Gaming Innovation Group p.l.c.

Annual Report and Consolidated Financial Statements

31 December 2020

Company Registration Number: C44319

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020. For environmental, social, employee and other matters refer to the separate 'Sustainability report'.

Principal activities and future developments

The Group's principal activities during 2020 were the provision of online gaming services, primarily casino and sports, provision of a remote gaming platform and affiliate marketing operations.

Discontinued operations – B2C and White Labels

On 14 February 2020, Gaming Innovation Group p.l.c. signed a Share Purchase Agreement with Betsson Group for the divestment of its B2C assets, which included the operator brands Rizk, Guts, Kaboo and Thrills. Betsson, through this agreement, became 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 and Company completed the sale of its B2C assets to Betsson. GiG received, net of transaction costs, an amount of EUR31 million as consideration, including a prepaid platform fee of EUR8.7 million. On 22 April 2020, the Company used part of the proceeds from the sale to repay SEK300 million 2017 - 2020 bond, together with the cost incurred of SEK 1.1 million for extending the maturity date of the bond from 6 March 2020 to 22 April 2020. Subsequently, the consideration was adjusted by EUR 2.3 million, to reflect working capital adjustments of EUR 2.8 million and EUR 0.5m deferred payment.

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. After the divestment of the B2C segment GiG became one of the few fully independent B2B providers in the industry giving the Group dedicated focus on building the B2B business.

Following the divestment of its B2C segment, GIG is less directly exposed to legal and compliance risks associated with gaming operations. As part of its de-risking strategy, the Group during the year also reviewed its white label model and concluded that the Group will no longer offer white label licensing. This strategic decision resulted in a reduction from 15 brands operating on white-label agreements, to only three remaining at the end of 2020, including Sky City. Subsequent to year end, only two white label brands remained. These remaining white label brands are in the process of converting into SaaS agreements, pending regulatory changes. The majority of white labels were terminated and/or migrated to other white-label platforms with the larger white-labels converting to a SaaS agreement with GiG. As part of the strategy to terminate white-label agreements, GiG rescinded its Swedish and UK B2C licenses in October 2020.

Performance Marketing

GiG's proprietary US affiliate site, World Sports Network (WSN.com) continued its expansion in the US and is now present in seven US states after having received affiliate licenses in each of these states enabling it to promote operators offering both casino and sports in such states. WSN continues strengthening its position and ability to cater for the highly attractive and growing US market.

Platform Services

During 2020, fourteen new agreements were signed for Platform Services of which four offer both casino and sportsbook and ten offer casino only. Two of the new clients that signed during 2020 went live during 2020. These new agreements are expected to secure recurring revenues from 2021 and beyond.

Directors' report – continued

Principal activities and future developments - continued

Sports Betting Services

During Q3 2020, GiG signed a strategic partnership with Betgenius, creating a fully integrated sportsbook and platform solution for operators in regulated markets by bringing together GiG's platform technology with Betgenius' end-to-end live data, trading and risk management services. The partnership signed its first client in September, a long-term contract with a major Latin American operator. Betgenius took over all day-to-day sportsbook management operations in September, reducing GiG's operating expenses. Following a strategic review of its cost base structure, Management implemented various cost saving measures during the year. With its partnership with Betgenius and new cost base post restructuring, Sports Betting Services unit is in a sustainable position for growth and strategic partnerships.

Financing

In June 2020, the Company's parent entered into a NOK 25 million credit facility with a shareholder based on market terms at that point in time. The facility is subject to a commitment fee of 3% per annum on the full amount, an interest rate of 15% per annum on the amount withdrawn and matures on 31 March 2021. NOK 14.0 million was drawn under the facility in July 2020, and a further NOK 11.0 million in November 2020. The credit facility was repaid in January 2021.

In December 2020, the Company's parent issued a subordinated convertible loan of EUR8.5 million to two Nordic investment funds bearing an interest rate of 8% per annum. The loan strengthened the Group's cash position, and expedited revenue generating activities by enhancing scope for future growth. The loan is convertible into shares in the Parent Company at NOK 15 at the option of the lenders, or repayable in cash on 18 June 2023.

Events after the reporting date

Any subsequent events were already addressed in other sections within the directors' report.

Overall Group performance

Revenues from continuing operations amounted to EUR 63.0 (2019: EUR 44.1) million during 2020, an increase of 43%, mainly due to the increase in revenues generated from the Skycity contract, the new Betsson contract which for the first twenty-four (24) months includes a premium fee, and the increase in revenues from the Paid Media division.

Reported revenues include Sky City element, a platform client, recognised on a gross basis. Adjusting for the Skycity contract on a net basis results in revenues from continuing operations of EUR 52.2 (2019: EUR 43.8) million, a 19% increase year-over-year.

Revenues from discontinued operations amounted to EUR 22.9 (2019: EUR 79.0) million in the full year 2020, a decline of 71% due to the fact that the B2C business was discontinued in April 2020.

EBITDA for the Group from continuing operations increased from EUR 4.8 million in 2019 to EUR 12.0 million in 2020. The increase in revenue was partly absorbed by an increase in total operating expenses from EUR 66.8 million in 2019 to EUR 70.4 million in 2020. Adjusting for the Skycity contract being recognised on a net basis, results in total operating expenses from continuing operations decreasing year over year from EUR 66.6 million in 2019 to EUR 59.6 million in 2020, a 10.5% decrease year over year.

EBITDA is equivalent to operating profit before depreciation and amortisation and impairment.

Directors' report – continued

Overall Group performance - continued

Impairment losses on tangible assets attributable to discontinued operations as a result of the divestment of B2C in 2020 amounted to EUR1.1 million, accounting for the majority of the total loss of EUR1.8 million reflected upon the B2C sale in 2020.

Revenues

Net Gaming revenue from discontinued operations amounted to EUR22.9 million (2019: EUR79.0 million) for the full year 2020 due to the fact that the B2C business was discontinued in April 2020.

Revenues from continuing operations for 2020 consisted of revenues from performance marketing, which increased to EUR33.5 million (2019: EUR30.0 million), and revenues from the platform and other B2B services. These increased to EUR29.6 million (2019: EUR14.1 million) due to higher revenues generated from the Skycity contract, the new Betsson contract, which for the first twenty-four (24) months includes a premium fee element, and the increase in revenues from the Paid Media division.

Marketing expenses

Marketing expenses were EUR14.9 million (2019: EUR5.3 million) in the year 2020, an increase of 181%. Adjusting for the Skycity contract on a net basis results in marketing expenses of EUR6.4 million (2019: EUR5.1 million), an increase of 25%, in line with increase in revenues.

Total operating expenses

Other operating expenses amounted to EUR11.8 (2019: EUR10.4) million in 2020, an increase of 13%. Adjusting for the Skycity contract on a net basis, results in operating expenses of EUR9.4 million (2019: EUR10.34 million), a decrease of 9%.

Personnel expenses amounted to EUR 24.3 million during 2020 (2019: EUR 23.6 million), an increase of 3%. Personnel costs prior to capitalisation were in line year-on-year. Management conducted a strategic review of personnel expenses following the divestment of the B2C assets, and these costs are in line with management expectations. Capitalised expenses relating to the Group's development of technology amounted to EUR 4.4 million in 2020 (2019: EUR 5.1 million).

Profit from operations

The Group's loss before tax from continuing operations for 2020 was EUR14.1 million (2019: EUR30.8 million). The Group's loss before tax from discontinued operations for 2020 was EUR1.8 million (2019: EUR26.5 million).

The Company's loss before tax for 2020 was EUR6.9 million (2019: EUR76.8m).

Net finance costs

Net finance costs from continuing operations for 2020 were EUR6.9 million (2019: EUR8.2 million). The decrease in 2020 is mainly due to the repayment of the bond in 2020. The interest expense on bonds amounted to EUR4.2 million in 2020 (2019: EUR6.4 million).

Directors' report – continued

Statement of financial position

The largest asset on the balance sheet relates to intangible assets of EUR38.9 million, which mainly comprises goodwill generated through business combinations (EUR5.8 million), as well as affiliate assets acquired (EUR25.0 million). Trade and other receivables decreased to EUR19.7 million from EUR20.4 million in 2019 mainly due to a decrease in payment provider balances following the sale of B2C and shift from the white label model to platform services. This was partly offset by an increase in receivables due to higher activity for both platform services and performance marketing.

Significant liabilities in the Group's balance sheet include trade and other payables and the bond issue. Trade and other payables have decreased year over year mainly due to discontinuation of the white label model, and the settlement of overdue payables. This reduction was offset by the prepaid platform fee settled by Betsson on their acquisition of B2C assets.

Financing and cash flow

The Group experienced a net cash inflow during the year of EUR3.5 million (2019: outflow of EUR4.1 million). Cash raised from sale of B2C assets together with the prepayment from Betsson was utilised towards repayment of the bond. Net cash generated from operating activities was mostly utilised to fund investment in non-current assets, payment of bond interest and lease payments.

COVID-19

The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In 2020, the existence of a new virus was confirmed, and since then COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, and also impacted global stock markets. It is difficult to ascertain the longer-term impact of COVID-19 on the Group and Company, or to provide a quantitative estimate of this impact. Management has, however, considered the impact based on the experience to-date and took all the necessary steps to mitigate any downside effect from the cessation or postponement of sports events by shifting focus from sports to casino. Some delays were encountered in the onboarding of new customers, and for some jurisdictions responsible gaming measures were enhanced. When considering the impact on the Group's performance for 2020, as well as on the gaming sector at large, Management continues to believe that COVID-19 has no material effect on these financial statements that would affect the going concern basis.

The Group and Company closely monitors the progress of COVID-19 and has 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 Company's business and its customers. COVID-19 has not resulted in any major disruption to the Company's operations in 2020.

Going concern

The Company's and Group's financial position improved following the sale of the B2C business, the repayment of the SEK300m 2020 bond in April 2020, the actions taken to rationalise costs, and the strategic review of operations in line with the Group's new focus. The Company's remaining bond with a nominal value of EUR39.9 mi llion (SEK 400 million) matures in June 2022. In order to alleviate short term liquidity pressures, the Company's Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023.

