilst acknowledging that there are instances where this becomes a judgemental area, we found that the Group had an appropriate basis of accounting for these matters in the financial statements, and the resultant disclosures in the financial statements were appropriate

We have no key audit matters to report with respect to our audit of the parent company financial statements.

How we tailored our group audit scope

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

We performed audit procedures on the significant components, which are primarily based in Malta, and subject to statutory local audit requirements. Certain foreign components deemed to be significant were subject to audit procedures through a risk-based approach. We issued specified instructions to the component auditor of Rebel Penguin and considered the outcome of the work.

The Group audit team performed all of this work by applying overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

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

Our opinion on the financial statements does not cover the other information, including the directors' report.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

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

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

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

Independent auditor's report - continued

To the Shareholders of Gaming Innovation Group p.l.c.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report - continued

To the Shareholders of Gaming Innovation Group p.l.c.

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

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

Appointment

We were first appointed as auditors of the Company on 23 November 2015. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 5 years. The company became listed on a regulated market on 26 March 2019.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Romina Soler
Partner

27 April 2020

Statements of financial position

		Group		Company	
		As at 31 December			
	Notes	**2019**	2018	**2019**	2018
		€	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	7	**46,458,910**	123,134,683	**14,163**	32,729
Property, plant and equipment	8	**5,014,029**	4,398,575	**-**	-
Right-of-use assets	5	**14,007,293**	-	**-**	-
Investments in subsidiaries	9	**-**	-	**73,617,942**	136,103,321
Investments accounted for using the equity method	10	**-**	574,574	**-**	574,574
Deferred income tax assets	23	**60,392**	60,393	**-**	-
Financial assets at fair value through other comprehensive income	11	**568,000**	1,851,516	**568,000**	1,851,516
Derivative financial instruments	12	**205,721**	205,714	**-**	-
Financial assets at fair value through profit or loss	13	**-**	145,254	**-**	145,254
Total non-current assets		**66,314,345**	130,370,709	**74,200,105**	138,707,394
Current assets					
Trade and other receivables	14	**20,463,767**	29,189,628	**34,873**	14,523,507
Cash at bank and other intermediaries	15	**4,507,981**	14,595,582	**23,225**	29,362
Total current assets		**24,971,748**	43,785,210	**58,098**	14,552,869
Assets classified as held for sale	6	**32,966,524**	-	**-**	-
Total assets		**124,252,617**	174,155,919	**74,258,203**	153,260,263

Statements of financial position – continued

		Group		Company	
		As at 31 December			
	Notes	**2019**	2018	**2019**	2018
		€	€	**€**	€
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	**50,000**	50,000	**50,000**	50,000
Share premium	16	**2,304,345**	2,304,345	**2,304,345**	2,304,345
Capital reserves	18	**95,413,638**	100,672,331	**76,823,957**	80,545,181
Merger reserve	19	**3,533,484**	3,533,484	**5,886,789**	5,886,789
Other reserves	20	**(13,961,678)**	(12,432,630)	**(569,288)**	714,227
Accumulated losses		**(76,973,032)**	(18,924,739)	**(77,848,862)**	(1,080,280)
		10,366,757	75,202,791	**6,646,941**	88,420,262
Non-controlling interests		**23,860**	25,453	**-**	-
Total equity		**10,390,617**	75,228,244	**6,646,941**	88,420,262
Liabilities					
Non-current liabilities					
Borrowings	22	**36,907,743**	64,229,542	**36,907,743**	64,229,542
Deferred income tax liabilities	23	**1,269,572**	954,830	**448,204**	448,204
Lease liabilities	5	**12,496,138**	-	**-**	
Total non-current liabilities		**50,673,453**	65,184,372	**37,355,947**	64,677,746
Current liabilities					
Trade and other payables	21	**21,953,640**	33,307,775	**179,899**	122,245
Current income tax liabilities		**541,152**	435,528	**40,010**	40,010
Borrowings	22	**30,035,406**	-	**30,035,406**	-
Lease liabilities	5	**2,139,754**	-	**-**	-
Total current liabilities		**54,669,952**	33,743,303	**30,255,315**	162,255
Total liabilities		**105,343,405**	98,927,675	**67,611,262**	64,840,001
Liabilities directly associated with assets classified as held for sale	6	**8,518,595**	-	**-**	-
Total equity and liabilities		**124,252,617**	174,155,919	**74,258,203**	153,260,263

The notes on pages 31 to 98 are an integral part of these financial statements.

The financial statements on pages 20 to 98 were authorised for issue on 27 April 2020 and were signed by:

Mr Richard Brown
Director

Mr Justin Psaila
Director

Income statements

		Group		Company	
		Year ended 31 December			
	Notes	**2019**	2018	**2019**	2018
		€	€	**€**	€
Net revenue	24	**44,053,920**	51,559,271	-	-
Investment and other related income	25	-	-	-	2,406,198
Operating expenses					
Personnel expenses	26	**(23,594,974)**	(21,857,786)	-	(50,730)
Depreciation and amortisation	5, 7, 8	**(23,650,257)**	(18,882,491)	**(18,567)**	(46,471)
Impairment losses/Fair value changes	7, 9, 10, 13	**(3,911,287)**	-	**(72,314,847)**	(7,320,000)
Marketing, including commission		**(5,271,529)**	(5,781,594)	**(1,747)**	(154)
Other operating expenses	24	**(10,353,272)**	(8,001,497)	**(87,829)**	(136,305)
Total operating expenses		**(66,781,319)**	(54,523,368)	**(72,422,990)**	(7,553,660)
Other losses	27	-	(24,000)	-	-
Share of net loss of associate accounted for using the equity method	10	-	(90,008)	-	(90,008)
Operating loss		**(22,727,399)**	(3,078,105)	**(72,422,990)**	(5,237,470)
Finance income	28	**67,686**	764,278	**2,108,152**	6,786,560
Finance costs	29	**(8,161,428)**	(4,860,314)	**(6,453,741)**	(4,855,424)
Loss before income tax		**(30,821,141)**	(7,174,141)	**(76,768,579)**	(3,306,334)
Income tax expense	30	**(627,487)**	(814,680)	**(3)**	(647,742)
Loss for the year from continuing operations		**(31,448,628)**	(7,988,821)	**(76,768,582)**	(3,954,076)
Loss from discontinued operations	6	**(26,480,654)**	(13,096,749)	-	-
Loss for the year		**(57,929,282)**	(21,085,570)	**(76,768,582)**	(3,954,076)
Loss is attributable to:					
Owners of the company		**(57,927,689)**	(21,087,552)	**(76,768,582)**	(3,954,076)
Non-controlling interests		**(1,593)**	1,982	-	-
		(57,929,282)	(21,085,570)	**(76,768,582)**	(3,954,076)

The notes on pages 31 to 98 are an integral part of these financial statements.

Statements of comprehensive income

		Group		Company	
		Year ended 31 December			
	Note	**2019**	2018	**2019**	2018
		€	€	**€**	€
Loss for the year		**(57,929,282)**	(21,085,570)	**(76,768,582)**	(3,954,076)
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translation of foreign operations	20	**(245,533)**	133,469	-	-
		(245,533)	133,469	-	-
Items that will not be reclassified to profit or loss					
Change of fair value through other comprehensive income investment, net of deferred tax	20	**(1,283,515)**	(15,234)	**(1,283,515)**	(15,234)
Total other comprehensive (loss)/income for the year, net of deferred tax		**(1,529,048)**	118,235	**(1,283,515)**	(15,234)
Total comprehensive loss for the year		**(59,458,330)**	(20,967,335)	**(78,052,097)**	(3,969,310)
Total other comprehensive loss for the year is attributable to:					
Owners of the company		**(59,456,737)**	(20,969,317)	**(78,052,097)**	(3,969,310)
Non-controlling interests		**(1,593)**	1,982	-	-
		(59,458,330)	(20,967,335)	**(78,052,097)**	(3,969,310)

The notes on pages 31 to 98 are an integral part of these financial statements.

Statements of changes in equity

Group		Attributable to owners of the company								
	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Retained earnings €	Total €	Non-controlling interest €	Total equity €
Balance at 1 January 2018		50,000	2,304,345	9,829,545	-	(12,550,865)	2,162,813	1,795,838	23,471	1,819,309
Comprehensive income										
(Loss)/profit for the year		-	-	-	-	-	(21,087,552)	(21,087,552)	1,982	(21,085,570)
Other comprehensive income:										
Changes in value of financial assets at fair value through other comprehensive income	20	-	-	-	-	(15,234)	-	(15,234)	-	(15,234)
Currency translation differences	20	-	-	-	-	133,469		133,469	-	133,469
Total other comprehensive income for the year, net of tax		-	-	-	-	118,235	-	118,235	-	118,235
Total comprehensive income/(loss) for the year		-	-	-	-	118,235	(21,087,552)	(20,969,317)	1,982	(20,967,335)

Statements of changes in equity – continued

Group		Attributable to owners of the company								
	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Retained earnings €	Total €	Non-controlling interest €	Total equity €
Transactions with owners										
Value of employee services	18	-	-	1,077,782	-	-	-	1,077,782	-	1,077,782
Waiver of loans payable	18	-	-	89,765,004	-	-	-	89,765,004	-	89,765,004
Merger reserve created upon business combinations	19	-	-	-	3,533,484	-	-	3,533,484	-	3,533,484
Total transactions with owners, recognised directly in equity		-	-	90,842,786	3,533,484	-	-	94,376,270	-	94,376,270
Balance at 31 December 2018		50,000	2,304,345	100,672,331	3,533,484	(12,432,630)	(18,924,739)	75,202,791	25,453	75,228,244

Statements of changes in equity – continued

Group		Attributable to owners of the company								
	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Retained earnings €	Total €	Non-controlling interest €	Total equity €
Balance at 1 January 2019		50,000	2,304,345	100,672,331	3,533,484	(12,432,630)	(18,924,739)	75,202,791	25,453	75,228,244
Comprehensive income										
Loss for the year		-	-	-	-	-	(57,927,689)	(57,927,689)	(1,593)	(57,929,282)
Other comprehensive income:										
Changes in value of financial assets at fair value through other comprehensive income	20	-	-	-	-	(1,283,515)	-	(1,283,515)	-	(1,283,515)
Currency translation differences	20	-	-	-	-	(245,533)		(245,533)	-	(245,533)
Total other comprehensive loss for the year, net of tax		-	-	-	-	(1,529,048)	-	(1,529,048)	-	(1,529,048)
Total comprehensive loss for the year		-	-	-	-	(1,529,048)	(57,927,689)	(59,456,737)	(1,593)	(59,458,330)

Statements of changes in equity – continued

Group		Attributable to owners of the company								
	Notes	**Share capital €**	**Share premium €**	**Capital reserves €**	**Merger reserve €**	**Other reserves €**	**Retained earnings €**	**Total €**	**Non-controlling interest €**	**Total equity €**
Transactions with owners										
Value of employee services	18	-	-	(676,905)	-	-	-	(676,905)	-	(676,905)
Distribution	18	-	-	(4,442,526)	-	-	-	(4,442,526)	-	(4,442,526)
Other movements	18			(139,262)			(120,604)	(259,866)		(259,866)
Total transactions with owners, recognised directly in equity		-	-	(5,258,693)	-	-	(120,604)	(5,379,297)	-	(5,379,297)
Balance at 31 December 2019		**50,000**	**2,304,345**	**95,413,638**	**3,533,484**	**(13,961,678)**	**(76,973,032)**	**10,366,757**	**23,860**	**10,390,617**

Statements of changes in equity – continued

Company	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2018		50,000	2,304,345	7,014,167	-	729,461	2,873,796	12,971,769
Comprehensive income								
Loss for the year		-	-	-	-	-	(3,954,076)	(3,954,076)
Other comprehensive income:								
Changes in value of financial assets at fair value through other comprehensive income, net of deferred taxation	20	-	-	-	-	(15,234)	-	(15,234)
Total other comprehensive loss for the year		-	-	-	-	(15,234)	(3,954,076)	(3,969,310)
Transactions with owners								
Merger reserve created upon business combinations	19	-	-	-	5,886,789	-	-	5,886,789
Waiver of loan payable	18	-	-	73,531,014	-	-	-	73,531,014
Total transactions with owners, recognised directly in equity		-	-	73,531,014	5,886,789	-	-	79,417,803
Balance at 31 December 2018		50,000	2,304,345	80,545,181	5,886,789	714,227	(1,080,280)	88,420,262

Statements of changes in equity – continued

Company	Notes	Share capital €	Share premium €	Capital reserves €	Merger reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2019		50,000	2,304,345	80,545,181	5,886,789	714,227	(1,080,280)	88,420,262
Comprehensive income								
Loss for the year		-	-	-	-	-	(76,768,582)	(76,768,582)
Other comprehensive income:								
Changes in value of financial assets at fair value through other comprehensive income, net of deferred taxation	20	-	-	-	-	(1,283,515)	-	(1,283,515)
Total other comprehensive loss for the year		-	-	-	-	(1,283,515)	(76,768,582)	(78,052,097)
Transactions with owners								
Distrbution	18	-	-	(3,721,224)	-	-	-	(3,721,224)
Total transactions with owners, recognised directly in equity		-	-	(3,721,224)	-	-	-	(3,721,224)
Balance at 31 December 2019		**50,000**	**2,304,345**	**76,823,957**	**5,886,789**	**(569,288)**	**(77,848,862)**	**6,646,941**

The notes on pages 31 to 98 are an integral part of these financial statements.