Directors' report - continued

Going concern - continued

As at 31 December 2020, the Group reported net current liabilities of EUR11.1 million (2019: EUR29.7 million). After adjusting for non-cash items, primarily representing deferred income of EUR6.8 million attributable to the B2C sale (note 21), net of the 'premium' element receivable (note 14), the net current liability situation of the Group amounts to EUR 6.7m as at 31 December 2020. Further, this net current liability position includes an amount of EUR5.5m due to the parent company, which will not be requested by the parent unless funds are available. In 2019, current liabilities included EUR30.0 million (nominal value SEK 300 million) attributable to the bond that was repaid on 22 April 2020, financed by the disposal of the B2C business.

The bond of SEK400m matures on 28 June 2022. Based on the Group's recent development and coupled with the market conditions for debt financing being favourable, the directors are confident about the Group's ability to successfully conclude a refinancing process well in advance of maturity. On this basis, they consider the going concern assumption in the preparation of the Group's financial statements to be appropriate as at the date of authorisation for issue of the 2020 financial statements.

At the same time, the directors acknowledge that the judgements made as part of the going concern assessment are subject to a material degree of underlying uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. In particular, management recognises that successful re-financing is contingent on external market factors, which may be beyond the Group's control, including the uncertain and volatile global economic environment associated with a prolonged COVID-19.

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, may be impacted by legal restrictions being imposed. In 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, together with the de-risking strategy to discontinue the white label model carried out during 2020, GIG is less directly exposed to legal and compliance risks associated with gaming operations. This strategic decision resulted in a reduction from 15 brands operating on white-label agreements, to, only three remaining at the end of 2020, including Sky City. Subsequent to the year end, only two white label brands remained. These remaining white label brands are in the process of converting into SaaS agreements, pending certain regulatory changes. The majority of white labels were terminated and/or migrated to other white-label platforms although the larger white-labels converted to a SaaS agreement with GiG. As part of the strategy to terminate white-label agreements, GiG rescinded its Swedish and UK B2C licenses in October 2020, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds. As at the year end, GiG has one B2C license with the Malta Gaming Authority, together with various B2B licenses in various regulated markets.

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. 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. The Group aims to mitigate this risk mitigated through a fixed pricing model that is being adopted for platform services where possible.

Directors’ report - continued

Significant risks and uncertainties - continued

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 continue to stem from past exposures on B2C and white labels, for as long as related warranties may continue to apply, and until the B2C MGA license is relinquished. During November 2020, one of the group’s subsidiaries was subject to a review by the Financial Intelligence Analysis Unit (FIAU) in relation to controls on money laundering and counter terrorism. The outcome of this review is not yet finalised and based on the information available as at the date of reporting, Management does not anticipate that there will be any material financial consequence emerging from such review.

It is the Group’s view that the responsibility for compliance with laws and regulations rests with the customers for both the Media and Platform business activities. 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.

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.

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 as joint and several securities guaranteeing the discharge of the Issuer’s obligations, as by pledged shared held by the Issuer in operating subsidiaries.

Results and dividends

The income statements are set out on page 21. 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 Justin Psaila
- Mr Richard Brown

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

Directors' report - continued

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 2020 are included in the Annual Report 2020 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.

Mr Richard Brown
Director

Mr Justin Psaila
Director

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16 April 2021

Sustainability Report 2020

Growing stronger #together

2020

Our transition to a B2B organisation began during the unpredictable Covid-19 pandemic. Along with almost every company in the world, we faced many challenges, not least converting our workforce from office based to working from home, but most importantly keeping our people safe, healthy and engaged. We faced every challenge head on, with an agile approach and managed to exceed previous levels of productivity and innovation. Throughout the months we picked up pace, exceeded expectations and continued on the path to becoming a profitable company with sustainability at its heart, all whilst growing stronger together.

Our strategic approach to sustainability

Our vision is "to be the industry-leading platform and media provider delivering world-class solutions to our iGaming partners and their customers". The road to achieving our vision is paved by our mission which is "To drive sustainable growth and profitability of our partners through product innovation, scalable technology and quality of service" - This is the standard to which we are working to and making decisions by every day.

We support B2B partners and their end users to drive sustainable growth and to comply with technical, legislative and responsible marketing demands, both as a software supplier providing a leading online gambling platform and products, and as a media provider. For more details on the products and services we offer visit www.gig.com

As we look forward to the future, we are excited to adapt and learn together, building an agile roadmap, with a clear path to sustainable success.

Hear from our CEO, Richard

From start to finish 2020 has been a truly transformative year for us here at GiG. Even though the Covid-19 pandemic cast many unpredictable shadows and challenges in our path, we remained steady and managed to focus our efforts on reducing our operational complexities to become a B2B focused organisation. During the last year we accelerated our digital transformation massively, and I am incredibly proud of how successfully and positively the company and our people have reacted to the challenges we have faced together.

Throughout our journey we reshaped our company vision and mission, and implemented new GiGster led values to support our new B2B strategy, making sure sustainability and the long term growth of our partners and their end users is at the heart of everything we do.

We have kept highly focussed on our sustainability strategy and as the year progressed we achieved a number of key milestones enabling us to mitigate even further operational risk. We sold our B2C proprietary brands, decommissioned the then redundant B2C licences in favour of the SAAS model by disposing of our whitelabels, and have continued to invest in the managed services we offer such as responsible gaming, player safety and anti-money laundering. Using our new data platform we have developed AI based models for RG and AML to give our clients a better ability to identify and predict to support compliance and their end users.

We understand that a sustainable business requires a long-term relationship with clients built on trust, fairness and harm minimisation processes. All our Managed Services teams work with a dedicated goal of providing first class operational performance, from fast and knowledgeable first line response to efficient payment and KYC processing. Player Safety is one of our core values. Our commitment to providing a safe gaming environment, through industry leading expertise and products, enables our client partners to flourish within a background of regulatory and social confidence. To complement our range of Player Safety tools and products our team of in-house experts provide efficient monitoring and analysis, with an emphasis on pro-active interaction and informed choice.

GiG Comply, our marketing compliance tool built to be compatible and adaptable to an ever-changing regulatory landscape, has now been live since 2017. The name and its reputation has had time to grow in the industry and we signed five new contracts in 2020, totaling 18 partners for the year. We have a lot of positive feedback from our partners and many have signed up for the provision of GiG Comply for another year. We are very happy to have been onboarding a good handful of clients lately, and are proud to see GiG Comply becoming the go-to tool for operators who are interested in assisting their overall compliance efforts.

To drive our growth and sustainability for the years to come we have focused our efforts on regulated and soon to be regulated markets where companies have player safety at the heart of their operations, and are looking for B2B partners who can offer the highest standards and efficiencies in compliance. We are currently powering clients live in 10 regulated markets; New Jersey, Iowa, MGA, UK, Curacao, Spain, Croatia, Sweden, Latvia and Romania, and we are concentrating on entering a further six markets in our 2021 pipeline.

To support the above commitment and to align with our business strategy, we are increasing our investments into information security best practices and governance, allowing us to continually push towards market leading practices in risk management, security architecture and operations and vulnerability management. Our teams worked hard to maintain the ISO 27001 certification for our GiG Core and GiG Data products and we are preparing to add our frontend products to the certification in 2021.

All of the above would not have been possible without the passion, commitment and exceptional talent of our people - they are our greatest asset. Together we have transformed the business into a remote based organisation, we have focused on optimising costs and the use of our office space without compromising on the quality or level of investment into our people’s training, development and benefits.

We have faced the people challenges head-on in 2020. By listening to our people’s feedback we have implemented almost 20 different engagement and support initiatives such as the creation of a productive hybrid office based and remote working environment, a virtual onboarding experience aimed to engage with people contributing to GiG from all over the World, a new toolkit for hiring managers focused on non biased interview techniques and a revamped employer branding strategy putting our people and their strengths in the spotlight. As a result we saw six returning or ‘boomerang’ colleagues in just one quarter, almost 40 internal promotions and over 240 colleague referrals - it is clear to see we are gainfully growing our sustainable homegrown talent pool. These decisions have also led to savings in our Opex and greatly reduced our carbon emissions footprint by lessening our office space, future commute time and overall energy and water consumption.

Another year is now ahead of us and I am proud of the future sustainability actions and initiatives we have planned. We will continue to invest in scalable technology, broaden our commercial horizons and continue to invest in our people’s personal development and growth with the aim of retaining and growing internal talent. All of which supports our main objectives of providing leading platform and media digital solutions for our partners and in turn their end users.

Richard Brown
CEO

Our strategic approach to sustainability cont.

We engage our stakeholders including our investors, partners, colleagues and others daily, to advance and evolve our Environment, Social and Governance (ESG) efforts. Please visit gig.com/sustainability to view our full sustainability report. Our reporting is guided by GRI standards and ESG guidelines.

To get us there, we have aligned our priority areas with the **UN Sustainable Development Goals**, and they are:

- Fair and safe iGaming
- Information Security
- Responsible marketing and advertising
- Encourage GiGsters to thrive

Fair and Safe iGaming

Anti-Money Laundering

Responsible Gambling

Information Security

IT Security

Data and Privacy Protection

Responsible Marketing

Upholding Advertising Standards

Protecting Underage Persons

Encourage GiGsters to Thrive

Training and Development

Diversity and Inclusivity

UN Sustainable Development Goals Icon Glossary

- Good Health and Wellbeing
- Gender Equality
- Decent Work & Economic Growth
- Industry, Innovation and Infrastructure
- Reduced Inequalities
- Responsible Consumption and Production
- Climate Action
- Peace, Action and Strong Institutions
- Partnerships for the Goals

Green Initiatives

Reducing our Carbon Footprint

Key achievements

Sustainable and long-term profitable growth is at the core of all aspects of GiG's corporate strategy. GiG focuses its sustainability strategy on areas most relevant to its business, at the heart of which is social responsibility. GiG provides a full suite of solutions which enable our partners to organise a responsible gambling offering which satisfies technical, legislative and responsible marketing demands.

Risk mitigation

Pursuant to the objectives of a strategic review initiated in November 2019, during 2020 GiG embarked on a very specific goal to reduce risk and complexity in the business, to focus on value creation and strengthening the balance sheet without any conflicting B2C-B2B strategies. On April 15 2020, we completed the sale of our proprietary brands to Betsson Group, leading to an immediate material reduction in risk and complexity. In Q3 2020, we surrendered our B2C Swedish and GB licences after transitioning partners active in these markets under a SAAS model, and by Q4 2020 we had only two brands on our Malta B2C licence. The goal for 2021 is for GiG to maintain solely strategic brands on its own B2C licence, whereby full control of all operations is a prerequisite.

With the new B2B strategy we off-boarded 65 people in the Betsson acquisition of our customer facing brands, with the security and wellbeing of those affected the priority at all times. We've achieved a further organic reduction in headcount to align with organisational demands, whilst maintaining and improving performance.

Technology and product

We are constantly looking to elevate our products and technology to ensure that they are both competitive and sustainable. Product, design and technology work closely, and at GiG we are proud of the way these teams work; innovating, forward-thinking and always challenging and pushing each other forward.

"One of our main objectives is to create customer-centric products, meaning really getting to understand our customers and building real solutions for real problems"

Ashley-Christian Hardy, Director of Product and Design

We invest in our technology's scalability, performance and the efficiency at which we deliver solutions. Our new technical chassis will enable us to achieve a true microservice architecture. We ensure that strong governance principles are in place for technology, testing, release management and product delivery, which allows us to deliver effectively and towards best practices.

Flexibility is the word that explains the benefits of our products and technical architecture, when it comes to platform solutions and also frontend solutions. **For operators who do not want to invest in development resources, our frontend solution is built on the latest web technologies, which allows flexibility for operators to control the look, feel and design.** Operators who wish to invest some resources can build their own front end on top of our CMS with their own technology stacks.

Demonstrating our innovation and that sustainability is at the heart of everything we do is our compliance tool called GiG Comply which we built in response to operators' needs to improve compliance oversight and responsible gambling. This monitoring service is designed to further strengthen marketers' control over third-party advertising and brand protection.

Fair and safe iGaming

We understand that a sustainable business requires a long-term relationship with customers built on trust, fairness and harm minimisation processes. All our Managed Services teams work with a dedicated goal of providing first class operational performance, from fast and knowledgeable first line response to efficient payment and KYC processing.

Player Safety is one of our core values. Our commitment to providing a safe gaming environment, through industry leading expertise and products, enables our client partners to flourish within a background of regulatory and social confidence.

To complement our range of Player Safety tools and products, including AI and real time alerting models, our team of in-house experts provide efficient monitoring and analysis, with an emphasis on pro-active interaction and informed choice.

Account and site integrity are also essential to maintaining customer trust and confidence, with our Risk and Fraud team ensuring that partner databases are secure and in line with international industry standards.

ESG

GiG continued to integrate ESG topics into its long-term strategy with a view to make an overall positive contribution, achieve sustainable growth, and avoid and address adverse impact related to its operations, products or services.

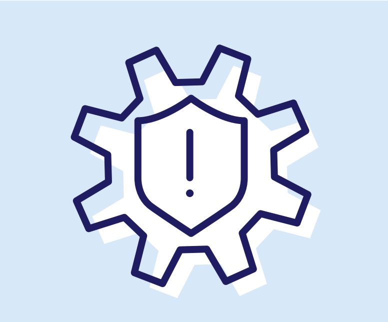
- We teamed up with Bournemouth University to promote research and increase knowledge on harm minimisation and how to improve communication to increase effectiveness. We are involved in the EROGamb and GamInnovate applied projects. The projects had to be paused due to Covid-19, however we remain committed to support these projects as soon as they resume.
- We collaborated with YGAM to pilot and evaluate accredited and certified responsible gambling training on their supplier chain for GiGsters and secondly, to support YGAM's roll-out of educational programmes in Malta.
- For the third year in a row, we organised a three day GamCare training session for our compliance and operations people focused on social responsibility and interactions. This provided our people a deeper understanding of problem gambling harms, focusing on the ability to identify indicators of harm and learning strategies on how to deal with and support end-users struggling as a result of problem gambling.

Information security

Information Security is a strategic priority for the business and it is at the core of our processes and technologies, for both our business units and our central functions. Information security risks feed into the wider decision making of the business, as we strive to increase the maturity of our information security function year-on-year.

In 2020, GiG maintained its maturity in its key processes related to Identity and Access Management, Vulnerability Management, User Awareness, Policy Management, Incident Management and Governance. We also set out to further invest and increase its maturity in Risk Management, Application Security Architecture, Threat monitoring and Incident Management, Vulnerability Management and Supplier Due Diligence. We also initiated plans for Business Continuity Management, safeguarding our future in every circumstance, and will update the business in 2021

Further in 2020, we maintained our ISO 27001 certification for our GiG Core and GiG Data products, and their supporting functions. Preparations to obtain the certification for its frontend products were also initiated.



Risk management and key risk indicators

- The business introduced continuous risk assessments across the business, identifying any potential risks in key functions, processes or technologies
- Formal risk assessments were conducted and ownership of mitigation assigned and monitored
- A formalised KPI framework was introduced that would allow GiG to continuously monitor and improve the maturity of its information security controls
- Annual maturity assessment was conducted on the Group's security function, which saw an increase in information security maturity across the whole organisation, with a target maturity for 2021 being presented to the executive management team
- Increased security around our supply chain, through the introduction of enhanced due diligence processes on all suppliers mitigating high risk relationships

Security architecture and operations

- Invested in a static application security testing scanner which reduced the time to detect vulnerabilities drastically, improving the security posture of our products
- Introduced a security application architecture vertical, with the main objective of ensuring we make our products resilient by having **security by design**, rather than 'bolted on'
- Implemented our security incident and event management (SIEM) system, Splunk Enterprise Security
- Initiated work to build a 24/7/365 Security Operations Centre (SoC), aAfter extensive market research, we decided to partner with Alchemy Security to build a world-class SoC which feeds directly into the continuous improvement of our controls

Vulnerability management

In 2020 GiG maintained its commitment to the periodic testing of its B2B products

- In addition to usual testing of our products and infrastructure, we added all of Media's critical sites into our test planning
- Built a new data centre as part of our world class service offering with all components designed and implemented with security at their very core
- We invested in building a new interactive secure code training for our developers, forming part of the Group's role-based awareness training programme

The company board of directors has also established an independent audit committee which oversees the company's implementation of policies and procedures, as well as the reporting by the company of its financial affairs in the financial statements. The committee receives regular reports from the internal auditor on key risk areas which would have been subject to a detailed evaluation by the internal auditor. The internal auditor is independent and freely chooses areas to assess at his own discretion, generally focusing on business activities that could bring legal, security, financial or other operational risks.

Responsible marketing and advertising

We ensure that all our advertising and marketing efforts are conducted in a socially responsible manner, in accordance with the regulations and requirements on promotional and marketing communications in every local market, and in the absence thereof, in accordance with a code of conduct that adopts industry standard practices.

We ensure marketing communications do not mislead, be false or untruthful. Communications produced by GiG must provide clear and transparent information any offer being made, and are not targeted at vulnerable people.

We also ensure that we are fully compliant with General Data Protection Regulation (GDPR) guidelines and ensure that we only ever use personal data that is submitted or acquired by us only if we have a valid legal basis.

Protecting underage persons

Marketing and advertising communications are not aimed at, or should not appeal to, underage persons (i.e. any age below the legal age for gambling in any jurisdiction where the communication is targeted) and carry appropriate warnings about underage gambling.

For the purpose of brand advertisements and sponsorship agreements, no logos and names of gambling products or gambling services are to be found on products that are intended to be used or worn by underage persons.

Avoidance of potentially offensive language

We refrain from using language, words and phrases in marketing and advertising communications which may be deemed offensive by both advertising audiences and regulatory bodies. These rules reflect the guidance issued by Ofcom, the UK's regulator for communication services.

Social media advertising and marketing

Social media as a platform for advertising or any other form of commercially related content, including blogs, microblogs, vlogs, wikis, message boards, electronic newsletters, online forums, and all social networking sites, follow advertising requirements, such as:

- Links to sources of more detailed information
- An 18+ symbol
- Reference to www.begambleaware.org or a local support institution
- Do not include any content which is appealing to children

Affiliate compliance

We built a compliance tool called GiG Comply which we of course use ourselves. GiG Comply drives social responsibility by providing improved visibility of where and how brands are being advertised, highlighting deviations from the brand owner's guidelines. The service helps protect advertisers and brand owners from being promoted on websites which are not brand-safe or compliant. It also protects from misleading advertising in their name and helps operators to adhere to complex advertising standards in the different regulated markets.

Encourage GiGsters to thrive

In order to execute a sustainable Company strategy, the organisation must be equipped with the highest levels of talent at every level, armed with the tools to both develop and grow performance.

Our people approach is set to mirror the working strategy of the organisation and help us realise the strategic benefits of acting in the whole Company's interest, delivering the organisation's vision and mission, and ultimately driving a more sustainable organisation.

"We have worked hard to build a culture focused on diversity and inclusion, with a view to delivering both internal and community-led value. We have grown stronger together through the challenges Covid-19 brought with it, and our people have increased their focus and productivity whilst working from home and under other lockdown restrictions. Our job has been to keep everyone safe and healthy, happy and engaged - and deliver on our strategic objectives."

Claudia Ginex, CPO

In 2020 our key focus areas and achievements have been:

Transforming our workforce from land based to digital

We have focussed on working on improving two priority areas, **1. Feeling supported and connected at work**, and **2. How we empower our people's right to disconnect.** As we believe our people must be supported even more to switch off and decompress, to be able to really switch on and focus.

Feeling supported and connected at work

- Gave our people the ability to choose where they work from, encouraging a hybrid approach and remote working from 'home' countries, regulation allowing
- Implemented a working from home policy, childcare support allowance, office equipment allowance and increased the scope of activities covered by our health and wellbeing allowance
- Transformed our onboarding experience to digital and delivered IT equipment all around the world
- Moved office equipment from our offices into our peoples' homes and offered an annual allowance to buy office equipment, giving them the best and safest environment to be productive and engaged
- We transformed our training and development initiatives to digital environments
- All team meetings, product presentations, webinars, lightning sessions, GiGsers Connect all-hands and engagement social events, were exclusively online to keep everyone connected
- Created normality between teams for occasions by creating branded digital celebration cards and to celebrate all occasions to keep morale up and let people know these events are just as important, if not more so than before.