Statements of cash flows

		Group		Company	
		Year ended 31 December			
	Notes	**2019**	2018	**2019**	2018
		€	€	**€**	€
Cash flows from operating activities					
Cash generated from operations	31	**14,110,537**	18,737,084	**5,071,203**	5,763,961
Interest received		**37,325**	6,095	-	-
Tax paid		**(207,119)**	(624,196)	-	(306)
Net cash generated from operating activities		**13,940,743**	18,118,983	**5,071,203**	5,763,655
Cash flows from investing activities					
Payments for intangible assets	7	**(7,697,351)**	(9,458,357)	-	-
Purchases of property, plant and equipment	8	**(2,703,845)**	(2,511,435)	-	-
Acquisition of associates	10	**(100,300)**	(460,300)	**(100,300)**	(460,300)
Acquisition of subsidiaries	9	-	-	-	(603,599)
Net cash used in investing activities		**(10,501,496)**	(12,430,092)	**(100,300)**	(1,063,899)
Cash flows from financing activities					
Loans to associate investment	10	**(80,500)**	(145,254)	**(80,500)**	(145,254)
Repayments of borrowings	31	-	(537,018)	-	(361,695)
Interest paid		**(4,896,549)**	(4,483,328)	**(4,896,540)**	(4,483,329)
Lease liability principal payments	5	**(2,796,099)**	-	-	-
Net cash used in financing activities		**(7,773,148)**	(5,165,600)	**(4,977,040)**	(4,990,278)
Net movement in cash and cash equivalents		**(4,333,901)**	523,291	**(6,137)**	(290,522)
Cash and cash equivalents at beginning of year		**6,072,608**	5,504,976	**29,362**	309,423
Cash and cash equivalents received upon business combinations		-	44,341	-	10,461
Cash and cash equivalents at end of year	15	**1,738,707**	6,072,608	**23,225**	29,362

The notes on pages 31 to 98 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted 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

The consolidated financial statements include the financial statements of Gaming Innovation Group p.l.c. ("GIG p.l.c. or "the Company") and its subsidiaries. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 4 – Critical accounting estimates, and judgements).

Repayment of bond

As at 31 December 2019, net current liabilities of the Group and Company amounted to EUR5,250,275 (including the assets and liabilities classified as held for sale) and EUR30,197,217 respectively (2018: net current assets; EUR10,041,907 and EUR14,386,415). Current liabilities include a bond for an amount of EUR30,035,406 (nominal value SEK 300 million), which has been repaid on 22nd April 2020. Further, as described in note 22, a bond with a nominal value of EUR36,907,743 (SEK 400 million), becomes payable in June 2022.

The Group has repaid the 2017 - 2020 tranche of borrowings on 22 April 2020 following receipt of the proceeds due from the Group's divestment of its B2C vertical to Betsson Group (see note 6). As a result of this transaction, the Group has received EUR34.0 million on 16 April 2020, inclusive of net working capital adjustments, which have been used to fund the bond redemption for a total Euro equivalent of EUR27.8 million (applying currency rates in April 2020), inclusive of any late payment fees and interest.

The Group expects its financial position to improve following the repayment of the bond. At the same time, GIG acknowledges that pressures on liquidity will continue to prevail, until actions emanating from the Group's strategic review are successfully implemented. These include rationalisation of costs and operations in line with the Group's new focus. As described in note 6, an advance payment of EUR8.7million on B2B support services, will be used to settle the bond in Q1 of 2020, giving rise to increased liquidity pressures in the short term.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation – continued

Impact of COVID-19 on the Group's operations and financial information

The occurrence of extraordinary events, such as natural disasters, and the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In early 2020, the existence of a new virus, now known as COVID-19, was confirmed, and since this time COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, which has also adversely impacted global stock markets. The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact. Management has however considered the potential impact, based on the known circumstances as at the date of reporting, and their assessment of potential future developments.

The Group closely monitored the progress of the Coronavirus (COVID-19) outbreak, and introduced contingency measures to reduce the risk for its staff, and to ensure business continuity. The Group successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Group operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities.

The Group has a robust BCP to ensure continuity of operations, and working from home is an integral part of day to day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Group's business and its customers. COVID-19 did not result in disruption to the Group's operating model as a result of its agility.

Potential impact on Sports due to COVID-19

Since the pandemic has resulted in several sport events across the globe being cancelled, or postponed for safety reasons, management anticipates that there will be a negative impact from COVID-19 for sports betting revenues. Since revenues related to sports betting only accounted for around 6.5% of total revenues in 2019, and similar proportions were projected for 2020, management expects the impact for GIG Group to be contained. Most of sports related revenues relate to paid Media, and initiatives are already in place to re-direct media spend from sports to casino. Management has already considered cost-mitigation measures, and is able to benefit from relief offered by governments. Although the likely length of cessation of sports events is uncertain, management considers that activity may resume after the summer break. Events that are postponed may contribute positively when they are subsequently rescheduled

Potential impact on Casino due to COVID-19

Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil. Certain regulators are considering introducing deposit limits for a temporary period of time. Although management is still reviewing any potential impact these restrictions might entail for the group, the expectation is that these will not have a material impact.The Group's casino activity has been in line with forecast up to March 2020. The Group cannot exclude that there could be a negative effect in the future if a global recession continues to prevail.

Potential impact on Group outlook due to COVID-19

There is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes. Therefore, negative developments in the global economy dependent on external factors outside of the Group's control could adversely affect casino activity in the longer term. However, there could also be positive developments from a potential shift of gambling activity from offline brick and mortar casinos to online casinos.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation – continued

Potential impact on asset value due to COVID-19

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020. Since approximately 9% of the carrying value of the Group's assets from continued operations relate to Sports business, management does not expect the impact of future impairment to be significant as a result of COVID-19, when also considering the Group's amortisation policy for these assets. Management expects that €5.3million of the Group's right-of-use assets will no longer be utilised by the Group following the down-scaling of operations. Management remains cautiously optimistic about the opportunity to sub-lease such property on a commercial basis.

Potential impact on liquidity due to COVID-19

Given that the Group is not materially exposed to Sports and that Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil, the impact of COVID-19 on the Group's liquidity is not expected to be significant in the very short term. However, as indicated above, there is a risk that if a global recession prevails due to the outbreak of COVID-19 there could be a reduction in online users' disposable incomes Also, certain regulators are considering introducing deposit limits for a temporary period of time. This could in turn have an adverse impact on both the Group's Casino, and Sports operations when these will eventually resume, which could in turn have an adverse impact on the Group's cash generation that could be material.. These factors compounded by the Group's existing liquidity pressures may lead to uncertain scenarios, where liquidity shortfalls may occur.

In order to address these uncertainties, management is accelerating its cost mitigation measures, and the implementation of other initiatives to alleviate pressures on liquidity and strengthen the Group's financial position sufficiently to enable GIG to face adversities brought about by COVID-19. Furthermore, the Group plans to tap into COVID-19 related assistance, which governments in the territories in which the Group operates have introduced. Accordingly, management continue to believe that these financial statements should be drawn up on a going concern basis.

Standards, interpretations and amendments to published standards effective in 2018

In 2019, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2019.

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

The Group adopted IFRS 16 'Leases' and made retrospective adjustments with effect from 1 January 2019. The impact of the adoption of these standards and the new accounting policies are disclosed in Note 5 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Impact of standards issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting period beginning after 1 January 2019. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements on the period of initial application.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling

interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 1.4).
Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Cost also includes the vested portion of the grant date fair value of share options which the Company grants as remuneration to employees and other consultants who provide services to the Company's subsidiaries.

Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

1. Summary of significant accounting policies - continued

1.2 Consolidation – continued

(b) Associates - continued

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1.8.

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Segment information

The Group determines and presents operating segments based on the information that internally is provided to the Group's management team, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8 'Operating segments'.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Group's management team to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief operating decision-maker.

1. Summary of significant accounting policies - continued

1.4 Business combinations between entities under common control

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values which are the carrying amounts of assets and liabilities of the acquired entity from the financial statement amounts of the acquired entity.

No new goodwill arises in predecessor accounting, and any differences between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity in a separate reserve. The financial statements incorporate the acquired entities' results and balance sheet prospectively from the date on which the business combination between entities under common control occurred.

1.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro ("€"), which is the functional currency of the parent company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The Group's and the Company's accounting policy is to present all exchange differences within finance (costs)/income – net, including exchange differences arising on cash and cash equivalents and amounts due from payment providers.

(c) Group companies

Income statements of foreign entities are translated into the Group's presentation currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling at year-end. All resulting translation differences are recognised in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. On disposal or partial disposal of a foreign entity, translation differences that were previously recognised in other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences are recognised in other comprehensive income.

1. Summary of significant accounting policies - continued

1.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of identifiable net assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Domains

Domains comprise the value of domain names acquired by the Group as well as the value derived from the search engine optimisation activity embedded in the acquired portfolios. Separately acquired domains are shown at historical cost, which represent their acquisition price and certain domains are expected to have a useful life of 8 years. Amortisation is calculated using the straight-line method to allocate the cost of domains over their estimated useful lives.

(c) Affiliate contracts

Acquired affiliate contracts are shown at historical cost and are deemed to have a useful life of 3 years, determined by reference to the expected user churn rate. Amortisation is calculated using the straight-line method to allocate the cost of affiliate contracts over their estimated useful lives.

(d) Trademarks

Separately acquired trademarks and licences are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a useful life of 2 years and are subsequently carried at cost less accumulated amortisation and impairment losses. Some trademarks are not amortised and are held indefinitely because trends show that they will generate net cash inflows for the Group for an indefinite period.

1. Summary of significant accounting policies - continued

1.6 Intangible assets – continued

(e) Computer software and technology platforms

Acquired computer software and platforms are capitalised on the basis of the costs incurred to acquire and bring to use these assets. These costs are amortised over their estimated useful lives of 3 years or, in the case of computer software, over the term of the licence agreement, if different.

Acquired computer software and platforms are capitalised on the basis of the costs incurred to acquire and bring to use these assets. These costs are amortised over their estimated useful lives of three years or, in the case of computer software, over the term of the licence agreement, if different.

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

Directly attributable costs that are capitalised as part of these intangible assets include the development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.7 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost and subsequently carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group 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 profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

	Years
Installations and improvements to premises	3 - 6
Computer equipment	3
Furniture and fittings	3 - 6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

Gains and losses on disposals of plant and equipment are determined by comparing the proceeds with carrying amount and are recognised within profit or loss.

1. Summary of significant accounting policies - continued

1.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.9 Financial assets

1.9.1 Classification

From 1 January 2018, the Group 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 either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

1.9.2 Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

1.9.3 Measurement

At initial recognition, the Group 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

1.9 Financial assets - continued

1.9.3 Measurement - continued

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- 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 a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.9.4 Impairment

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

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1 for further details.

1. Summary of significant accounting policies - continued

1.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. 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 provision for impairment (Note 1.9.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.11 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks and e-wallets, net of restricted balances.

1.12 Share capital

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

1.13 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified 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 Group 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.

1.14 Trade and other payables

Trade payables are 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.

1.15 Capital reserves

Included within capital reserves is the capital contribution reserve. This reserve increases in net assets from shareholders, representing contributions for which GIG has no obligation to be repaid and thus are recorded in equity. Likewise reductions arising from distributions to shareholders, whether in the form of dividends or otherwise, are deducted directly from equity.

1. Summary of significant accounting policies - continued

1.16 Leases

As explained in note 1.1 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note 9 and the impact of the change in note 5.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Lease income from operating leases where the Group is a lessor was recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease were added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets were included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.17 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 Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.18 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where 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.

1.19 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal Group classified as held for sale are presented separately from the other assets in the balance sheet.

1. Summary of significant accounting policies - continued

1.19 Non-current assets held for sale and discontinued operations - continued

The liabilities of a disposal Group classified as held for sale are presented separately from other liabilities in the balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.20 Current and deferred taxation

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

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, the 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 income 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 income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.21 Share-based payments

The Company's parent operates a number of equity-settled and cash-settled, share-based compensation plans. Through these plans, the Group, through various companies within the Group, receives services from employees and consultants, or purchases intangible assets, as consideration for equity instruments (options) of the Company's parent. The fair value of the employee services received in exchange for the grant of the options is recognised by the Group as an expense.

Equity-settled share-based payments

For equity-settled share-based payments, the total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to hold shares for a specific period of time).

1. Summary of significant accounting policies - continued

1.21 Share-based payments -continued

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company's parent, or another entity at the request of the Company's parent, transfers shares to the employees.

The grant by the Company's parent of options over its equity instruments to the employees of the Group is treated as a capital contribution on the basis that the Group does not compensate its parent for the fair value of shares granted. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense, with a corresponding credit to equity.

1.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Group's activities. The Group recognises revenue, including other operating 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 as described below.

GIG Gaming

Gaming transactions that are not deemed to be financial instruments, where the Group revenues stem from commissions, are recorded in accordance with IFRS 15 'Revenue from Contracts with Customers'. The revenue recognised in this manner relates to Poker. Such revenue represents the commission charged at the conclusion of each poker hand in cash games (i.e.rake). The Group's performance obligation in this service is the provision of the poker game to the individual players. The performance obligation is satisfied and the Group is entitled to its share of the pot (i.e. the rake) once each poker hand is complete.

Revenue from gaming transactions that are deemed to be financial instruments, where the Group takes open positions against players, are recognised as a net fair value gain or loss after the deduction of players' winnings, bonuses and gaming taxes. The revenue recognised in this manner relates to sports betting and casino. These are governed by IFRS 9 and thus out of scope of IFRS 15.

Revenue from transactions where the Group is taking positions against players, such as sports betting and online casino, is recognised when the outcome of an event is known. Revenue from commission arising on transactions where the company does not take open position against players, such as poker, is recognised when players place wagers in a pool.

GIG Core

In contracting with white label operators, the Group considers that it is acting as an intermediary between the third-party platform and the related service providers. On this basis revenue is recognised net of payments made to service providers.

1. Summary of significant accounting policies - continued

1.22 Revenue recognition - continued

GIG Core - continued

Costs that are not reported as part of the net gain or loss within revenue include inter alia bank charges, fees paid to platform and payment providers and certain gaming taxes.