How we empower our people's right to disconnect

- Promote a culture of 'switching off' form devices when on annual leave, or out of office hours
- Encouraged our people to take all of their annual leave, allowing carry over to the next year, to spend more time with their families, making further dispensations wherever possible
- Increased engagement events from weekly to daily such as Yoga, virtual racing, work from home competitions, personal training sessions to maintain a positive work-life balance
- We continued to collaborate with The Richmond Foundation, a Maltese NPO, to support our people from all locations, providing a platform to discuss anxieties and pressures exerted by the extraordinary circumstances our workforce found themselves in
- Hackathon - We focussed our support not only our GiGsters, but their loved ones too, with family and friend focussed activities, like the 48 hr Think GiG Hack: "What will some of our greatest challenges or problems be as a result of this pandemic, and what will the best solutions be?"
- Provided budget for teams to meet together as per local Covid-19 restrictions would allow

Training and development

Our aim is to build a long term sustainable workforce, and training and development is at the very heart of this. This year saw an increase in online personal development courses, with over 40% of GiGsters having attended one or more external digital courses, while more than 150 other GiGsters benefited from in-house built workshops on leadership development, giving and receiving feedback, dealing with change and Agile development. Our training portal, the GiGsters Academy, saw our people complete over 3900 courses, receive almost 1500 certificates, achieve an average test pass rate of 89%, and complete nearly three months of total training time.

We have continued to invest in our peoples' knowledge and skills in order for them to better understand their individual and organisational responsibility towards responsible gambling and anti-money laundering, how to identify problem gambling, and to have the knowledge to be able to conduct brief interventions and signpost for further support.

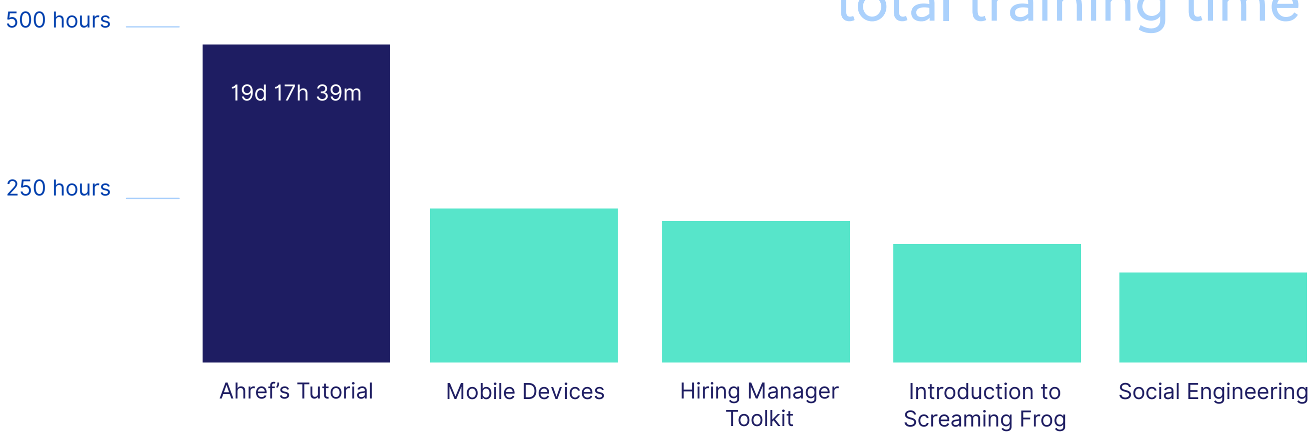
3900 courses

1500 certificates

89% pass rate

2m 26d 8h total training time

Most active courses



Growing our culture and building new values

- We needed to refresh our old values to underpin the new strategy, vision and mission. To ensure the values would be truly GiGster led, meaning all our people led the way, rather than a top down approach, we created a project team full of internal experts, and as a bi-product made significant financial savings as no expensive third parties were needed to facilitate.

- As a result of the six month long project we gained over 60% of GiGsters responded to the survey, 24 hours worth of workshop discussions and over 4000 lines of data, which all led to the formation of five distinct and personalised values. These values, created by our people help form a framework of aspirational and attainable milestones, needed to achieve our common goals.

We launched these new GiGster led values on 11 December during our first ever digital Christmas themed business update organised by the communication team to bolster our GiGsters engagement.

- Before the pandemic we were still able to support the Malta Marathon, flying both our people from all over Europe and supporting those who locally wished to take part. Just under 5k people ran, from all over the world. With GiG the main sponsor our branding was on everything as we continue to promote the importance of setting and achieving personal goals, outside of the workplace. In conjunction with the GiG Malta Marathon, we also sponsored Malta's Starlite Basketball team, meaning they could play for the year in their grounds and in our local community.

Reward and recognition: On December 11, after months of planning the Christmas Extravaganza, we brought together all 480 colleagues under one digital roof to celebrate our people and the business. We had five sessions throughout the afternoon, and we launched our first ever annual reward and recognition initiative. Throughout the year we held quarterly awards and wanted to launch our first ever annual awards ceremony called GiGstars, where we recognised our greatest people, leaders and teams, with 470 nominations and 32 Judges, we ended up with 26 finalists and eight winners. To make it truly involving we sent Christmas hampers with branded goodies to eat, drink and wear as a token of our thanks and appreciation.

GiG STARS 2020

470
nominations

32
judges

26
finalists

8
winners

Developing a sustainable, diverse and inclusive workforce

Our aim is to build a long term sustainable workforce, and every project or initiative is implemented with this in mind.

- We have created and implemented competency frameworks across all teams, which means we can develop them based on their own insights and established key strengths. We have used these to develop tailored training programmes, and complimented the frameworks with Objective Key Results, and completing their Personal Development Plans.
- Our people operations team implemented the automation of performance and salary reviews with a new HRIS system, reducing costs and maximising the simplicity and efficiency for our people - future proofing our processes and scalability.
- We welcomed back six boomerang GiGsters and received 215 referrals from colleagues, from which we sourced 24 colleagues, and permanently employed 19 who passed their six month probationary period.

Bridging the gap between our industry into our communities

GiG Gives is a huge passion of ours and we have taken steps to make it an official foundation, with the view to completion and a new educational direction for 2021/22. The pandemic really impacted the roll out of our original plans however we managed to continue with a number of GiGster led initiatives. One highlight was our Christmas GiG Gives mission where we donated 12 locally sourced televisions to an elderly home in Spain, to help break the monotony and loneliness felt by many residents. In Denmark we made and delivered over 60 bags full of hygiene and comfort "home from home" items, to a woman's shelter, and in Malta we supported the MSPCA animal shelter with a myriad of food, beds and care products, all purchased from a local business.

In collaboration with the iGaming European Network (iGen), we grouped together with 17 other companies and paid for 38,000 masks for Malta's frontline health workers. We also donated several thousand euros worth of food and meals to homeless shelters and orphanages throughout the year. And we ensured we always purchased supplies for events and merchandising etc through local businesses to support our local communities.

Diversity and inclusion

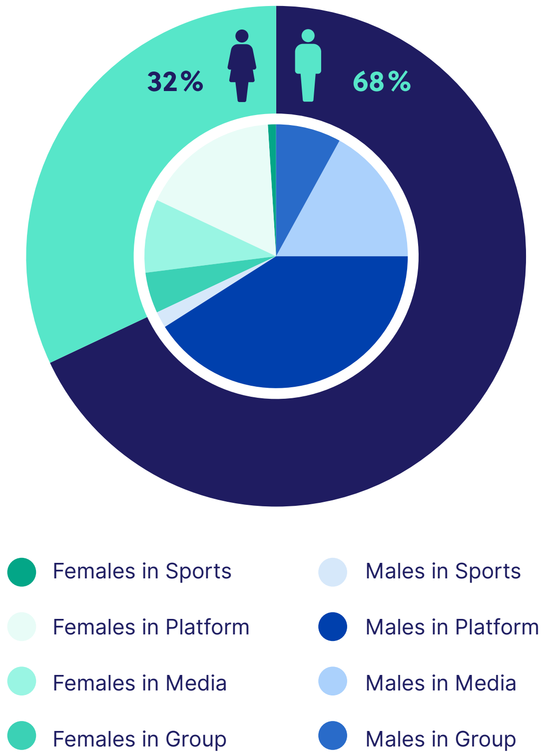
As a founding member of the all-in diversity project, we take equality, diversity and inclusion very seriously and have committed ourselves to its ideals since our conception, living them every day.

"Our hats go off to Gaming Innovation Group for taking meaningful steps towards equality and true inclusion across their business. By supporting All-in Diversity Project and benchmarking their progress through the All-Index, they lead the industry by example when it comes to diversity, equality and inclusion".

Kelly Kehn, Co-Founder
All-in Diversity Group

We are an equal opportunities employer and are opposed to all forms of unlawful and unfair discrimination. We are blind to gender, nationality, ethnicity, religion, age, sexual orientation or disability, and we respect the uniqueness of every GiGster. We constantly challenge ourselves to do better in every aspect, and we're currently operating at a 67.9% male to 32.1% female split, which in our industry is still one of the best ratios, however we are challenging ourselves to do better in this area. From our own female leaders showcasing pathways into the industry, to educating and encouraging others to join communities and pursue a career in the spaces we occupy. If you are the best for the role, we will hire you.

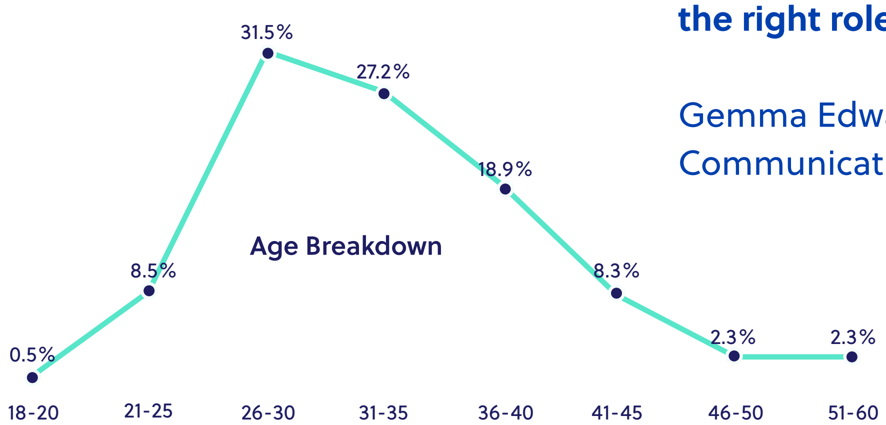
All of our policies are equality aligned. Unlike most companies, our policies are based on company culture, and we always go above and beyond to ensure we aren't just giving out basic local allowances, but give every colleague the same entitlements where legally possible. Our whistleblowing and Insider and Trading Policy both comply with regulations and encourage a culture of feeling safe and secure in our practices for our people



- When compared to H1, the number of female employees at GiG increased by 2.7%
- When it comes to Leaders at GiG, female leadership percentage increased by 8% amongst the Team Leads, the % rate in Managers and Heads also increased
- The age bracket between 25-35 continues to be the highest

"With just over 30% of our people being women, it truly speaks volumes when 62.5% of our internal award winners, GiGstars, are women. Eight out of 21 finalists were women, and five of our ladies won. I'm sure you'll agree that this is clear testimony to the fact we are definitely hiring the right people for the right roles".

Gemma Edward, Head of Communications.



GiG Nationality Split - Total Headcount 481.5

America	4
Argentina	1
Australia	1
Belgium	3
Brazil	7
United Kingdom	36
Bulgaria	4
Chili	2
Colombia	1
Denmark	24
Holland	6
Estonia	8
Finland	14
France	5
Germany	10
Greece	2
Hungary	7
Iran	1
Ireland	1
Italy	17
Spain	30

Taiwan	1
Japan	2
Latvia	1
Lebanon	1
Lithuania	2
Luxembourg	1
Macedonia	5
Malta	205
New Zealand	1
Nigeria	1
Norway	10
Pakistan	1
Paraguay	1
Poland	20
Portugal	2
Russia	4
Serbia	1
Slovakia	2
South Africa	3
Sweden	26
Ukraine	1

GiG employs people from all over the world with 44 different nationalities at present

Environmental footprint

Green data centers

In 2020, GiG hosted 90% of its servers with Equinix Inc's green data centers which operate on 100% renewable energy.

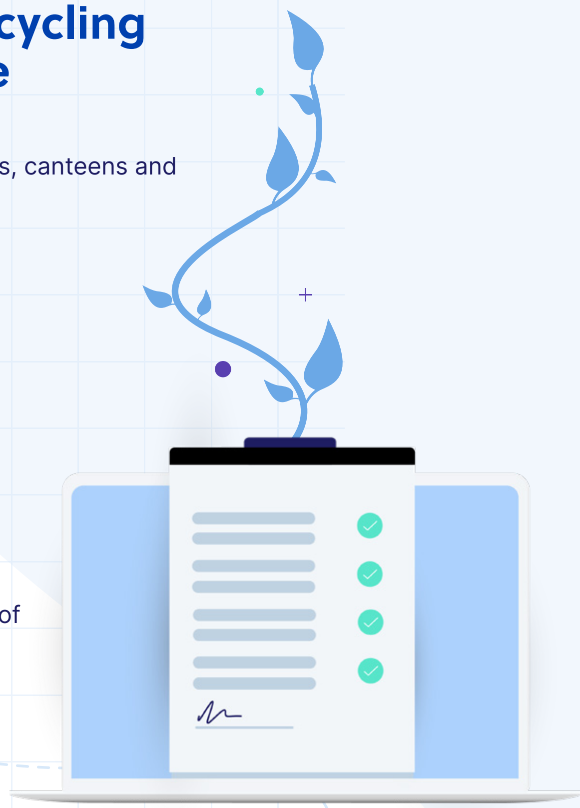
Equinix Inc. greens the electrons through the use of renewable energy and low-carbon technologies like wind power.

Renewable energy statement

Equinix design, build and operate data centers with high energy efficiency standards and a long-term goal of using 100% clean and renewable energy.

In-office recycling programme

All waste in our offices, canteens and kitchens is separated



Promoting paperless working

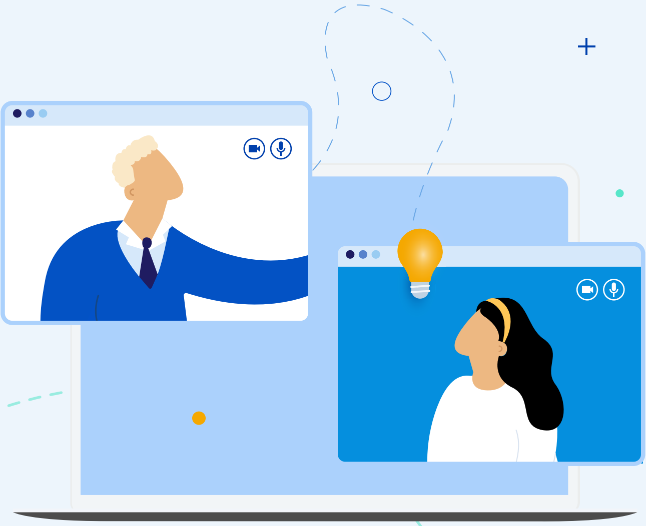
Printed paper usage: less than one tenth of a piece of paper was printed per GiGster per day, that's a 90% decrease vs 2019

Reducing our travel footprint

Creating a hybrid remote working environment and following World Health Organisation guidelines reduced our footprint

-202,200kg CO^2

environmental impact



Meeting and connecting #together

Reducing the energy consumption used commuting to work or for training and events

over **2.53** million	over **26** thousand	over **12.45** million
minutes of video conferencing	meetings held remotely	Slack messages in all private/public/shared channels including with clients

Repurposing unused resources

Hundreds of desks, chairs and other unused office equipment was sent to our peoples' homes to establish safe and healthy working environments

Reformatted IT equipment was upcycled and sold to colleagues, with donations going to local GiG Gives charities

€000's of unconsumed food and prepared meals from our kitchen team were donated to local orphanages and homeless shelters throughout the year in Malta

Uncollected Christmas gift packs were donated to local elderly homes and shelters across locations

Smart energy consumption

-35%

Compared to normal systems and lightbulbs our smart lighting and LED lights are ahead of game and use 35% less energy per annum

-33%

Our offices had their lights off for the equivalent of four months across the board, meaning a further 33% reduction in energy usage

-40%

Having reduced office space by the equivalent of 328 seats, we are minimising our future carbon emissions by approximately 40%

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:

- The 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 of Gaming Innovation Group p.l.c. as at 31 December 2020, 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 38 to 109, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2020;
- 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 significant accounting policies and other explanatory information.

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.

Independent auditor's report - continued

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

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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).

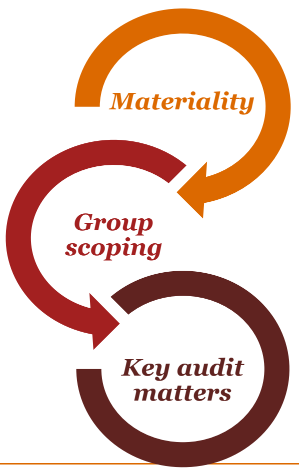
The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2020 to 31 December 2020, are disclosed in note 24 to the financial statements.

Material uncertainty relating to going concern

We draw attention to Note 1.1 to these financial statements, which describes the Group's working capital deficiency as at 31 December 2020, and the re-financing of the existing bond that matures in June 2022. Management is confident about prospects for refinancing the bond, although the position is contingent on external market factors beyond the Group's control. These events or conditions, along with other matters as set forth in the said Note, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



- Overall group materiality: €630,000, which represents 1% of net revenue from continuing 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

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.

Overall group materiality	€630,000
How we determined it	1% of net revenue from continuing operations
Rationale for the materiality benchmark applied	We chose net revenue 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 thresholds.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above €63,000 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. In addition to the matter described in the *Material uncertainty relating to going conern* section we have determined the matters described below to be the key audit matters to be communicated in our report:

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
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"). Following the divestment of the B2C (business-to-customer) CGU during the year, the Group operates a B2B (business-to-business) segment, which includes performance marketing and technology services. As described in Note 7, 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 2021, projection of free cash flows for the period 2022 – 2024, as well as an estimate of the residual value. The perpetual growth rate, as factored in the residual value estimate, was assumed at 2%. As at 31 December 2020, only goodwill and trademarks with a carrying amount of €6.7m have an indefinite useful life. The underlying forecast cash flows, and the supporting assumptions, reflect significant judgements as these are affected by 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.	As part of our work on the impairment assessment of goodwill and other intangible assets, we evaluated the appropriateness of the methodology used, 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 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. Based on the work performed, we found the assessment of the recoverable amount of goodwill and other intangible assets and the related disclosures, to be consistent with the explanations and evidence obtained.

Independent auditor's report - continued

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

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 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 its 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 and the Sustainability report 2020 (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 and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

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

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 Group's or the Parent 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 Group's and the Parent company's trade, customers and suppliers, and the disruption to their 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, actions taken to eliminate threats or safeguards applied.

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.