In contracting with own license operators, the Group generates revenue by entering into a revenue share deal or a fixed deal where such revenue is apportioned on an accrual basis over the whole term of the contract. The consideration for such services is generally split between an initial setup to configure the software as per the customer's requirements and on-going charge invoiced monthly.

The uncertainty on the amount of revenue to be received is resolved at each calendar month-end since the contracts are such that the amounts reset to zero on a monthly basis. Accordingly, the Group recognises the monthly amounts invoiced in the Income Statement.

In accordance with IFRS 15, the set-up is not seen as a distinct performance obligation as the customer cannot benefit from the set-up itself but for the agreement as a whole. Accordingly, the set-up fee is simply seen as being part of the consideration receivable for the software as a service (SAAS) agreement and is therefore deferred over the period of the agreement.

GIG Media

For a revenue share deal, the company receives a share of the revenues that the gaming operator has generated as a result of a player playing on their iGaming site. Revenue is recognised in the month that it is earned by the respective gaming operator.

For a cost acquisition deal, a client pays a one-time fee for each player who deposits money on the client's site. Cost per acquisition contracts consist of a pre-agreed rate with the client. Revenue from such contracts is recognised in the month in which the deposits are made.

For a listing deal, a client pays a fixed fee to be listed and critically reviewed on the Company's websites. Such revenue is apportioned on an accrual basis over the term of the contract.

The Group's performance obligation can be viewed as a series of distinct performance obligations to stand ready to redirect players on a constant basis. Such contacts give rise to variable consideration from an IFRS 15 point of view since the revenues are not fixed at the outset. In view of the nature of the service provided as a monthly stand-ready obligation the Group recognises the income in the month in which it has a contractual right to bill the iGaming operators.

Other

Interest income is recognised in profit or loss for interest-bearing instruments as it accrues, on a time-proportion basis using the effective interest method, unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

1.23 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the obligation to pay a dividend is established.

2. Segment information

The Group operates two segments, the Business to Consumer ("B2C") segment which includes the gaming operations directed towards end users, and the Business to Business ("B2B") segment which includes its platform offering, game-studio, front-end services and affiliate marketing. Asset and liability information is not presented by segments as such information is not used for monitoring purposes by the Group. During Q4 2019, the decision to divest the B2C segment was taken, and the game-studio was shut down in Q3. The B2C segment has been classified as a discontinued operations in these financial statements since the respective criteria were met as at year end (see note 6). Revenue eliminations is attributable to B2B. Marketing eliminations as well as platform and service provider fees are attributable to B2C. Other operating expense eliminations attributable to B2C and B2B were EUR680,573 and EUR8,168 respectively.

2019	B2C	B2B	Items not attribiutable to a CGU	Eliminations	Group
	€	€	€	€	€
Net revenue	**78,971,725**	**51,329,560**	**-**	**(7,275,640)**	**123,025,645**
Operating expenses					
Personnel expenses	(9,929,746)	(22,408,777)		-	(32,338,523)
Depreciation and amortisation	(3,325,278)	(22,113,233)	(467,179)	-	(25,905,690)
Impairment losses	(34,945,599)	(3,000,000)	(911,287)	-	(38,856,886)
Marketing, including commission	(28,738,685)	(5,271,529)	-	2,906,009	(31,104,205)
Platform and service provider fees	(21,322,428)	(491,885)	-	3,561,013	(18,253,300)
Other operating expenses	(10,891,513)	(15,572,322)	-	688,741	(25,775,094)
Total operating expenses	**(109,153,249)**	**(68,857,746)**	**(1,378,466)**	**7,155,763**	**(172,233,698)**
Other losses	-	-	-	-	-
Share of net profit of associate accounted for using the equity method	-	-	-	-	-
Operating loss	**(30,181,524)**	**(17,528,186)**	**(1,378,466)**	**(119,877)**	**(49,208,053)**
Finance income					67,686
Finance costs					(8,161,428)
Loss before tax					**(57,301,795)**
Tax expense					(627,487)
Loss for the year					**(57,929,282)**

2. Segment information - continued

2018	B2C €	B2B €	Eliminations €	Group €
Net revenue	**99,812,305**	**62,669,272**	**(11,110,001)**	**151,371,576**
Operating expenses				
Personnel expenses	(10,867,900)	(21,634,678)	-	(32,502,578)
Depreciation and amortisation	(1,496,294)	(18,477,035)	-	(19,973,329)
Impairment losses	(13,726,042)	-	-	(13,726,042)
Marketing, including commission	(46,137,407)	(5,793,560)	4,695,945	(47,235,022)
Platform and service provider fees	(27,566,572)	-	4,345,176	(23,221,396)
Other operating expenses	(15,221,409)	(17,690,040)	2,137,394	(30,774,055)
Total operating expenses	**(115,015,624)**	**(63,595,313)**	**11,178,515**	**(167,432,422)**
Other losses	-	(24,000)	-	(24,000)
Share of net profit of associate accounted for using the equity method	-	(90,008)	-	(90,008)
Operating loss	**(15,203,319)**	**(1,040,049)**	**68,514**	**(16,174,854)**
Finance income				764,278
Finance costs				(4,860,314)
Loss before tax				**(20,270,890)**
Tax expense				(814,680)
Loss for the year				**(21,085,570)**

2. **Segment information** - continued

The following table presents the Group's revenue by product line, net of intra-segment eliminations:

	Group	
	2019	2018
	€	€
B2C		
Casino	**75,208,189**	97,861,374
Sports	**2,358,600**	1,591,906
Poker	**1,404,936**	359,025
	78,971,725	99,812,305
B2B		
Performance marketing	**29,994,325**	29,307,566
Platform services	**11,699,133**	20,084,879
Other revenue	**2,360,462**	2,166,826
	44,053,920	51,559,271
Net revenue	**123,025,645**	151,371,576

The Group operates in a number of geographical areas as detailed below:

Year ended 31 December 2019	B2C	B2B	Total
	€	€	€
Revenue			
Nordic countries	43,447,522	1,871,861	45,319,383
Europe excluding Nordic countries	30,104,258	36,683,466	66,787,724
Rest of world	5,419,945	5,498,593	10,918,538
Total	**78,971,725**	**44,053,920**	**123,025,645**

Year ended 31 December 2018	B2C	B2B	Total
	€	€	€
Revenue			
Nordic countries	72,050,827	4,009,485	76,060,312
Europe excluding Nordic countries	22,885,253	36,763,446	59,648,699
Rest of world	4,876,225	10,786,340	15,662,565
Total	99,812,305	51,559,271	151,371,576

All employees of the Group for both the current and the previous years were based in Europe. Similarly, all assets for the current and the previous years were located in Europe. The Group is not exposed to concentration risk since it operates in a number of markets and has various customers.

3. Financial risk management

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks principally comprising market risk (including foreign exchange risk, price risk and fair value interest rate risk), credit risk and liquidity risk. The Group provides principles for overall risk management. The Group did not make use of derivative financial instruments to hedge risk exposures during the current and preceding period.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the SEK, GBP, NZD, CAD, USD and NOK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

The table below summarises the Group and the Company's exposure to foreign currencies, other than the functional currency, as at 31 December 2019 and 2018.

Group	Assets €	Liabilities €	Net exposure €
As at 31 December 2019			
SEK to EUR	1,189,271	(67,541,463)	(66,352,192)
GBP to EUR	1,455,803	(1,731,910)	(276,107)
NZD to EUR	945,533	(146,938)	798,595
CAD to EUR	912,450	(174,894)	737,556
USD to EUR	1,040,270	(84,675)	955,595
NOK to EUR	789,049	(715,603)	73,446
Other currencies	330,089	(32,553)	297,536
	6,662,465	**(70,428,036)**	**(63,765,571)**
As at 31 December 2018			
SEK to EUR	1,442,523	(65,057,705)	(63,615,182)
GBP to EUR	1,668,263	(1,657,117)	11,146
NZD to EUR	2,192,467	(79,658)	2,112,809
CAD to EUR	1,011,623	(198,187)	813,436
USD to EUR	729,621	(48,891)	680,730
NOK to EUR	5,833,191	(3,449,174)	2,384,017
Other currencies	451,280	(105,398)	345,882
	13,328,968	**(70,596,130)**	**(57,267,162)**

3. Financial risk management - continued

3.1 Financial risk factors - continued

(a) Market risk - continued

(i) Foreign exchange risk - continued

Company	Liabilities exposure €
As at 31 December 2019	
SEK to EUR	(66,943,149)
NOK to EUR	(29,404)
	(66,972,553)

Company	Liabilities exposure €
As at 31 December 2018	
SEK to EUR	(64,229,542)
NOK to EUR	(255)
	(64,229,797)

A sensitivity analysis for foreign exchange risk disclosing how profit or loss before tax and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the period was deemed necessary for liabilities denominated in SEK. At the period end, had the SEK exchange rate strengthened or weakened against the euro by 2% with other variables held constant, the increase or decrease respectively in net assets of the Group and the Company would amount to approximately EUR1,312,610 and EUR1,366,186 respectively.

A sensitivity analysis for all other assets and liabilities was not deemed necessary on the basis that the directors do not consider the risk to be material.

(ii) Price risk

Management does not consider the Group to be exposed to significant market risk in terms of the online casino since the outcome of wagers is based on a fixed winnings percentage.

The Group is exposed to market risk due to the possibility of an unfavourable outcome on events on which the Group has accepted bets. The Group has adopted risk management policies to mitigate this risk. Management monitors the odds real time to determine the appropriate risk levels for certain events and where possible reacts to large risks by, inter-alia, not accepting bets that exceed the maximum risk limit on an individual bet or by closing the event that was offered as a bet. The risk is spread across a large number of events and sports. The Group's exposure to open bets was not significant as at 31 December 2019 and 2018 and on this basis, management considers the potential impact on profit or loss of a shift in odds that is reasonably possible at the end of the reporting period to be insignificant.

3. Financial risk management - continued

3.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Price risk - continued

Although the Group is also exposed to the possible effect which movements in equity markets may have on the value of the financial asset measured at fair value through other comprehensive income, the directors consider this risk to be immaterial.

(iii) Fair value interest rate risk

The Group's and the parent company's significant instruments which are subject to fixed interest rates comprise the bonds issued (Note 22). In this respect, the Group and the company are 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.

The company's other significant interest-bearing instruments, subject to fixed interest rates, comprise advances to a Group undertaking. The company has secured a spread between the return on its investments and its cost of borrowing. Accordingly, the company is not exposed to cash flow interest rate risk but is potentially exposed to fair value interest rate risk in view of the fixed interest nature of its instruments, which are however measured at amortised cost.

(b) Credit risk

Credit risk is the risk of a financial loss to the Group and Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from outstanding receivables due to the Group and Company's customers and cash and cash equivalents.

The Group and Company's exposure to credit risk is:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Financial assets at amortised cost:				
Trade and other receivables (Note 14)	**8,865,790**	11,465,239	**4,503**	14,519,308
Amounts due from payment providers (Note 14)	**7,051,823**	12,359,104	-	-
Cash at bank and other intermediaries (Note 15)	**4,507,981**	14,595,582	**23,225**	29,362
Exposure	**20,425,594**	38,419,925	**27,728**	14,548,670

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to the gross carrying amount.

3. **Financial risk management** - continued

3.1 Financial risk factors - continued

(b) Credit risk - continued

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has processes in place to ensure that sales of products and services are affected to customers with an appropriate credit history. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group's receivables taking into account historical experience in collection of accounts receivable.

The Group seeks to manage credit risk by only undertaking transactions with counterparties which include financial institutions or intermediaries and payment providers with quality standing. Control structures are in place to assess credit risk on similar lines. The following table provides information regarding the aggregated credit risk exposure, for deposits with bank and financial institutions or intermediaries with external credit ratings as at 31 December 2019 and 2018.

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Loans and receivables:				
AA-	**69,083**	427,371	-	(54)
A+	**3,676,853**	3,559,494	**17,050**	8,003
A	**92,880**	53,117	-	-
BBB+	**20,919**	892,710	-	-
BBB	**561,730**	1,544,151	**6,130**	21,367
BB+	**63**	153,445	-	-
Below BB or not rated	**5,824,778**	7,965,294	**45**	46
	10,246,306	14,595,582	**23,225**	29,362

Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model: trade receivables, and other financial assets carried at amortised cost. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but due to the low credit risk, the simplified approach was used and the loss was immaterial in both the current and prior years.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 8 months before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3. Financial risk management - continued

3.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets – continued

On that basis, the loss allowance as at 31 December 2019 was determined as follows for trade receivables:

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 300 days past due	More than 500 days past due	More than 700 days past due	Total
Expected loss rate	1.15%	5.06%	10.60%	12.59%	15.58%	43.42%	74.69%	100%	
Trade receivables, gross	1,521,398	630,585	337,342	171,806	118,023	345,750	122,374	117,683	**3,364,961**
Loss allowance	**17,503**	**31,901**	**35,760**	**21,622**	**18,385**	**150,126**	**91,398**	**117,683**	**484,378**

Loss allowance balance as at 31 December 2019 includes a specific provision of EUR64,298 for the balance due from a partner as concluded to be uncollectable.

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

Group	**2019**	**2018**
	€	**€**
Opening loss allowance as at 1 January	**267,459**	112,124
Increase in loan loss allowance recognised in profit or loss during the year	**574,282**	202,899
Receivables written off during the year as uncollectible	**(293,065)**	(47,564)
At 31 December	**548,676**	267,459

Other than trade receivables for which provisions for impairment of EUR548,676 (2018: EUR267,459) have been recorded, the Group did not hold any material past due but not impaired financial assets as at 31 December 2019. Gross trade receivables of EUR3,200,603 relate to technology and based on trends, the loss allowance is deemed to be immaterial and as a result no charge is taken in the books.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from partners are within controlled parameters. Management assesses the credit quality of the operators considering its financial position past experience and other factors. The Group's receivables, which are not impaired financial assets, are principally in respect of transactions with partners for whom there is no recent history of default. Management does not expect any losses from non-performance by these partners. The directors consider that the Group was not exposed to significant credit risk as at the end of the current reporting period.