Report on other legal and regulatory requirements

The *Annual Report and Consolidated Financial Statements 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Consolidated Financial Statements 2020* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
Directors' report (on pages 2 to 8) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements. With respect to the information required by paragraphs 8 and 11 of the Sixth Schedule to the Act, our responsibility is limited to ensuring that such information has been provided.	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). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Area of the *Annual Report and Consolidated Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
	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 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 which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - continued

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

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

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 6 years. The company became listed on a regulated market on 26 March 2019.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Romina Soler
Partner

16 April 2021

Statements of financial position

		Group		Company	
		As at 31 December			
	Notes	**2020**	2019	**2020**	2019
		€	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	7	**38,850,945**	46,458,910	-	14,163
Property, plant and equipment	8	**3,043,425**	5,014,029	-	-
Right-of-use assets	5	**13,002,292**	14,007,293	-	-
Investments in subsidiaries	9	-	-	**47,690,942**	73,617,942
Deferred income tax assets	23	**60,411**	60,392	-	-
Financial assets at fair value through other comprehensive income	11	-	568,000	-	568,000
Derivative financial instruments	12	**205,714**	205,721	-	-
Trade and other receivables	14	**676,955**	-	**676,955**	-
Total non-current assets		**55,839,742**	66,314,345	**48,367,897**	74,200,105
Current assets					
Trade and other receivables	14	**19,064,368**	20,463,767	**2,370,615**	34,873
Cash at bank and other intermediaries	15	**8,042,813**	4,507,981	**3,503,678**	23,225
Total current assets		**27,107,181**	24,971,748	**5,874,293**	58,098
Assets classified as held for sale	6	-	32,966,524	-	-
Total assets		**82,946,923**	124,252,617	**54,242,190**	74,258,203

Statements of financial position - continued

	Notes	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
		As at 31 December			
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	**95,056,852**	95,413,638	**76,823,957**	76,823,957
Merger reserve	19	**3,533,484**	3,533,484	**5,886,789**	5,886,789
Other reserves	20	**(14,007,209)**	(13,961,678)	**2,681**	(569,288)
Accumulated losses		**(92,085,326)**	(76,973,032)	**(84,934,530)**	(77,848,862)
		(5,147,854)	10,366,757	**133,242**	6,646,941
Non-controlling interests		**14,413**	23,860	-	-
Total equity		**(5,133,441)**	10,390,617	**133,242**	6,646,941
Liabilities					
Non-current liabilities					
Borrowings	22	**35,997,913**	36,907,743	**35,997,913**	36,907,743
Deferred income tax liabilities	23	**360,432**	1,269,572	-	448,204
Lease liabilities	5	**11,736,232**	12,496,138	-	-
Trade and other payables	21	**1,773,148**	-	-	-
Total non-current liabilities		**49,867,725**	50,673,453	**35,997,913**	37,355,947
Current liabilities					
Trade and other payables	21	**26,749,132**	21,953,640	**8,098,156**	179,899
Current income tax liabilities		**111,339**	541,152	**40,010**	40,010
Borrowings	22	**9,001,064**	30,035,406	**9,972,869**	30,035,406
Lease liabilities	5	**2,351,104**	2,139,754	-	-
Total current liabilities		**38,212,639**	54,669,952	**18,111,035**	30,255,315
Total liabilities		**88,080,364**	105,343,405	**54,108,948**	67,611,262
Liabilities directly associated with assets classified as held for sale	6	-	8,518,595	-	-
Total equity and liabilities		**82,946,923**	124,252,617	**54,242,190**	74,258,203

The notes on pages 49 to 109 are an integral part of these financial statements.

The financial statements on pages 38 to 109 were authorised for issue on 16 April 2021 and were signed by:

Mr Richard Brown
Director

Mr Justin Psaila
Director

Income statements

	Notes	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
		Year ended 31 December			
Net revenue	24	**63,026,749**	44,053,920	-	-
Operating expenses					
Personnel expenses	25	**(24,261,712)**	(23,594,974)	-	-
Depreciation and amortisation	5, 7, 8	**(19,406,842)**	(23,650,257)	**(14,163)**	(18,567)
Impairment losses	7, 9, 10, 13	-	(3,911,287)	**(1,100,000)**	(72,314,847)
Marketing, including commission	24	**(14,899,989)**	(5,271,529)	-	(1,747)
Other operating expenses	24	**(11,846,975)**	(10,353,272)	**(103,163)**	(87,829)
Total operating expenses		**(70,415,518)**	(66,781,319)	**(1,217,326)**	(72,422,990)
Other income/(expense)	9, 26	**186,367**	-	**(908,973)**	-
Operating loss		**(7,202,402)**	(22,727,399)	**(2,126,299)**	(72,422,990)
Finance income	27	**2,661**	67,686	-	2,108,149
Finance costs	28	**(6,873,053)**	(8,161,428)	**(4,818,101)**	(6,453,741)
Loss before income tax		**(14,072,794)**	(30,821,141)	**(6,944,400)**	(76,768,582)
Income tax credit/(expense)	29	**845,376**	(627,487)	-	-
Loss for the year from continuing operations		**(13,227,418)**	(31,448,628)	**(6,944,400)**	(76,768,582)
Loss from discontinued operations	6	**(1,753,055)**	(26,480,654)	-	-
Loss for the year		**(14,980,473)**	(57,929,282)	**(6,944,400)**	(76,768,582)
Loss is attributable to:					
Owners of the company		**(14,971,026)**	(57,927,689)	**(6,944,400)**	(76,768,582)
Non-controlling interests		**(9,447)**	(1,593)	-	-
		(14,980,473)	(57,929,282)	**(6,944,400)**	(76,768,582)

The notes on pages 49 to 109 are an integral part of these financial statements.

Statements of comprehensive income

	Note	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
		Year ended 31 December			
Loss for the year		**(14,980,473)**	(57,929,282)	**(6,944,400)**	(76,768,582)
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translation of foreign operations	20	**(169,296)**	(245,533)	-	-
		(169,296)	(245,533)	-	-
Items that will not be reclassified to profit or loss					
Change in value of financial assets at fair value through other comprehensive income, net of deferred tax	20	**(17,503)**	(1,283,515)	**430,701**	(1,283,515)
Total other comprehensive income for the year, net of deferred tax		**(186,799)**	(1,529,048)	**430,701**	(1,283,515)
Total comprehensive income for the year		**(15,167,272)**	(59,458,330)	**(6,513,699)**	(78,052,097)
Total other comprehensive income for the year is attributable to:					
Owners of the company		**(15,157,825)**	(59,456,737)	**(6,513,699)**	(78,052,097)
Non-controlling interests		**(9,447)**	(1,593)	-	-
		(15,167,272)	(59,458,330)	**(6,513,699)**	(78,052,097)

The notes on pages 49 to 109 are an integral part of these financial statements.

Statements of changes in equity

Group — **Attributable to owners of the company**

	Note	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:										
Change in value of financial assets at fair value through other comprehensive income, net of deferred tax	20	-	-	-	-	(1,283,515)	-	(1,283,515)	-	(1,283,515)
Currency translation differences	20	-	-	-	-	(245,533)	-	(245,533)	-	(245,533)
Total other comprehensive income for the year, net of tax		-	-	-	-	(1,529,048)	-	(1,529,048)	-	(1,529,048)
Total comprehensive income 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

Group		**Attributable to owners of the company**								
	Note	**Share capital €**	**Share premium €**	**Capital reserves €**	**Merger reserve €**	**Other reserves €**	**Retained earnings €**	**Total €**	**Non-controlling interest €**	**Total equity €**
Balance at 1 January 2020		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
Comprehensive income										
Loss for the year		-	-	-	-	-	(14,971,026)	(14,971,026)	(9,447)	(14,980,473)
Other comprehensive income:										
Change in value of financial assets at fair value through other comprehensive income, net of deferred tax	20	-	-	-	-	(17,503)	-	(17,503)	-	(17,503)
Currency translation differences	20	-	-	-	-	(169,296)	-	(169,296)	-	(169,296)
Total other comprehensive income for the year, net of tax		-	-	-	-	(186,799)	-	(186,799)	-	(186,799)
Total comprehensive income for the year		-	-	-	-	(186,799)	(14,971,026)	(15,157,825)	(9,447)	(15,167,272)

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	-	-	(356,786)	-	-	-	(356,786)	-	(356,786)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	20	-	-	-	-	141,268	(141,268)	-	-	-
Total transactions with owners, recognised directly in equity		-	-	(356,786)	-	141,268	(141,268)	(356,786)	-	(356,786)
Balance at 31 December 2020		**50,000**	**2,304,345**	**95,056,852**	**3,533,484**	**(14,007,209)**	**(92,085,326)**	**(5,147,854)**	**14,413**	**(5,133,441)**

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:								
Change in value of financial assets at fair value through other comprehensive income, net of deferred tax	20	-	-	-	-	(1,283,515)	-	(1,283,515)
Total other comprehensive income for the year		-	-	-	-	(1,283,515)	(76,768,582)	(78,052,097)
Transactions with owners								
Distribution	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

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 2020		50,000	2,304,345	76,823,957	5,886,789	(569,288)	(77,848,862)	6,646,941
Comprehensive income								
Loss for the year		-	-	-	-	-	(6,944,400)	(6,944,400)
Other comprehensive income:								
Change in value of financial assets at fair value through other comprehensive income, net of deferred tax	20	-	-	-	-	430,701	-	430,701
Total other comprehensive income for the year		-	-	-	-	430,701	(6,944,400)	(6,513,699)
Transactions with owners								
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	20	-	-	-	-	141,268	(141,268)	-
Total transactions with owners, recognised directly in equity		-	-	-	-	141,268	(141,268)	-
Balance at 31 December 2020		**50,000**	**2,304,345**	**76,823,957**	**5,886,789**	**2,681**	**(84,934,530)**	**133,242**

The notes on pages 49 to 109 are an integral part of these financial statements.

Statements of cash flows

		Group		Company	
		Year ended 31 December			
	Notes	**2020**	2019	**2020**	2019
		€	€	**€**	€
Cash flows from operating activities					
Cash generated from operations	30	**28,198,892**	14,319,172	**15,179,118**	5,071,203
Interest received		**2,661**	37,325	-	-
Interest paid		**(510)**	-	-	-
Tax paid		**(401,634)**	(207,119)	-	-
Net cash generated from operating activities		**27,799,409**	14,149,378	**15,179,118**	5,071,203
Cash flows from investing activities					
Payments for intangible assets	7	**(6,818,869)**	(7,697,351)	-	-
Purchases of property, plant and equipment	8	**(1,607,461)**	(2,703,845)	-	-
Acquisition of associates	10	-	(100,300)	-	(100,300)
Proceeds from disposal of investment in subsidiaries, net of cash transferred	6, 9	**13,537,702**	-	**13,537,702**	-
Sale of financial assets at fair value through other comprehensive income	11	**550,497**	-	**550,497**	-
Net cash generates from/(used) in investing activities		**5,661,869**	(10,501,496)	**14,088,199**	(100,300)
Cash flows from financing activities					
Loans from ultimate parent	22	**5,545,704**	(80,500)	**6,517,509**	(80,500)
Repayments of borrowings	30	**(27,824,965)**	-	**(27,824,965)**	-
Interest paid		**(4,479,408)**	(4,896,549)	**(4,479,408)**	(4,896,540)
Lease liability principal payments	5	**(3,155,094)**	(2,796,099)	-	-
Net cash used in financing activities		**(29,913,763)**	(7,773,148)	**(25,786,864)**	(4,977,040)
Net movement in cash and cash equivalents		**3,547,515**	(4,125,266)	**3,480,453**	(6,137)
Cash and cash equivalents at beginning of year		**1,947,342**	6,072,608	**23,225**	29,362
Cash and cash equivalents at end of year	15	**5,494,857**	1,947,342	**3,503,678**	23,225

The notes on pages 49 to 109 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.

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, judgements and errors).

Going concern

The Company's and Group's financial position improved following the sale of the B2C business, the repayment of the SEK300m 2020 bond in April 2020, the actions taken to rationalise costs, and the strategic review of operations in line with the Group's new focus. The Company's remaining bond with a nominal value of EUR39.9 million (SEK 400 million) matures in June 2022. In order to alleviate short term liquidity pressures, the Company's Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023.

As at 31 December 2020, the Group reported net current liabilities of EUR11.1 million (2019: EUR29.7 million). After adjusting for non-cash items, primarily representing deferred income of EUR6.8 million attributable to the B2C sale (note 21), net of the 'premium' element receivable (note 14), the net current liability situation of the Group amounts to EUR 6.7m as at 31 December 2020. Further, this net current liability position includes an amount of EUR5.5m due to the parent company, which will not be requested by the parent unless funds are available. In 2019, current liabilities included EUR30.0 million (nominal value SEK 300 million) attributable to the bond that was repaid on 22 April 2020, financed by the disposal of the B2C business.

The bond of SEK400m matures on 28 June 2022. Based on the Group's recent development, and coupled with the market conditions for debt financing being favourable, the directors are confident about the Group's ability to successfully conclude a refinancing process well in advance of maturity. On this basis, they consider the going concern assumption in the preparation of the Group's financial statements to be appropriate as at the date of authorisation for issue of the 2020 financial statements.

At the same time, the directors acknowledge that the judgements made as part of the going concern assessment are subject to a material degree of underlying uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. In particular, management recognises that successful re-financing is contingent on external market factors, which may be beyond the Group's control, including the uncertain and volatile global economic environment associated with a prolonged COVID-19.

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

1.1 Basis of preparation – continued

COVID-19

The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In 2020, the existence of a new virus was confirmed, and since then COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, and also impacted global stock markets. It is difficult to ascertain the longer-term impact of COVID-19 on the Group and Company, or to provide a quantitative estimate of this impact. Management has, however, considered the impact based on the experience to-date and took all the necessary steps to mitigate any downside effect from the cessation or postponement of sports events by shifting focus from sports to casino. Some delays were encountered in the onboarding of new customers, and for some jurisdictions responsible gaming measures were enhanced. When considering the impact on the Group's performance for 2020, as well as on the gaming sector at large, Management continues to believe that COVID-19 has no material effect on these financial statements that would affect the going concern basis.

The Group and Company closely monitors the progress of COVID-19 and has 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 Company's business and its customers. COVID-19 has not resulted in any major disruption to the Company's operations in 2020.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 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.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(a) Subsidiaries - continued

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) 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.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(b) Transactions with non-controlling interests - continued

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.

1.4 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. Summary of significant accounting policies - continued

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 ("EUR"), 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, 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.

1.6 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.

1. Summary of significant accounting policies - continued

1.6 Intangible assets - continued

(a) Goodwill - continued

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. Other domains have an indefinite useful life.

(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 indefinite useful lives and are subsequently carried at cost less impairment losses. The 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.

(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.

Development costs that are directly attributed to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- 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.

1. Summary of significant accounting policies - continued

1.6 Intangible assets - continued

(e) Computer software and technology platforms - continued

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 are 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 and office 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.

1.8 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. Summary of significant accounting policies - continued

1.9 Financial assets

1.9.1 Classification

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.

(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 separate line item in the statement of profit or loss.

1. Summary of significant accounting policies - continued

1.9.3 Measurement – continued

(a) Debt instruments - continued

- 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 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.

1.10 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.

1. Summary of significant accounting policies - continued

1.10 Trade and other receivables - continued

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 1.9.4). 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 the net assets of shareholders, representing contributions which GIG has no obligation to repay 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. Included within capital reserves are advances for shares to be issued which represent proceeds received 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.

1. Summary of significant accounting policies - continued

1.16 Leases

The Group's leasing policy is described in note 5.

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 Statement of financial position.

The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of financial position. 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 Income statement.

1. Summary of significant accounting policies - continued

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 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

Equity-settled share-based payment transactions are measured at the grant date at fair value for employee services, which requires a valuation of the options. Once the fair value has been determined, the amount recognised as an expense is adjusted to reflect the number of awards for which the related service are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service.

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. Summary of significant accounting policies - continued

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.

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, is 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 positions against players, such as poker, is recognised when players place wagers in a pool.

Platform and sportsbetting services

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. For one particular client, the Group has the primary responsibility for fulfilling the promise to provide specific services making the Group the principal. On this basis, the revenues are recognised gross of payments made to service providers.

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, it is appropriate for the Group to recognise the monthly amounts invoiced in the Income Statement.

In accordance with IFRS 15, the set-up is not seen as a distinct PO as the customer cannot benefit from the set-up itself but from 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 should therefore be deferred over the period of the agreement.

Management performed a detailed analysis of such impact and concluded that this has an immaterial effect for the Group. Management will continue to monitor this matter due to the increase in customers in this segment.

1. Summary of significant accounting policies - continued

1.22 Revenue recognition - continued

Performance Marketing

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 Group's websites. Such revenue is apportioned on an accrual basis over the term of the contract.

The Group's performance obligation in this respect 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

During 2020, the Group operated 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 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 the preceding year, the decision to divest the B2C segment was taken, and the segment has been classified as a discontinued operation in these financial statements since the respective criteria were met at the end of financial year ending 31 December 2019 (see note). Revenue eliminations attributable to B2B were EUR1,839,000. Marketing eliminations, platform and service provider fees, and other operating expenses are attributable to B2C.

2020	**B2C**	**B2B**	**Items not attribiutable to a CGU**	**Eliminations**	**Group**
	€	**€**	**€**	**€**	**€**
Net revenue	**22,895,590**	**64,865,749**	-	**(1,839,000)**	**85,922,339**
Operating expenses					
Personnel expenses	(2,925,880)	(24,261,712)		-	(27,187,592)
Depreciation and amortisation	(181,346)	(19,406,842)	-	-	(19,588,188)
Impairment losses	(1,100,000)	-	-	-	(1,100,000)
Marketing, including commission	(8,953,823)	(14,899,989)	-	689,300	(23,164,512)
Platform and service provider fees	(6,655,243)	(2,679,612)	-	1,065,698	(8,269,157)
Other operating expenses	(6,596,977)	(9,167,363)	-	100,626	(15,663,714)
Total operating expenses	**(26,413,269)**	**(70,415,518)**	-	**1,855,624**	**(94,973,163)**
Other losses	(91,000)	186,367	-	-	95,367
Operating loss	**(3,608,679)**	**(5,363,402)**	-	**16,624**	**(8,955,457)**
Finance income					2,661
Finance costs					(6,873,053)
Loss before tax					**(15,825,849)**
Tax credit					845,376
Loss for the year					**(14,980,473)**

2. **Segment information** – continued

Revenue eliminations attributable to B2C and B2B were EUR3,514,256 and EUR3,761,284. Marketing eliminations are attributable to B2C whilst platform and service provider fees are attributable to B2B. 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)**
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

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

	Group 2020 €	2019 €
B2C		
Casino	**21,830,212**	71,693,933
Sports	**573,816**	2,358,600
Poker	**491,562**	1,404,936
	22,895,590	75,457,469
B2B		
Performance marketing	**33,463,711**	33,508,681
Platform services	**26,216,694**	11,699,133
Other revenue	**3,346,344**	2,360,462
	63,026,749	47,568,276
Net revenue	**85,922,339**	123,025,645

The Group operates in a number of geographical areas as detailed below. The geographical revenue split is based on where the operator generates its revenues.

Year ended 31 December 2020	B2C €	B2B €	Total €
Revenue			
Nordic countries	10,778,195	6,029,840	16,808,035
Europe excluding Nordic countries	10,219,210	48,607,567	58,826,777
Rest of world	1,898,185	8,389,342	10,287,527
Total	**22,895,590**	**63,026,749**	**85,922,339**

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

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 as disclosed above. The top three customers represent 36% (2019: 39%) over the continuing revenues in 2020.

3. Financial risk management

3.1 Financial risk factors

The Group's and Company's activities potentially expose it to a variety of financial risks principally comprising market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group provides principles for overall risk management. The Group and Company 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, ZAR and NOK. The Company is primarily exposed to foreign exchange risk with respect to SEK arising on the bond in issuance. 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 2020 and 2019.