(c) Liquidity risk

The Group and the Company are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings (refer to Notes 21 and 22). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group and Company's obligations.

3. **Financial risk management** - continued

3.1 Financial risk factors - continued

(c) Liquidity risk - continued

Management monitors liquidity risk by reviewing expected cash flows and ensures that assesses whether additional financing facilities are expected to be required over the coming year. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments. Further information linked to liquidity is found in Note 1.1.1 to the financial statements.

The following tables analyse the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2019 and 2018 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.

31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	€	€	€	€
Group				
Bond	30,035,406	36,907,743	-	66,943,149
Trade and other payables	21,953,640	-	-	21,953,640
Lease liabilities	3,250,144	3,136,267	7,918,539	14,304,950
Total	**55,239,190**	**40,044,010**	**7,918,539**	**103,201,739**
Company				
Bond	30,035,406	36,907,743	-	66,943,149
Trade and other payables	179,897	-	-	179,897
Total	**30,215,303**	**36,907,743**	-	**67,123,046**

31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	€	€	€	€
Group				
Bond	4,436,947	65,597,347	-	70,034,294
Trade and other payables	33,307,775	-	-	33,307,775
Total	**37,744,722**	**65,597,347**	-	**103,342,069**
Company				
Bond	4,436,947	65,597,347	-	70,034,294
Trade and other payables	122,245	-	-	122,245
Total	**4,559,192**	**65,597,347**	-	**70,156,539**

3. Financial risk management - continued

3.2 Capital risk management

The Group's capital comprises its equity as included in the statement of financial position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure (including the additional paid-in capital) is monitored at a Group level with appropriate reference to subsidiaries' financial conditions and prospects.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.3 Fair values of financial instruments

Financial instruments carried at fair value

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

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

Group	**Level 3** **€**
At 31 December 2019	
Assets	
Financial assets at fair value through profit or loss:	
Derivative instruments	
- purchased call option (Note 12)	**205,721**
Financial assets at fair value through other comprehensive income:	
Equity securities	
- unlisted equities (Note 11)	**568,000**
Total financial assets	**773,721**
At 31 December 2018	
Assets	
Financial assets at fair value through profit or loss:	
Derivative instruments	
- purchased call option (Note 12)	205,714
Financial assets at fair value through other comprehensive income:	
Equity securities	
- unlisted equities (Note 11)	1,851,516
Total financial assets	2,057,230

3. Financial risk management - continued

3.3 Fair values of financial instruments - continued

Financial instruments carried at fair value - continued

Company	**Level 3**
	€
At 31 December 2019	
Assets	
Financial assets at fair value through other comprehensive income:	
Equity securities	
- unlisted equities (Note 11)	**568,000**
At 31 December 2018	
Assets	
Available-for-sale financial investment:	
Equity securities	
- unlisted equities (Note 11)	1,851,516

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group's and Company's financial asset at fair value through other comprehensive income included in level 3 comprises a private equity investment, disclosed in Notes 11 and 12 of these financial statements, which also includes a reconciliation from opening to closing value of the instrument.

Level 3 valuations are reviewed regularly by the directors. The Group's derivative financial instrument, comprising an option to purchase intangible assets, is also included in level 3, and is disclosed in Note 12. Further details on how the fair value of these instruments was calculated are disclosed in the respective notes to these financial statements.

There were no transfers between levels of the fair value hierarchy during 2019 and 2018.

Financial instruments not carried at fair value

At 31 December 2019 and 2018 the carrying amounts of cash at bank, receivables, payables, and borrowings from parent company reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The bond is held at amortised cost and the fair value is disclosed in Note 22.

4. Critical accounting estimates and judgements

(a) Significant estimates and judgements

Estimates and judgements 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.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, other than the uncertainty associated with the legal environment that the Group operates in (disclosed in Note 34), are addressed below.

Group and Company

(i) Fair value of financial asset at fair value through other comprehensive income and related derivative instrument

During 2015, the Group, through the Company, acquired an available-for-sale financial asset for a consideration of EUR689,085. During 2017, the asset had been revalued to €1,866,750 based on a transaction which took place during that year between the company in which the Group holds its investment and third parties. As at 31 December 2019, the directors have revalued the asset to a carrying value of €568,000, reflecting the investment's fair value based on their knowledge of the entity and its circumstances.

(ii) Impairment test of goodwill

The Group tests whether goodwill and other intangible assets with indefinite lives have suffered any impairment on an annual basis.

The assumptions used in the value-in-use calculations are inherently uncertain. A detailed analysis for each CGU disclosed below and in Note 7 to the financial statements.

Business-to-Customer CGU

Following the decision to divest of B2C segment in the last quarter of 2019, the recoverable amount for this CGU was determined with reference to the estimated realisable value, net of related selling expenses. On this basis, an impairment charge of EUR34,945,604 was reflected in the income statement. Further detail on the transaction executed subsequent to year end may be found in note 6.

4. Critical accounting estimates and judgements - continued

(a) Significant estimates and judgements - continued

(ii) Impairment test of goodwill - continued

Business-to-Business CGU

The Business-to-Business CGUs comprises two main business activities, which are performance marketing and technology services.

The recoverable amount of the CGU is determined based on value-in-use calculations, which are based on management assumptions. As disclosed in Note 7, the calculations for B2B segment are based on cash flow projections reflecting the financial budget approved by the Group's Board for 2020, the projection of free cash flow to be generated in 2021, 2022 and 2023 (2018: 2020-2022) as well as an estimate of the residual value. The residual value captures the perpetual cash flows to be generated after the explicit period, based on the projected free cash flows to be generated in 2023 capitalised using the pre-tax discount rate of 18% (2018: 15.5%) applied in the value-in-use calculation, net of the assumed perpetual growth rate. The perpetual growth rate is assumed at 2% (2018: 2%) based on the estimated long-term inflation rate.

With regards to performance marketing, which accounts for 90% of the carrying amount of intangibles, the Directors consider that the impairment assessment on this activity is less sensitive due to the level of headroom between the reported intangible assets and the respective value-in-use.

During 2018, the Group had initiated two main projects in relation to technology services i.e. building a new sportsbook together with a games studio. During 2019, the Group discontinued the games studio, resulting in an impairment charge of EUR2,000,000. The sportsbook was also impaired by EUR1,000,000.

As disclosed in Note 6, Betsson, through the SPA agreement, will become a long-term partner of the Group, generating revenues to the Group's Platform Services. Betsson commits to initially keep the brands operational on the Group's platform for a minimum of 30 months. For the first 24 months, Betsson will pay a premium platform fee based on NGR generated.

(iii) Valuation of share options

As explained in Note 17, the Company's parent operates equity-settled and cash-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instruments of Gaming Innovation Group Inc. In order to determine the fair value of services provided, the Group estimates the fair value of the ordinary shares as of each grant date using the Black-Scholes valuation model. Refer to Note 17 for a summary of the inputs used and other assumptions made on calculating the fair value of share options granted as part of the share-based payment scheme.

(iv) Contingent liabilities

During 2019, iGamingCloud (Gibraltar) Limited, a subsidiary of the Group, received a third party claim alleging that a restrictive covenant in a contractual arrangement had been breached. The amount claimed in terms of the said contract is significant. Management considered that there were grounds for disputing the claim, and on this basis no provision for the potential exposure was reflected in the financial statements as at 31 December 2019. Subsequent to the year end, management engaged in negotiations and does not expect the eventual outcome to have a significant impact on the financial statements.

4. **Critical accounting estimates and judgements** - continued

(a) Significant estimates and judgements - continued

(iv) Contingent liabilities – continued

The Group is involved in disputes relating to outstanding debts owed to it. Management considers that the necessary provisions have been taken into consideration as part of the Group's IFRS 9 assessment.

One of the Group's subsidiaries has been sanctioned by Spelinspektionen on 1st April 2020 and ordered to pay by the Administrative Court the sum of 3m SEK for alleged violations of the Swedish Gambling Act specifically related to the offering of bets on events where the majority of the participants are under 18. The Group is taking legal advice and considering appealing the sanction to the higher courts. On this basis no provision has been reflected in the financial statements.

One of the Group's subsidiaries conduct is being reviewed in relation to potential violations of the Swedish Gambling Act related to the prohibition of bonuses in Sweden. Management believes that the outcome of such review is uncertain and deemed that no provision is required when also considering scope for recovery from white label customers.

Since 2015, one of the Group's subsidiaries has been defending a claim brought by a supplier, who was alleging it had not legally terminated a partner agreement in relation to provision of marketing services to the BetIt Group. The supplier proceeded to file a garnishee order for EUR 1,000,000 against the Company and its parent. The case has been closed in favour of the Group's subsidiary and any provisions relating to the case were released during 2019.

Certain of the Group's subsidiaries have postponed the remittance of certain taxes which could potentially lead to fines and penalties. Management is discussing a payment plan with the relevant authorities and does not therefore anticipate any potential material fines that should be provided for.

As part of its operations, the Group makes various interpretations about gaming taxes that could be due. Due to the complexity of the gaming legal and taxation environment, there is a risk that the Group's interpretations differ from assessments that could be made by the respective authorities.

(v) The Group as a lessor

During the year one of the Group companies has entered into a contract whereby the Group will be leasing out one of its domains which will be transferred to the counterparty at the end of the agreement if all the terms of the agreement are met. The Group will receive monthly fixed payments as well as variable payments based on the performance of the domain for a minimum of 4 years and until the terms of the agreement are satisfied. The first payment is due in April 2020. Based on the conditions of the agreement, management has classified this lease as an operating lease.

5. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policy that has been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7%. The associated right-of-use assets for property leases were measured at the amount equal to the lease liability. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Group	**As at 31 December 2019 €**	**As at 1 January 2019 €**
Right-of-use assets		
Buildings	**14,007,293**	15,877,393
Lease liabilities		
Current	**1,269,572**	1,901,407
Non-current	**12,496,138**	13,975,986
	13,765,710	15,877,393

Additions to the right-of-use assets during the 2019 financial year were EUR 757,819.

5. Changes in accounting policies - continued

(ii) Amounts recognised in the statement of profit or loss

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

Group	As at 31 December 2019 €	As at 31 December 2018 €
Depreciation charge of right-of-use assets	**2,627,920**	-
Interest expense (included in finance cost)	**894,692**	-
Expenses relating to short-term leases (included in other expenses)	**11,670**	-
Expenses relating to variable lease payments (included in other expenses)	**200,723**	-

The total cash outflow for leases was EUR2,796,099.

	Group 2019 €	2018 €
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**3,250,144**	3,708,702
One to five years	**11,054,806**	9,404,969
	14,304,950	13,113,671

Group	2019 €
Operating lease commitments disclosed as at 31 December 2018	13,113,671
Add: lease commitments entered into as at 1 January 2019	7,955,757
Operating lease commitments in the scope of IFRS 16	
Discounted using the Company's incremental borrowing rate as at the date of initial application	15,889,063
Less: short-term leases recognised on a straight-line basis as expense	(11,670)
Lease liabilities recognised as at 1 January 2019	15,877,393
Of which are:	
Current lease liabilities	1,901,407
Non-current lease liabilities	13,975,986
	15,877,393

5. Changes in accounting policies – continued

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group's leasing activities and how these are accounted for

The Group leases various properties. Rental contracts are typically made for fixed periods of 1 to 8 years but may have extension options as described below. 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, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

5. Changes in accounting policies – continued

The Group's leasing activities and how these are accounted for - continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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.

Payments associated with short-term leases and 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.

Extension and termination options

Extension and termination options are included in a number of properties across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group as a lessor

During the year one of the Group companies has entered into a contract whereby the Group will be leasing out one of its domains which will be transferred to the counterparty at the end of the agreement if all the terms of the agreement are met. The Group will receive monthly fixed payments as well as variable payments based on the performance of the domain for a minimum of 4 years and until the terms of the agreement are satisfied. The first payment was due in March 2020. Based on the conditions of the agreement, the lease is classified as an operating lease and is included as a critical accounting estimate.

6. Discontinued operation

On 14 February 2020, Gaming Innovation Group Plc. signed a Share Purchase Agreement with Betsson Group for the divestment of its B2C assets, which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson will, through this agreement, become a long term partner of GiG, generating revenues to GiG's Platform Services. Betsson commits to initially keep the brands operational on GiG's platform for a minimum of 30 months. For the first 24 months, Betsson will pay a premium platform fee based on NGR generated.

On 16 April 2020, the Group completed the sale of its B2C Assets to Betsson. GiG received €33 million as consideration, including an upfront cash payment of €22.3 million relating to the acquisition, a prepaid platform fee of €8.7 million, €2 million relating to GiG's Spanish casino license, but excluding working capital adjustments. On 22 April 2020, GiG used part of these proceeds to repay the Company's SEK300 million 2017 - 2020 bond together with the cost incurred of SEK 1.1m for extending the maturity date of such bond from 6 March 2020 to 22 April 2020.

(a) Financial performance and cash flow information

	Group	
	2019	2018
	€	€
Net revenue	**78,971,725**	99,812,305
Expenses	**(70,506,779)**	(99,183,012)
Impairment losses (net of a tax charge of nil)	**(34,945,600)**	(13,726,042)
Operating losses	**(26,480,654)**	(13,096,749)
Income tax expense	-	-
Operating losses from discontinued operations	**(26,480,654)**	(13,096,749)
Loss from discontinued operations attributable to:		
Owners of the company	**(26,480,335)**	(13,097,145)
Non-controlling interests	**(319)**	396
	(26,480,654)	(13,096,749)
Net cash inflow from operating activities	**4,135,804**	215,975
Net cash outflow from investing activities	**(1,367,980)**	(288,700)
Net cash inflow/(outflow) from financing activities	-	-
Net increase/(decrease) in cash generated by discontinued operation	**2,767,824**	(72,725)

6. Discontinued operation - continued

(b) Assets and liabilities of disposal Group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2019:

	As as 31 December 2019 €	As as 31 December 2018 €
Assets classified as held for sale		
Non-current assets held for sale		
Goodwill	24,827,000	-
Current assets held for sale		
Prepayments	341,199	-
Other trade receivables	60,000	-
License guarantee	2,000,000	-
Cash	5,738,325	-
Total assets of disposal group held for sale	**32,966,524**	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	(2,571,635)	-
Players liability	(4,340,729)	-
Jackpot liability	(1,606,231)	-
Total liabilities of disposal group held for sale	**(8,518,595)**	-

7. Intangible assets

Group

	Note	Goodwill €	Trademarks €	Domains €	Affiliate contracts €	Technology platform €	Computer software €	Non-compete €	Other €	Total €
Cost or valuation										
As at 1 January 2018		53,755,778	850,288	66,542,768	15,081,218	14,224,340	1,592,428	458,500	405,759	152,911,079
Additions		-	5,550	-	-	6,758,797	2,194,010	-	500,000	9,458,357
Acquisitions upon merger		-	-	6,406,042	-	-	19,850	-	-	6,425,892
Currency translation differences		126,313	-	8,472	-	27,242	-	-	-	162,027
As at 31 December 2018		53,882,091	855,838	72,957,282	15,081,218	21,010,379	3,806,288	458,500	905,759	168,957,355
As at 1 January 2019		53,882,091	855,838	72,957,282	15,081,218	21,010,379	3,806,288	458,500	905,759	168,957,355
Additions		-	6,850	-	-	6,146,476	1,544,025	-	-	7,697,351
Assets classified as held for sale	6	(24,827,000)	-	-	-	-	-	-	-	(24,827,000)
Currency translation differences		(157,842)	-	-	-	(59,508)	-	-	-	(217,350)
As at 31 December 2019		**28,897,249**	**862,688**	**72,957,282**	**15,081,218**	**27,097,347**	**5,350,313**	**458,500**	**905,759**	**151,610,356**
Accumulated depreciation										
As at 1 January 2018		-	-	5,315,488	4,424,996	2,938,235	577,588	188,000	178,086	13,622,393
Impairment losses		-	-	13,726,042	-	-	-	-	-	13,726,042
Reclassification		-	-	(58,333)	-	-	-	58,333	-	-
Amortisation charge		-	1,431	6,066,425	4,441,015	6,602,128	1,157,121	170,500	35,617	18,474,237
As at 31 December 2018		-	1,431	25,049,622	8,866,011	9,540,363	1,734,709	416,833	213,703	45,822,672
As at 1 January 2019		-	1,431	25,049,622	8,866,011	9,540,363	1,734,709	416,833	213,703	45,822,672
Impairment losses attributable to continuing operations		-	13,299	-	-	2,810,873	175,828	-	-	3,000,000
Impairment losses attributable to discontinued operations	6	23,350,478	-	10,425,936	-	544,616	624,570	-	-	34,945,600
Other movements		-	-	-	-	41,636	125,000	-	-	166,636
Amortisation charge		-	7,270	6,153,610	4,508,765	8,770,568	1,734,658	41,667	-	21,216,538
As at 31 December 2019		**23,350,478**	**22,000**	**41,629,168**	**13,374,776**	**21,708,056**	**4,394,765**	**458,500**	**213,703**	**105,151,446**
Carrying amount										
As at 1 January 2018		53,755,778	850,288	61,227,280	10,656,222	11,286,105	1,014,840	270,500	227,673	139,288,686
As at 31 December 2018		53,882,091	854,407	47,907,660	6,215,207	11,470,016	2,071,579	41,667	692,056	123,134,683
As at 31 December 2019		**5,546,771**	**840,688**	**31,328,114**	**1,706,442**	**5,389,291**	**955,548**	**-**	**692,056**	**46,458,910**

Amortisation for the year attributable to discontinued operations was €2,255,434.

7. **Intangible assets** - continued

Company	**Technology platform €**	**Computer software €**	**Total €**
Cost			
As at 1 January 2018	-	-	-
Additions	74,982	8,521	83,503
As at 31 December 2018 and 2019	74,982	8,521	83,503
Accumulated depreciation			
As at 1 January 2018	4,166	237	4,403
Amortisation charge	41,637	4,733	46,370
As at 31 December 2018	45,803	4,970	50,773
As at 1 January 2019	45,803	4,970	50,773
Amortisation charge	16,673	1,894	18,567
As at 31 December 2019	**62,476**	**6,864**	**69,340**
Net book value			
As at 31 December 2018	**29,179**	**3,551**	**32,730**
As at 31 December 2019	**12,506**	**1,657**	**14,163**

Impairment test for goodwill and intangible assets with indefinite useful lives

The recoverable amount of the Group's reported goodwill as at 31 December 2019 primarily arises as a result of the acquisition of Rebel Penguin ApS, a company offering digital marketing services. Trademarks acquired in 2017 are also considered to have an indefinite life.

For the purposes of the impairment testing of goodwill and intangibles with an indefinite useful life the following CGUs were identified: business-to-customer ("B2C"), and business-to-business, which comprises performance marketing and technology services ("B2B"). These reflect how the Group manages the day-to-day operations of the business and how decisions about the Group's assets and operations are made.

For each of the CGUs with significant amount of goodwill and indefinite-lived intangible assets, the carrying amounts, key assumptions and discount rate used in the value-in-use calculations are as described below:

7. **Intangible assets** – continued

Impairment test for goodwill and intangible assets with indefinite useful lives - continued

	Cash-generating unit			
	Business-to-customer		Business-to-business	
	2019	2018	**2019**	2018
Carrying amounts				
Goodwill (€'000)	-	41,989	**5,547**	11,893
Intangible assets with indefinite lives (€'000)	-	10,544	**850**	309
	-	52,533	**6,397**	12,202

Business-to-Customer CGU

Following the decision to divest of B2C segment in the last quarter of 2019, the recoverable amount for this CGU was determined with reference to the estimated realisable value, net of related selling expenses. On this basis an impairment charge of EUR34,945,604 was reflected in the income statement. Further detail on the transaction executed subsequent to the year end may be found in note 33. Since the transaction combined an initial up front payment of €22.3m, and a variable consideration attributable to future support services, in assessing the recoverable value for this CGU, management considered an allocation of the future platform fee payable for B2B services, which was deemed to represent a 'premium' fee element above the typical market rate for such services. This allocation, which was estimated to be €4.6m, is based on a number of inherently judgemental and uncertain assumptions relating to the estimated premium element, including the projection of revenues over a period of 24 months. In order to cater for the inherent uncertainties, the cash flows relating to the estimated premium element were discounted to present value at a rate of 18% (pre-tax).

Business-to-Business CGU

The key assumptions on which management has based its impairment test are based on the cash flow projections reflecting actual income from operations in the current year, the budget for the following year as confirmed by the entity's Board and an estimate for years 2021 - 2023 include (2018: 2020 – 2022). The key assumptions include:

- Revenue percentage annual growth rate;
- Gross margin;
- Total operating expenses percentage annual growth rate; and
- EBITDA margin.

The pre-tax discount rate applied to the cash flow projections was 18% (2018: 15.5%). The perpetual growth rate, as assumed in the CGU's residual value, is assumed at 2% (2018: 2%) based on the estimated long-term inflation.

The business-to-business CGU is composed of two main business activities which is performance marketing and technology services.

During 2018, the Group had initiated two main projects relating to technology services i.e. building a new sportsbook, together with a games' studio. During 2019, the Group discontinued the games studio, which resulted in an impairment charge of EUR 2,000,000. The sports book was also impaired by EUR 1,000,000.

7. Intangible assets – continued

Business-to-Business CGU - continued

With regards to performance marketing, which accounts for 90% of the carrying amount of intangibles, the Directors consider that the impairment assessment for this activity is less sensitive due to the level of headroom between the reported intangible assets and the respective value-in-use. The remaining amount within intangible assets comprises the carrying amount of the information technology platform. The impairment assessment of this activity is very susceptible to the Group achieving the projected level of growth in revenue and the projected improvement in EBITDA in the next three years.

8. Property, plant and equipment

Group	Installations and improvements to leasehold premises €	Furniture & fittings €	Computer and office equipment €	Total €
Cost				
As at 1 January 2018	1,377,599	942,716	2,305,515	4,625,830
Acquisitions upon merger	926	12,201	5,176	18,303
Additions	1,039,087	405,470	1,066,878	2,511,435
As at 31 December 2018	2,417,612	1,360,387	3,377,569	7,155,568
As at 1 January 2019	2,417,612	1,360,387	3,377,569	7,155,568
Additions	1,470,579	370,926	862,340	2,703,845
Disposals	-	-	(43,975)	(43,975)
Exchange differences	(4,265)	(10,513)	(1,909)	(16,687)
As at 31 December 2019	**3,883,926**	**1,720,800**	**4,194,025**	**9,798,751**
Accumulated depreciation				
As at 1 January 2018	273,389	266,933	717,585	1,257,907
Depreciation charge	453,325	251,570	794,191	1,499,086
As at 31 December 2018	726,714	518,503	1,511,776	2,756,993
As at 1 January 2019	726,714	518,503	1,511,776	2,756,993
Depreciation charge	804,605	353,373	903,255	2,061,233
Disposals	-	-	(30,845)	(30,845)
Exchange differences	(340)	(2,182)	(137)	(2,659)
As at 31 December 2019	**1,530,979**	**869,694**	**2,384,049**	**4,784,722**
Net book value				
As at 1 January 2018	1,104,210	675,783	1,587,930	3,367,923
As at 31 December 2018	1,690,898	841,884	1,865,793	4,398,575
As at 31 December 2019	**2,352,947**	**851,106**	**1,809,976**	**5,014,029**

8. Property, plant and equipment - continued

Company	Computer and office equipment €
Cost	
As at 1 January 2018	-
Acquisitions upon merger	402
Disposals	(402)
As at 31 December 2018	-
Accumulated depreciation	
As at 1 January 2018	-
Depreciation charge	101
Accumulated depreciation released on disposal	(101)
As at 31 December 2018	-
Net book value	
As at 31 December 2018	-
As at 31 December 2019	-

9. Investments in subsidiaries

	Company	
	2019 €	2018 €
At 1 January	**136,103,321**	92,556,250
Additions	-	603,599
Capital contributions	**8,918,181**	50,305,607
Impairment of investment	**(71,403,560)**	(7,320,000)
Other movements	-	(42,135)
At 31 December	**73,617,942**	136,103,321

	Company	
	2019 €	2018 €
At 31 December		
Cost	**145,021,502**	143,423,321
Impairment	**(71,403,560)**	(7,320,000)
Carrying amount	**73,617,942**	136,103,321

9. Investments in subsidiaries – continued

During the year, various entities within the Group have been merged as follows:

- Betit Operations Limited has been merged into a fellow subsidiary MT Secure Trade Limited; and
- Mavrix Technologies Services Limited has been merged into a fellow subsidiary iGaming Cloud SLU

These mergers did not have any impact on either the Group or the Company.

During the year, the Company has impaired its investments in subsidiaries which were attributable to the B2C segment and recognised an impairment of EUR71,403,560.

Additionally, during the year, the Company has waived amounts due from its subsidiaries of EUR8,918,181 which resulted in an increase in investments in subsidiaries of the same amount.

During 2018 the Company increased its investment in iGamingCloud Limited by EUR38,800.

On 26 March 2018, the Company has acquired the German sports betting company Nordbet for EUR500,000, which holds a sports betting licence in the German state, Schleswig-Holstein. Furthermore other entities were incorporated during the year for the purpose of operating in the Swedish and Spanish markets.

During 2018, the Company has incorporated a number of entities and invested the corresponding share capital amount.

Moreover, during the same year, various entities within the Group have been merged as follows:

- Betit Holdings Limited and Haus of Lenny Limited have been merged into the Company
- Candid Gaming Limited, a subsidiary of the ultimate parent entity has been merged into MT Securetrade Limited
- Gridmanager Limited, a subsidiary of the ultimate parent entity as well as Bettingcloud Limited, a subsidiary, have been merged into iGamingCloud Limited.

In 2018, the Company has capitalised amounts due from its subsidiaries for an amount of EUR50,305,607 (Note 14) and as a result increased its investment in subsidiaries by the same amount.

The Group had impaired brands during 2018 amounting to EUR13,726,042 (Note 7), out of which EUR7,320,000 were in relation to the brands acquired upon the Betit Group business combination. Accordingly the Company is impairing this same amount from the respective investment in subsidiaries.

9. **Investments in subsidiaries** - continued

The principal subsidiaries at 31 December 2019 and 2018, whose results and financial position affected the figures of the Group, are shown below:

Subsidiaries	Country of incorporation	Class of shares held	Percentage of ownership and voting rights held directly by the Company % 2019	% 2018	Percentage of ownership and voting rights held directly by the Group % 2019	% 2018
NV Securetrade	Curacao	Ordinary shares	**-**	-	**100**	100
iGamingCloud NV	Curacao	Ordinary shares	**-**	-	**100**	100
Innovation Labs Limited	Malta	Ordinary shares	**100**	100	**100**	100
MT Securetrade Limited	Malta	Ordinary shares	**100**	100	**100**	100
iGamingCloud Limited	Malta	Ordinary shares	**100**	100	**100**	100
Betit Operations Ltd*	Malta	Ordinary shares	**-**	100	**-**	100
Zecure Gaming Limited**	Malta	Ordinary shares	**100**	100	**100**	100
Online Performance Marketing Limited	British Virgin Islands	Ordinary shares	**100**	100	**100**	100
iGamingCloud SLU	Spain	Ordinary shares	**-**	-	**100**	100
iGamingCloud (Gibraltar) Limited	Gibraltar	Ordinary shares	**-**	-	**100**	100
OddsModel AS	Norway	Ordinary shares	**100**	100	**100**	100
Mavrix Technologies Services Limited*	Spain	Ordinary shares	**-**	-	**-**	100
Pronzo Entertainment B.V.	Curacao	Ordinary shares	**-**	-	**100**	100
Mavrix Activities Limited	Gibraltar	Ordinary shares	**-**	-	**100**	100
Mavrix 5 X 5 Limited	Gibraltar	Ordinary shares	**-**	-	**100**	100
Mavrix Services Limited**	Gibraltar	Ordinary shares	**-**	-	**100**	100
Mavrix Promotions Limited	Gibraltar	Ordinary shares	**-**	-	**100**	100
Mavrix Holding Limited	Gibraltar	Ordinary shares	**-**	-	**100**	100
GIG Central Services Limited	Malta	Ordinary shares	**100**	100	**100**	100
Rebel Penguin ApS	Denmark	Ordinary shares	**-**	-	**100**	100
iGamingCloud Inc	United States	Ordinary shares	**-**	-	**100**	100
Nordbet GmbH**	Germany	Ordinary shares	**100**	100	**100**	100
Kaboo Services Limited	Malta	Ordinary shares	**100**	100	**100**	100
Thrills Services Limited	Malta	Ordinary shares	**100**	100	**100**	100
Guts Services Limited	Malta	Ordinary shares	**100**	100	**100**	100
Highroller Services Limited	Malta	Ordinary shares	**100**	100	**100**	100
GiG Operations p.l.c.**	Malta	Ordinary shares	**100**	100	**100**	100

*The subsidiaries have been merged into other entities within the Group.
**The subsidiaries that will be transferred to Betsson.

10. Investments accounted for using the equity method

	Group and Company	
	2019	2018
	€	€
At 1 January	**574,574**	204,282
Acquisitions	**100,300**	460,300
Share of net (loss) profit of associates accounted for using the equity method	-	(90,008)
Impairment of associates accounted for using the equity method	**(674,874)**	-
At 31 December	-	574,574

During the year, the Group and the Company recognised an impairment of EUR274,574 relating to an investment in its Hong Kong based games studio D-tech International. During the year, the Company recognised an impairment of EUR400,300 relating to the investment in Infobot Limited. During 2018, the Company also acquired a further 8% in its associate company Infobot Limited for EUR100,300.

11. Financial assets at fair value through other comprehensive income

	Group and Company	
	2019	2018
	€	€
At 1 January	**1,851,516**	1,866,750
Losses recognised in other comprehensive income (Note 20)	**(1,378,680)**	-
Exchange differences	**95,165**	(15,234)
At 31 December	**568,000**	1,851,516

During 2015, the Company purchased shares in Easy Payment Gateway Limited. As at 31 December 2019 these shares represent an ownership interest of 3.57% (2018: 8.4%). The Group has irrevocably elected at initial recognition to recognise it in this category. This is a strategic investment and the Group considers this classification as relevant.

Valuation of the financial asset at fair value through other comprehensive income

During 2017, the asset had been revalued to €1,866,750 based on a recent transaction which took place during that year between the company in which the Group holds its investment and third parties. During the year, the Group's investment was diluted to 3.57%. The directors have revalued the investment's fair value based on their knowledge of the entity and its circumstances, as well as the adjusted shareholding. The fair value movement amounting to EUR1,378,680 has been recognised in other comprehensive income.

12. Derivative financial assets

	Group 2019 €	2018 €
Call option to acquire intangible assets		
Non-current		
At 31 December	**205,721**	205,714

Valuation of call option to acquire intangible assets

During 2016, the Group acquired the right to buy the remaining 50% of the risks and rewards of 'development domains' at any time during March 2018 and June 2021. The purchase price payable by the Group if the option is exercised will be calculated using a specified price mechanism, equating to the annualised revenue generated by the development domains during a period of six months prior to the exercise date, on which a 2.5x multiple will be applied.

At initial recognition, the fair value of the acquired option was estimated to amount to EUR205,714. The fair value of the option represents the difference between the consideration payable as determined by the above-mentioned price mechanism (established in the purchase contact), compared with the price payable if an industry multiple would have been applied to the mechanism determining the consideration payable by the Group. Based on past acquisitions of similar domains, the directors believe that a multiple of 4x revenue generated by domains is a fair representation of an industry multiple. A discount rate of 15% was used to calculate present value of the derivative, both at initial recognition, and at year end.

The directors estimate that as at 31 December 2018 and 31 December 2019, using the same inputs above, the fair value of the derivative remains substantially unchanged and accordingly no fair value movements were recognised in profit and loss for the year.

Adjusting the valuation by increasing/decreasing the industry multiple would result in the fair value of the option increasing/decreasing respectively. The directors envisage that a reasonable shift in the unobservable inputs used in the valuation would not have a significant impact on the amounts on consolidated profit or loss and total assets.

The Group has not exercised its option to acquire the remaining 50% of the risks and rewards of 'development domains' in 2019 and the option is due to expire in June 2021.

13. Financial assets at fair value through profit or loss

	Group and Company 2019 €	2018 €
At 1 January	**145,254**	-
Financial assets at fair value	**80,500**	145,254
Interest	**10,659**	-
Fair value changes	**(236,413)**	-
At 31 December	-	145,254

During 2019, the company had issued a further loan to D-Tech of EUR80,500. The loan was subject to fixed interest at the rate of 8.00% and was repayable in June 2020 and carried the option to be converted into ordinary shares. As a result, this investment was classified at fair value through profit or loss. During the year, it was decided to fully impair the loan to D-Tech based on uncertainty in recoverability. During 2018, the company had issued a loan of EUR145,254 to D-Tech.

14. Trade and other receivables

	Group		Company	
	2019 €	2018 €	**2019 €**	2018 €
Trade receivables - gross	**6,565,564**	6,484,624	-	1,350
Less: loss allowance	**(548,676)**	(267,459)	-	-
Trade receivables	**6,016,888**	6,217,165	-	**1,350**
Amounts due from payment providers	**7,051,823**	12,359,104	-	-
Amounts due from subsidiaries	-	-	-	14,475,057
Amounts due from group undertakings	**767,733**	792,393	-	-
Amounts due from related parties	**360,561**	500,000	-	-
Indirect taxation	**3,232,316**	3,437,891	**20,054**	-
Other receivables	**3,790,608**	3,920,697	**4,503**	42,901
Accrued income	-	34,984	-	-
Prepayments	**1,645,037**	1,927,394	**10,316**	4,199
Prepayments classified as assets held for sale (Note 6)	**(341,199)**	-	-	-
Trade and other receivables classified as assets held for sale (Note 6)	**(2,060,000)**	-	-	-
	20,463,767	29,189,628	**34,873**	14,523,507

In the Group, amounts due from Group undertakings and related parties are unsecured, interest free and repayable on demand.

During the current financial year, amounts due from subsidiaries of EUR13,689,319 (2018: EUR55,956,971) were subject to fixed interest at the rate of 7.29% (2018: 7.29%). A set off exercise between intragroup companies was performed as at year end and as a result the Company capital contributed EUR8,918,181 (2018: EUR50,305,607) to its subsidiaries and this is included under investments in subsidiaries (note 9).

14. Trade and other receivables – continued

On 31 December 2019, the Group and Company has waived amounts receivable from the ultimate parent company of EUR4,442,526 and EUR3,721,224 which resulted in a reduction in the capital contribution of the same amount of the Group and the Company (refer to Note 18). This is deemed to be a distribution by the parent Company to its subsidiaries.

In the preceding year, amounts due from subsidiaries in the Company are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Cash at bank and other intermediaries	**4,507,981**	14,595,582	**23,225**	29,362
Less: restricted cash	**(2,560,639)**	(8,522,974)	-	-
Cash and cash equivalents	**1,947,342**	6,072,608	**23,225**	29,362

Included in the Group's cash at bank are amounts of EUR2,560,639 (2018: EUR8,522,974) that are held in a fiduciary capacity and represent customer monies, whose use is restricted in terms of the Malta Remote Gaming Regulations, 2018 and UK Gambling Act, 2005.

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

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Cash at bank and other intermediaries	**4,507,981**	14,595,582	**23,225**	29,362
Cash at bank and other intermediaries attributable to discontinued operations (Note 6)	**5,738,325**	-	-	-
Less: restricted cash	**(2,560,639)**	(8,522,974)	-	-
Less: restricted cash attributable to discontinued operations (Note 6)	**(5,946,960)**	-	-	-
Cash and cash equivalents	**1,738,707**	6,072,608	**23,225**	29,362

16. Share capital and premium

Group and Company

	Number of ordinary shares	Ordinary share capital €	Share premium €	Total €
Authorised share capital				
At 1 January 2018	50,000	50,000	2,304,345	2,354,345
At 31 December 2018	**50,000**	**50,000**	**2,304,345**	**2,354,345**
At 31 December 2019	**50,000**	**50,000**	**2,304,345**	**2,354,345**
Issued and fully paid				
At 1 January 2018	50,000	50,000	2,304,345	2,354,345
At 31 December 2018	**50,000**	**50,000**	**2,304,345**	**2,354,345**
At 31 December 2019	**50,000**	**50,000**	**2,304,345**	**2,354,345**

17. Share-based payments

Share options are granted to selected employees as well as to consultants. All options are conditional on the employees and the consultants completing a specified number of years' service (the vesting period); certain options are also conditional on the Group achieving certain earnings targets. The options are exercisable starting between 1 and 5 years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2019 Average exercise price in € per option	2019 Options	2018 Average Exercise price in € per option	2018 Options
Share options which were granted or converted into options of GIG Inc.				
At 1 January	**3.74**	**1,530,168**	2.50	2,721,732
At 31 December	**4.33**	**1,128,922**	3.74	1,530,168
Share options which were granted or converted into options of GIG Inc.				
Granted	**2.12**	**566,000**	7.13	300,000
Exercised	**Nil**	**513,246**	0.84	1,070,665
Forfeited during the year	**2.62**	**454,000**	5.50	420,898

17. Share-based payments - continued

(a) Share options granted as consideration for the acquisition of intangibles

Out of the 1,128,922 (2018: 1,530,168) outstanding options in GIG Inc, as at 31 December 2019, 326,000 (2018: 266,000) were vested but not yet exercised.

Options which were exercised and converted into GIG Inc. shares during 2018 resulted in 513,246 (2018: 1,070,665) shares being issued at a weighted average price of zero (2018: EUR0.84). The related weighted average share price at the time of exercise was EUR 2.10 (2018: EUR5.04) per share.

Share options of GIG Inc., outstanding at the end of the year, have the following expiry dates and exercise prices:

Grant dates (range)	Vest dates (range)	Expiry dates	Exercise prices in option (range) €	Share options 2019	2018
2014-2015	2016-2019	1 January 2018 - 1 January 2019	Nil	-	399,168
2016	2016-2020	January 2023	1.50	5,922	20,000
2016	2016-2020	February 2023	2.40	-	100,000
2016	2015-2017	May to September 2023	4.00-4.30	36,000	186,000
2017	2018-2020	December 2022	4.00-4.80	275,000	380,000
2017	2018-2020	June 2023	6.40-6.60	105,000	220,000
2018	2019-2021	January 2024	6.00-6.50	96,000	180,000
2018	2019-2021	March 2024	7.50	45,000	45,000
2019	2019-2022	Mar 2025	Nil-3	566,000	-
				1,128,922	1,530,168

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR0.10 (2018: EUR1.98) per option. The significant inputs into the model were weighted average share price of EUR2.20 (2018: EUR6.02) at the grant date, exercise price shown above, volatility of 58% (2018: 40%), dividend yield of 0% (2018: 0%), an expected option life of 2 (2018: 6) years and an annual risk-free interest rate of 1.31% (2018: 1.40%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 3 years.

18. Capital reserves

Group	Notes	Capital contribution reserve €	Advances for shares to be issued €	Total €
At 1 January 2018		9,319,000	510,545	9,829,545
Capital contribution arising on share options granted by the Group's parent entity:				
Fair value of employee services	26	1,077,782	-	1,077,782
Waiver of loans payable		89,765,004	-	89,765,004
At 31 December 2018		100,161,786	510,545	100,672,331
At 1 January 2019		100,161,786	510,545	100,672,331
Capital contribution arising on share options granted by the Group's parent entity:				
Fair value of employee services	26	(676,905)	-	(676,905)
Distribution	14	(4,442,526)	-	(4,442,526)
Other movements		(139,262)	-	(139,262)
At 31 December 2019		**94,903,093**	**510,545**	**95,413,638**

Company	Note	Capital contribution reserve €	Advances for shares to be issued €	Total €
At 1 January 2018		6,503,622	510,545	7,014,167
Waiver of loan payable		73,531,014	-	73,531,014
At 31 December 2018		80,034,636	510,545	80,545,181
At 1 January 2019		80,034,636	510,545	80,545,181
Distribution	14	(3,721,224)	-	(3,721,224)
At 31 December 2019		**76,313,412**	**510,545**	**76,823,957**

Advances for shares to be issued

This represents proceeds received by the Company from its shareholders in anticipation of issuance of ordinary shares, and exercised share options, the share capital and premium of which had not yet been issued. The amount of EUR510,545 as at 31 December 2019 and 2018 represents advances in respect of share premium, for which the formal documentation has not been filed with the Registrar of Companies by the end of the respective financial reporting periods. Once the said filing is formalised, the reserve will be capitalised as share premium.

18. **Capital reserves** - continued

Capital contribution reserve

The amount of EUR676,905 included in the Group's capital contribution reserve comprises the reversals of fair value of share options previously granted by GIG Inc. as consideration to employees of the various Group undertakings who resigned during the year and forfeited their rights. The vesting conditions were not met and thus the cost was reversed in accordance with IFRS 2. In prior year, the amount of EUR1,077,782 included in the Group's capital contribution reserve comprised the fair value of share options granted by GIG Inc. as consideration to employees of the various Group undertakings. Note 17 includes details on the Group's share-based payment arrangements.

Furthermore, during the year the Group and the Company has waived amounts due to it by the ultimate parent company amounting to EUR4,442,526 and EUR3,721,224 respectively. This is considered to be a deemed distribution by the ultimate parent. During the prior year the parent company has waived amounts due to it by the Group and the Company amounting to EUR89,765,004 and EUR73,531,014 and converted to a capital contribution reserve.

19. **Merger reserve**

	2019 **€**	2018 €	**2019** **€**	2018 €
At 1 January	**3,533,484**	-	**5,886,789**	-
Reserve created upon business combination	-	3,533,484	-	5,886,789
At 31 December	**3,533,484**	3,533,484	**5,886,789**	5,886,789

During the year, various mergers have been carried out as disclosed in Note 9. However, the mergers did not result in creation of any merger reserves since the merger was between Group companies and thus there is no impact on a consolidated basis.

During 2018, the merger reserve recognised in the Company relates to the mergers of Betit Holdings Limited and Haus of Lenny Limited into the Company whilst the merger reserve recognised by the Group relates to the mergers of Candid Gaming Limited and Gridmanager Limited (previously both sisters companies to the Company) into the Group.

20. Other reserves

Group	Financial assets at fair value through other comprehensive income €	Currency translation reserve €	Transactions with non-controlling interests €	Total €
At 1 January 2018	1,177,665	(339,353)	(13,389,177)	(12,550,865)
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	(15,234)	-	-	(15,234)
Currency translation differences	-	133,469	-	133,469
At 31 December 2018	1,162,431	(205,884)	(13,389,177)	(12,432,630)
At 1 January 2019	1,162,431	(205,884)	(13,389,177)	(12,432,630)
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	(1,283,515)	-	-	(1,283,515)
Currency translation differences	-	(245,533)	-	(245,533)
At 31 December 2019	**(121,084)**	**(451,417)**	**(13,389,177)**	**(13,961,678)**

20. Other reserves – continued

Company	Financial assets at fair value through other comprehensive income	Available-for-sale	Total
	€	€	€
At 1 January 2018	-	729,461	729,461
Reclassification	729,461	(729,461)	-
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	(15,234)	-	(15,234)
At 31 December 2018	714,227	-	714,227
At 1 January 2019	714,227	-	714,227
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	(1,283,515)	-	(1,283,515)
At 31 December 2019	**(569,288)**	-	**(569,288)**

Financial assets at fair value through other comprehensive income
Changes in fair value of investments that are classified as financial assets at FVOCI are recognised in other comprehensive income and accumulated in a separate reserve within equity. On disposal, any related balance within FVOCI reserve is reclassified to retained earnings.

Currency translation reserve
Translation differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Transactions with non-controlling interests
The reserve is used to record transactions where the Group acquires a further interest in a subsidiary or disposes of a stake in a subsidiary without losing control.
The above reserves are non-distributable reserves.

21. Trade and other payables

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Trade payables	**7,198,204**	7,093,648	**70,863**	5,952
Players' accounts	**5,918,818**	6,371,817	-	-
Jackpot balances	**2,588,780**	2,151,157	-	-
Amounts due to related parties	-	6,541	**15,489**	-
Other payables	**3,435,644**	6,459,539	**74,772**	74,772
Indirect taxation and social security	**5,355,530**	3,230,754	-	-
Accruals and deferred income	**5,975,259**	7,994,319	**18,775**	41,521
Players' accounts classified as held for sale (Note 6)	**(4,340,729)**	-	-	-
Jackpot balances classified as held for sale (Note 6)	**(1,606,231)**	-	-	-
Trade and other payables classified as held for sale (Note 6)	**(2,571,635)**	-	-	-
	21,953,640	33,307,775	**179,899**	122,245

The amounts due to related parties are unsecured, interest-free and repayable on demand.

22. Borrowings

Current	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Bonds	**30,035,406**	-	**30,035,406**	-

Non-Current	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Bonds	**36,907,743**	64,229,542	**36,907,743**	64,229,542

On 6 March 2017, the Group had issued SEK 400 million senior secured bonds in the Nordic bond market, with a SEK 1,250 million borrowing limit and a final maturity of 6 March 2020. The bond issue has a fixed coupon of 7% p.a. payable six months in arrears on 6 March and 6 September in each year. The bonds are dual listed on the Oslo Stock Exchange as well as NASDAQ Stockholm.

Moreover, on 14 September 2017, the Group had completed a tap issue of SEK 250 million of the senior secured bonds. These bonds had a final maturity of 6 March 2020 and a fixed coupon of 7%.

22. Borrowings - continued

On 28 June 2018, SEK350 million of the SEK400 million bond issue was early redeemed and the Group incurred costs of 3% due to the early redemption. A new bond of SEK400 million was refinanced with maturity on 28 June 2022 with an interest rate of 9% payable quarterly. The guarantors to the bond, GIG Inc. (the issuer's parent), Innovation Labs Limited, MT Securetrade Limited, NV Securetrade and Zecure Gaming Limited (the issuer's subsidiaries), are jointly and severally liable with the issuer and between themselves, guaranteeing the repayment of the nominal value of the bonds on the redemption date and of the interest amounts of the bonds on each interest payment date. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the issuer under the bonds.

The quoted market price of the bonds at 31 December 2019 was SEK693,000,000 (EUR66,336,103) (2018: SEK646,750,000 (EUR63,068,027)) which in the opinion of the directors fairly represents the fair value of these liabilities. The fair value estimate in this respect is deemed to fall under level 1 of the fair value measurement hierarchy as it constitutes a quoted price in an active market.

The Group has repaid the 2017 - 2020 tranche of borrowings on 22 April 2020 following receipt of the proceeds due from the Group's divestment of its B2C vertical to Betsson Group. As a result of this transaction, the Group has used parts of the funds generated from such sale to repay Company's SEK300 million 2017 - 2020 bond together with the cost incurred of SEK 1.1m for extending maturity date of such bond from 6 March 2020 to 22 April 2020.

The remaining bond is redeemable at par (SEK 1,000,000). The Group has the option to early redeem the SEK400 million bond, at a fee, before its maturity date on 28 June 2022. The Group will not avail of such option and will redeem at maturity.

The amount of transaction costs which are being capitalised as part of borrowings is EUR718,000 was capitalised during 2019.

23. Deferred taxation

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 income taxes relate to the same fiscal authority.

The following amounts determined after appropriate offsetting are shown in the statement of financial position:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Deferred tax asset to be recovered after more than 12 months	**60,392**	60,393	-	-
Deferred tax liability to be settled after more than 12 months	**(1,269,572)**	(954,830)	**(448,204)**	(448,204)
	(1,209,180)	(894,437)	**(448,204)**	(448,204)

23. Deferred taxation - continued

The movement on the deferred income tax account is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
As at 1 January	**(894,437)**	(213,012)	**(448,204)**	(448,204)
Deferred tax asset acquired upon merger	-	183,196	-	-
Deferred tax liability on temporary differences - recognised in profit or loss	**(314,743)**	(864,621)	-	-
As at 31 December	**(1,209,180)**	(894,437)	**(448,204)**	(448,204)

Deferred taxation is calculated on temporary differences under the liability method using the principal tax rate within the relevant jurisdiction. The year-end balance comprises temporary differences arising on:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Future tax credits on subsidiaries' undistributed profits	**60,392**	60,393	-	-
Differences between the tax base and carrying amounts of tangible assets	-	1,382	-	-
Differences between the tax base and carrying amounts of financial instruments at fair value through OCI	-	-	**(448,204)**	(448,204)
Differences between the tax base and carrying amounts of intangible assets	**(1,645,518)**	(1,315,029)	-	-
Capital allowances and tax losses	**351,727**	347,761	-	-
Provision for impairment of receivables	**24,219**	11,056	-	-
	(1,209,180)	(894,437)	**(448,204)**	(448,204)

As at 31 December 2019, the Group also had unrecognised unutilised tax credits amounting to EUR37,113,101 (2018: EUR21,184,592) arising from unabsorbed tax losses and capital allowances, and net deductible temporary differences arising from intangible assets and property, plant and equipment amounting to EUR1,525,113 (2018: net taxable temporary differences of EUR999,053). These give rise to a net deferred tax asset for the Group amounting to EUR1,931,911 (2018: EUR1,009,277), which is not recognised in these financial statements.

24. Revenue and other operating expenses

(a) Revenue

The Group's revenue by product line is disclosed in note 2.

(b) Other operating expenses

Other operating expenses include:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Platform and service provider fees	**429,010**	826,196	**-**	-
Gaming taxes	**75,337**	47,433	**-**	-
Consultancy fees	**3,030,167**	3,887,681	**87,829**	123,665
Office rent expense	**-**	2,643,820	**-**	-
Loss allowance (Note 3)	**574,282**	202,899	**-**	-
Other operating expenses	**6,244,476**	393,468	**-**	12,640
	10,353,272	8,001,497	**87,829**	136,305

During 2018, the Company's subsidiaries had entered a regulatory settlement package with the UK Gambling Commission amounting to EUR2.4 million. No fines were incurred during 2019.

Fees charged by the auditor for services rendered are shown in the table below.

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Annual statutory audit	**238,500**	211,000	**20,000**	20,000
Other assurance services	**45,000**	-	**-**	-
Tax advisory and compliance services	**40,380**	58,673	**2,950**	1,530
Other non-audit services	**32,500**	17,465	**-**	10,890
	356,380	287,138	**22,950**	32,420

25. Investment and other related income

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Dividend income	**-**	-	**-**	1,850,691
Tax refund of dividend income	**-**	-	**-**	555,507
	-	-	**-**	2,406,198

During the year, the Group and the Company did not receive any dividends. During 2018, one of the Company's subsidiaries distributed gross dividends amounting to EUR1,850,691. The related tax refund amounted to EUR555,507.

26. Employee benefit expense

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Gross wages and salaries	**26,536,856**	24,051,819	**-**	-
Less: employee costs capitalised as part of software development	**(5,082,680)**	(5,559,726)	**-**	-
Net wages and salaries, including other benefits	**21,454,176**	18,492,093	**-**	-
Recharge of salaries	**-**	-	**-**	50,730
Social security costs	**2,548,627**	2,453,445	**-**	-
Share options forefeited by/granted to employees (Note 18)	**(535,422)**	842,705	**-**	-
Synthetic shares	**127,593**	-	**-**	-
Cash-settled options vested during the year	**-**	69,543	**-**	-
	23,594,974	21,857,786	**-**	50,730

Share options forfeited by employees attributable to discontinued operations amounted to EUR141,483. During 2018, one of the subsidiaries of the Company recharged wages and salaries amounting to EUR50,730 to the Company. No such recharges occurred during 2019.

The Group employed, on average:

	Group	
	2019	2018
Managerial	**6**	6
Administrative	**694**	697
	700	703

27. Other losses

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Other losses	**-**	24,000	**-**	-

28. Finance income

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Interest income on bank deposits	-	442	-	-
Other interest income	**67,686**	10,543	**1,008,910**	4,074,009
Exchange gains	-	753,293	**1,099,242**	2,712,551
	67,686	764,278	**2,108,152**	6,786,560

Included within finance income, are exchange differences arising from transactions carried out in a foreign currency. As described in Note 1.5, it is the Group's and the Company's accounting policy to present all foreign exchange differences within finance income or finance costs.

29. Finance costs

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Bond interest expense	**6,453,741**	4,855,424	**6,453,741**	4,855,424
Other interest expense	**13**	4,890	-	-
Exchange differences	**812,982**	-	-	-
Interest payable for lease liabilities (Note 5)	**894,692**	-	-	-
	8,161,428	4,860,314	**6,453,741**	4,855,424

30. Tax expense

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Current tax expense/(income)				
current year	**312,744**	(49,941)	**3**	647,742
Deferred tax expense (Note 23)				
current year	**314,743**	864,621	-	-
	627,487	814,680	**3**	647,742

30. Tax expense - continued

The tax on the loss before tax differs from the theoretical amount that would arise using the basic tax rate, which is 5.3% (2018: 8.6%) for Group and 35% (2018: 35%) for Company, applicable as follows:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Loss before tax	**(57,301,795)**	(20,270,890)	**(76,768,579)**	(3,306,334)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(3,039,221)**	(1,745,398)	**(26,869,003)**	(1,157,217)
Tax effect of:				
Income not subject to tax	**-**	(939,872)	**-**	(1,134,194)
Disallowed expenses	**2,704,545**	2,877,863	**26,234,942**	2,940,999
Movements in unrecognised deferred tax assets	**922,634**	585,510	**634,064**	-
Other differences	**39,529**	36,577	**-**	(1,846)
Tax expense	**627,487**	814,680	**3**	647,742

31. Cash generated from operations

(a) Reconciliation of operating loss to cash generated from operations:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Operating loss from:				
Continuing operations	**(22,727,399)**	(3,078,105)	**(72,422,990)**	(5,237,470)
Discontinued operations	**(26,480,654)**	(13,096,749)	-	-
Adjustments for:				
Amortisation of intangible assets (Note 7)	**21,216,538**	18,474,237	**18,567**	46,370
Early redemption fee on bond	**994,034**	-	**994,036**	-
Share of net profit of associate accounted for using the equity method (Note 10)	-	90,008	-	90,008
Depreciation of property, plant and equipment (Note 8)	**2,061,233**	1,499,086	-	101
Deprecation on right-of-use asset (Note 5)	**2,627,920**	-	-	-
Provision for impairment/Fair value movements (Note 7, 10, 13)	**38,856,887**	13,726,042	**911,287**	-
Provision for impairment of investments in subsidairies (Note 9)	-	-	**71,403,560**	7,320,000
Provision for impairment of trade receivables (Note 14)	**(281,217)**	(155,310)	-	-
Share-based payment	**(676,905)**	1,077,782	-	-
Changes in working capital:				
Trade and other receivables	**3,567,176**	600,705	**5,248,989**	10,239,299
Trade and other payables	**(5,062,451)**	1,889,085	**(1,082,246)**	(6,694,347)
Restricted cash	**15,375**	(2,289,697)	-	-
Cash generated from operations	**14,110,537**	18,737,084	**5,071,203**	5,763,961

Significant non-cash transactions

During the year, the Group's parent repaid its old SEK350 million bond with the proceeds of the new SEK400 million bond which was handled by the trustees. The Group's parent also paid the penalty of EUR1 million for early redemption on behalf of the Group The remaining SEK50 million was utilised by the Group's parent GIG Inc to repay its external short term loans.

31. Cash generated from/ (used in) operations - continued

(b) Reconciliation of financial liabilities

Group	Bond €	Lease liability €	Loan from group parent €	Total €
Balance as at 1 January 2018	66,465,902	-	87,322,935	153,788,837
Cash flows	(4,483,328)	-	(537,018)	(5,020,346)
Foreign exchange adjustments	(2,608,455)	-	-	(2,608,455)
Balances transferred as part of business combination	-	-	1,145,187	1,145,187
Waiver of amounts due to group parent	-	-	(89,765,004)	(89,765,004)
Other non-cash movements, including interest accrued	4,855,423	-	1,833,900	6,689,323
Balance as at 31 December 2018	**64,229,542**		-	**64,229,542**
Balance as at 1 January 2019	64,229,542	15,877,393	-	80,106,935
Cash flows	(4,896,250)	(2,796,099)	-	(7,692,349)
Foreign exchange adjustments	1,139,900	-	-	1,139,900
Other non-cash movements, including interest accrued	6,469,957	1,554,598	-	8,024,555
Balance as at 31 December 2019	**66,943,149**	**14,635,892**	-	**81,579,041**

Company	Bond €	Lease liability €	Loan from group parent €	Total €
Balance as at 1 January 2018	66,465,902	-	73,892,709	140,358,611
Cash flows	(4,483,328)	-	(361,695)	(4,845,023)
Foreign exchange adjustments	(2,608,455)	-	-	(2,608,455)
Waiver of amounts due to ultimate parent entity	-	-	(73,531,014)	(73,531,014)
Other non-cash movements	4,855,423	-	-	4,855,423
Balance as at 31 December 2018	**64,229,542**	-	-	**64,229,542**
Balance as at 1 January 2019	64,229,542	-	-	64,229,542
Cash flows	(4,896,250)	-	-	(4,896,250)
Foreign exchange adjustments	1,139,900	-	-	1,139,900
Waiver of amounts due to ultimate parent entity	-	-	-	-
Other non-cash movements	6,469,957	-	-	6,469,957
Balance as at 31 December 2019	**66,943,149**	-	-	**66,943,149**

32. Related party transactions

GIG Inc. is the Company's immediate and ultimate parent entity. GIG Inc. is a company incorporated in the state of Delaware, having its registered office in Bokeelia, Florida, USA. Its shares are traded on the Oslo Børs and NASDAQ Stockholm. In view of its shareholding structure, the Group does not have an ultimate controlling party.

All companies forming part of the GIG Inc. Group, comprising the Company and its subsidiaries (as disclosed in Note 9), the shareholders, and other companies controlled or significantly influenced by the shareholders are considered to be related parties.

The following transactions were carried out with related parties.

(a) Key management personnel

	Group	
	2019	2018
	€	€
Directors' emoluments	**542,911**	467,692
Share-based payments	**197,681**	-
	740,592	467,692

Key management personnel comprise the directors of the Company and the directors of other Group undertakings.

	Company	
	2019	2018
	€	€
Directors' emoluments	**542,911**	388,096
Share-based payments	**197,681**	-
	740,592	388,096

Key management personnel comprise the directors of the Company.

32. Related party transactions - continued

(b) Year-end balances arising from amounts due and loans from related parties, and other transactions

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Financial assets at fair value through profit or loss (Note 13)				
related parties	-	-	-	145,254
Other receivables from related parties (Note 14)				
subsidiaries	-	-	-	14,475,057
group undertakings	**767,733**	792,393	-	-
related parties	**360,561**	500,000	-	-
Other payables to related parties (Note 21)				
other related parties	-	6,541	**15,489**	-
Other transactions				
Distribution/Capital contributions: parent entity (Notes 14,18)	**(4,442,526)**	89,765,004	**(3,721,224)**	73,531,014
Settlements with related parties	**50,000**	-	-	-
Fair value of employee services (Note 26)	**(676,905)**	1,077,782	-	-

A settlement package of EUR50,000 was entered into during the year with a related party.

33. Events after the reporting period

On 14 February 2020, Gaming Innovation Group Plc. signed a Share Purchase Agreement with Betsson Group for the divestment of its B2C assets, which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson will, through this agreement, become a long term partner of GiG, generating revenues to GiG's Platform Services. Betsson commits to initially keep the brands operational on GiG's platform for a minimum of 30 months. For the first 24 months, Betsson will pay a premium platform fee based on NGR generated.

On 16 April 2020, the group completed the sale of its B2C Assets to Betsson. GiG received €33 million as a consideration including a €22.3 million cash payment for the acquisition, plus a prepaid platform fee of €8.7 million in addition to €2 million for the cash deposit securing GiG's Spanish casino license but excluding working capital adjustments. On 22 April 2020, GiG used part of these proceeds to repay the Company's SEK300 million 2017 - 2020 bond together with the cost incurred of SEK 1.1m for extending maturity date of such bond from 6 March 2020 to 22 April 2020.

33. Events after the reporting period - continued

The sale of the B2C vertical is a result of GiG's strategic review, initiated in November 2019, leading to an evolved strategic direction to reduce complexity and improve efficiency. By divesting the B2C vertical, GiG will free up resources, enabling full dedication to driving and growing its B2B business, securing stable and sustainable earnings and profit margins. GiG sees a large and sustainable addressable market for its platform business as the regulation of the iGaming industry continues and is well positioned with the omni-channel platform offering to capitalise on the continued digital transformation of the worldwide gambling market.

GiG has, as part of the strategic review, made a decision to make its technical platform sportsbook agnostic, and partner with other sportsbook providers to offer the best solutions to its customers. Betsson's sportsbook solution is intended to be integrated on GiG's platform-offering. Both GiG and Betsson will gain strategic advantage in having the possibility to sell their respective B2B solutions in an environment without conflict of their own B2C brands.

The strategic review continues for its proprietary sportsbook where GiG is actively discussing joint ventures or other constellations with potential partners to release the true asset value of the sportsbook and to secure external long term funding.

The divestment of B2C assets strengthens the Group's balance sheet by reducing net interest bearing debt by SEK300m through the repayment of the Company's SEK300m 2017-2020 bond from the funds generated by the B2C sale.

COVID-19

Impact of COVID-19 on the Group's operations and financial information

The occurrence of extraordinary events, such as natural disasters, and the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In early 2020, the existence of a new virus, now known as COVID-19, was confirmed, and since this time COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, which has also adversely impacted global stock markets.

The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is difficult to ascertain the impact of COVID-19 on the Group, or to provide a quantitative estimate of this impact. Management has however considered the potential impact, based on the known circumstances as at the date of reporting, and their assessment of potential future developments.

The Group closely monitored the progress of the Coronavirus (COVID-19) outbreak, and introduced contingency measures to reduce the risk for its staff, and to ensure business continuity. The Group successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Group operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities.

The Group has a robust BCP to ensure continuity of operations, and working from home is an integral part of day to day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Group's business and its customers. COVID-19 did not result in disruption to the Group's operating model as a result of its agility.

33. Events after the reporting period - continued

Potential impact on Sports due to COVID-19

Since the pandemic has resulted in several sport events across the globe being cancelled, or postponed for safety reasons, management anticipates that there will be a negative impact from COVID-19 for sports betting revenues. Since revenues related to sports betting only accounted for around 6.5% of total revenues in 2019, and similar proportions were projected for 2020, management expects the impact for GIG Group to be contained. Most of sports related revenues relate to paid Media, and initiatives are already in place to re-direct media spend from sports to casino. Management has already considered cost-mitigation measures, and is able to benefit from relief offered by governments. Although the likely length of cessation of sports events is uncertain, management considers that activity may resume after the summer break. Events that are postponed may contribute positively when they are subsequently rescheduled.

Potential impact on Casino due to COVID-19

Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil. Certain regulators are considering introducing deposit limits for a temporary period of time. Although management is still reviewing any potential impact these restrictions might entail for the group, the expectation is that these will not have a material impact. The Group's casino activity has been in line with forecast up to March 2020. The Group cannot exclude that there could be a negative effect in the future if a global recession continues to prevail.

Potential impact on Group outlook due to COVID-19

There is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes. Therefore, negative developments in the global economy dependent on external factors outside of the Group's control could adversely affect casino activity in the longer term. However, there could also be positive developments from a potential shift of gambling activity from offline brick and mortar casinos to online casinos.

Potential impact on asset value due to COVID-19

Management's assessment of the recoverable amount of intangible assets, including consideration of indicators of impairment relating to intangibles, was based on economic conditions, including equity market levels, that existed at 31 December 2019. Such assessment did not therefore contemplate the impact of COVID-19, which only emerged in 2020.

Since approximately 9% of the carrying value of the Group's assets from continued operations relate to Sports business, management does not expect the impact of future impairment to be significant as a result of COVID-19, when also considering the Group's amortisation policy for these assets. Management expects that €5.3million of the Group's right-of-use assets will no longer be utilised by the Group following the down-scaling of operations. Management remains cautiously optimistic about the opportunity to sub-lease such property on a commercial basis.

33. Events after the reporting period - continued

Potential impact on liquidity due to COVID-19

Given that the Group is not materially exposed to Sports and that Casino operations, which account for a substantial portion of the Group's business, have not so far been affected by the turmoil, the impact of COVID-19 on the Group's liquidity is not expected to be significant in the very short term. However, as indicated above, there is a risk that if a global recession prevails due to the outbreak of COVID-19 there could be a reduction in online users' disposable incomes. Also, certain regulators are considering introducing deposit limits for a temporary period of time. This could in turn have an adverse impact on both the Group's Casino and Sports operations, when these will eventually resume, which could in turn have an adverse impact on the Group's cash generation that could be material. These factors compounded by the Group's existing liquidity pressures may lead to uncertain scenarios, where liquidity shortfalls may occur.

In order to address these uncertainties, management plans is accelerating its cost mitigation measures and the implementation of other initiatives to alleviate pressures on liquidity and strengthen the Group's financial position sufficiently to enable GIG to face adversities brought about by COVID-19. Furthermore, the Group plans to tap into COVID-19 related assistance, which governments in the territories in which the Group operates have introduced. Accordingly, management continue to believe that these financial statements should be drawn up on a going concern basis.

34. Significant risks and uncertainties

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 and there are legal doubts on whether the availability of a site within foreign markets constitutes a solicitation to persons residing within that market. Legislation concerning online gaming is under review in certain jurisdictions, and in some circumstances, previous opportunities to offer gaming products to certain customers based in some markets on principles of freedom to provide services, would be closed due to legal restrictions being imposed. In some other cases, previously unregulated jurisdictions pass legislation regulating the market creating new opportunities to offer products and services to those markets with legal certainty.

Following the divestment of its B2C segment, GIG expects to be less directly exposed to legal and compliance risks associated with gaming operations. As part of its de-risking strategy, the Group has also reviewed its white label model, and will no longer offer white label licensing by the end of 2020. The Group will offer existing customers platform and back-office solutions as an alternative. The aim is for B2C gaming licenses to be relinquished, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds.

The Group will continue to primarily operate in the online gambling industry. The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases also subject to uncertainty, and in certain countries online gambling is prohibited and/or restricted. If enforcement or other regulatory actions are brought against any of the online gambling operators that are also the Group's customers, the Group's revenue streams from such customers may be adversely affected.

34. Significant risks and uncertainties - continued

This risk will be mitigated through a fixed pricing model to be adopted for platform services.

It is the Group's view that the responsibility for compliance with laws and regulations rests with the customers for Media segment. Although gaming laws and regulations of many jurisdictions do not specifically apply to the supply of B2B services, certain countries have sought to regulate or prohibit the supply of such services. The Group may therefore be subject to such laws, directly or indirectly. The Group mitigates this risk through monitoring of legal developments, contractual arrangements, and by seeking external advice to assist with the assessment of risk exposures as appropriate.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gaming and anti-money laundering obligations. These uncertainties represent a risk for the Group's ability to develop and grow the business, as changes in legislation or enforcement practices could force the Group to exit markets, or even result in financial sanctions, litigation, license withdrawal or unexpected tax exposures, which have not duly been provided for in the financial statements. These risks will continue to apply to past exposures on B2C and white labelling lines of business, for as long as related warranties may continue to apply, and until white label licenses are terminated. Potential contingent liabilities are disclosed within the notes to the financial statements.

In addition to the above, the Group faces the risk that customers are not able to pay for the services rendered when these fall due. Specifically, for Media services, the Group faces operational risks arising from Google's changes of its algorithm that could temporarily impact rankings, and hence also impact revenues. Risk exposures associated with the impact of COVID-19 are included above.

35. Statutory information

Gaming Innovation Group p.l.c. is a limited liability company and is incorporated in Malta.