Group	Assets	Liabilities	Net exposure
	€	€	€
As at 31 December 2020			
SEK to EUR	55,801	(39,543,955)	(39,488,154)
GBP to EUR	76,163	(1,108,046)	(1,031,883)
NZD to EUR	1,668,100	(282)	1,667,818
CAD to EUR	378,441	(62,152)	316,289
USD to EUR	1,863,792	(80,035)	1,783,757
NOK to EUR	536,054	(204,932)	331,122
DKK to EUR	270,532	-	270,532
ZAR to EUR	260,166	-	260,166
Other currencies	15,544	(290,698)	(275,154)
	5,124,593	**(41,290,100)**	**(36,165,507)**

	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)

3. Financial risk management - continued

3.1 Financial risk factors - continued

(a) Market risk - continued

(i) Foreign exchange risk - continued

Company	Assets	Liabilities	Net exposure
	€	€	€
As at 31 December 2020			
SEK to EUR	-	(39,455,044)	(39,455,044)
	-	**(39,455,044)**	**(39,455,044)**

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

A sensitivity analysis for foreign exchange risk disclosing how profit or loss 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 1.07% (2019: 2%) with other variables held constant, the increase or decrease respectively in net assets of the Group and the Company would amount to approximately EUR417,681 (2019: EUR1,312,610) and EUR426,716 (2019: 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) Interest rate risk

The Group's and the Company's significant instruments which are subject to fixed interest rates comprise the bonds issued (Note 22). In this respect, the Group and 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 Group's and the Company's exposure to cash flow interest rate risk arises on cash balances, which is not considered to be significant.

3. Financial risk management - continued

3.1 Financial risk factors - continued

(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	
	2020	2019	**2020**	2019
	€	€	**€**	€
Financial assets at amortised cost:				
Trade and other receivables (Note 14)	**13,182,574**	8,875,790	**3,006,865**	4,503
Amounts due from payment providers (Note 14)	**596,587**	7,051,823	-	-
Cash at bank and other intermediaries (Note 15)	**8,042,813**	4,507,981	**3,503,678**	23,225
Exposure	**21,821,974**	20,435,594	**6,510,543**	27,728

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.

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 services are affected to customers with an appropriate credit history. The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from partners are within controlled parameters. The Group and Company monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group and Company's receivables taking into account historical experience in collection of accounts receivable.

The Group and Company seek to manage credit risk by only undertaking transactions with counterparties which include financial institutions or intermediaries, such as 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 2020 and 2019.

3. Financial risk management - continued

3.1 Financial risk factors - continued

(b) Credit risk - continued

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Cash at bank and other intermediaries:				
AA-	**30,900**	69,083	-	-
A+	**5,111,554**	3,676,853	**3,503,461**	17,050
A	-	92,880	-	-
BBB+	**443**	20,919	-	-
BBB	**862,043**	561,730	**217**	6,130
BB+	-	63	-	-
Below BB or not rated	**2,037,873**	5,824,778	-	45
	8,042,813	10,246,306	**3,503,678**	23,225

Amounts due from payment providers of EUR596,587 (2019: EUR7,051,823) are not rated.

I*mpairment of financial assets*

The Group's trade receivables are subject to the expected credit loss model. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but due to the low credit risk the loss allowance was deemed to be immaterial in both current and prior years. The loss allowance in relation to amounts due from payment providers was deemed to be nil as at 31 December 2020 (2019: provision of EUR 405,657). EUR991,057 was determined to be irrecoverable during 2020, and was therefore written off.

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 historical experience, as adjusted for qualitative factors, as further described below.

The publishing unit within performance marketing reported trade receivables of EUR3,514,526 as at 31 December 2020 (2019: EUR3,364,962), and a loss allowance of EUR452,296 (2019: EUR484,378). The paid unit within performance marketing reported trade receivables of EUR2,172,134 as at 31 December 2020 (2019: EUR1,072,160), and a loss allowance of nil (2019: EUR 64,298).

Trade receivables from platform services amounted to EUR3,634,212 as at 31 December 2020 (2019: EUR1,854,477) – 67% is due from two counterparties (2019: 70%). As at 31 December 2020, management recorded a loss allowance of nil (2019: provision of EUR 429,000), and EUR986,673 was written off during 2020 as uncollectible. Management has considered the quality of counterparties as at 31 December 2020, and concluded that no loss allowance should be recorded on the basis of payment experience, where relevant, and management's credit risk assessment. Other receivables of EUR3,160,841 for the Group and EUR3,002,462 for the Company are mostly linked to the sale of the B2C segment and are expected to reduce in line with the contractual obligations of the counterparty.

The table below provides detailed information in relation to the loss allowance established for the publishing unit within performance marketing:

3. Financial risk management - continued

3.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of financial assets – continued

31 December 2020	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	1.60%	3.80%	5.40%	11.50%	19.20%	40.50%	64.20%	94.60%	
Trade receivables, gross	1,718,945	849,251	201,330	132,165	20,341	309,390	101,581	181,523	**3,514,526**
Loss allowance	**27,853**	**32,364**	**10,795**	**15,227**	**3,906**	**125,303**	**65,195**	**171,653**	**452,296**

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**

The closing loss allowance for trade receivables related to publishing unit within performance marketing as at 31 December 2020 reconciles to the opening loss allowance as follows:

Group	**2020**	2019
	€	€
Opening loss allowance as at 1 January	**548,676**	267,459
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**(96,380)**	574,282
Receivables written off during the year as uncollectible	-	(293,065)
At 31 December	**452,296**	548,676

(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.

Management monitors liquidity risk by reviewing expected cash flows and 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, and the going concern basis of preparation is found in Note 1.1 to the financial statements.

3. Financial risk management - continued

3.1 Financial risk factors - continued

(c) Liquidity risk - continued

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 2020 and 2019 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. The amount payable to the parent company by Group of EUR5,545,704 and by Company of EUR6,517,509 will only be repaid if and when funds are made available.

Included within the 'less than 1 year' category is an amount of EUR1,691,841, management expects to enter into a payment plan in line with the previous year and as a result a portion will shift beyond the 1-year category.

31 December 2020	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Total €
Group				
Bond	3,455,360	41,574,905	-	45,030,265
Trade and other payables	24,838,758	1,773,148	-	26,611,906
Loan from Group parent	5,545,704	-	-	5,545,704
Lease liabilities	3,355,875	2,977,046	8,068,133	14,401,054
Total	**37,195,697**	**46,325,099**	**8,068,133**	**91,588,929**
Company				
Bond	3,455,360	41,574,905	-	45,030,265
Trade and other payables	8,098,156	-	-	8,098,156
Loan from Group parent	6,517,509	-	-	6,517,509
Total	**18,071,025**	**41,574,905**	-	**59,645,930**

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**

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.

3. Financial risk management - continued

3.2 Capital risk management - continued

The Company's capital structure is monitored at a Group level with appropriate reference to subsidiaries' financial conditions and prospects. The capital structure of the Company and the Group consist of equity attributable to equity holders, comprising issued shared capital and other reserves. Capital risk is monitored on a regular basis by reporting the net interest-bearing liabilities against targets set by the Board, prior periods and covenants set by third parties.

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 2020	
Assets	
Financial assets at fair value through profit or loss:	
Derivative instruments	
- purchased call option (Note 12)	**205,714**
Total financial assets	**205,714**
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

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 2020	
Assets	
Financial assets at fair value through other comprehensive income:	
Equity securities	
- unlisted equities (Note 11)	-
At 31 December 2019	
Assets	
Available-for-sale financial investment:	
Equity securities	
- unlisted equities (Note 11)	568,000

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 Note 11 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 2020 and 2019.

Financial instruments not carried at fair value

At 31 December 2020 and 2019 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, judgements and errors

(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 33), are addressed below.

Group and Company

(i) 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. As at 31st December 2020, the Group operated one CGU, following the disposal of the B2C segment.

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

Performance marketing accounts for 77% (2019: 90%) of the carrying amount of intangibles. The Directors consider that the impairment assessment for this business component is less sensitive to changes in key assumptions due to the level of headroom between the reported intangible assets and the respective value-in-use.

The Directors consider that the impairment assessment for Platform services, which accounts for the remaining 23% of intangible assets, to be more sensitive to key assumptions, which include the successful onboarding of new clients, projected revenue growth and improved EBITDA margin.

Further details including sensitivity analysis are included in Note 7.

(ii) Contingent liabilities

Certain of the Group's subsidiaries have postponed the remittance of certain taxes, which could potentially lead to fines and penalties. Management has entered into a payment plan with the relevant authorities for overdue balances relating to 2019. The Group is presently in communication with the same authorities on another payment plan for any overdue balances relating to 2020. On this basis, management considers that there is no exposure to any potential fines on this matter.

In November 2020, one of the group's subsidiaries was subject to a review by the FIAU in relation to controls on money laundering and counter terrorism. The outcome of this review is not yet finalised, and based on the information available as at the date of reporting, Management does not anticipate that there will be any material financial consequence emerging from such review.

(iii) The Group as a lessor

The Group leases 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 3 years and until the terms of the agreement are satisfied. The first payment was due in April 2020. Based on the conditions of the agreement, management has classified this lease as an operating lease.

5. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 5(c).

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Group	As at 31 December 2020 €	As at 31 December 2019 €
Right-of-use assets		
Buildings	**13,002,292**	14,007,293
Lease liabilities		
Current	**2,351,104**	2,139,754
Non-current	**11,736,232**	12,496,138
	14,087,336	14,635,892

Additions to the right-of-use assets during the 2020 financial year were EUR1,778,951 (2019: EUR757,819).

(b) 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 2020 €	As at 31 December 2019 €
Depreciation charge on right-of-use assets	**2,671,152**	2,627,920
Interest expense (included in finance cost)	**989,141**	894,692
Expenses relating to short-term leases (included in other expenses)	**3,400**	11,670
Expenses relating to variable lease payments (included in other expenses)	**222,071**	200,723

The total cash outflow for leases was EUR3,155,094 (2019: EUR2,796,099).

5. Leases – continued

	Group 2020 €	2019 €
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**3,355,875**	3,250,144
One to five years	**11,045,179**	11,054,806
	14,401,054	14,304,950

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.

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 the Income Statement 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.

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.

5. Leases – continued

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.

Judgements in determining the lease term

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. No change was required in 2020 that would have resulted in a change in the lease term.

(c) The Group as a lessor

Leasing arrangements

During the year, the Group has sub-leased parts of its office to a number of tenants under operating leases with rentals payable monthly. The Group has recognised rental income from operating leases of EUR186,367 (see note 26).

The offices are sub-leased to tenants under operating leases with rentals payable monthly. Lease payments include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases of investment properties are as follows:

	Group and Company	
	2020	2019
Within 1 year	**369,591**	-
Between 1 and 2 years	**757,690**	-
	1,127,281	-

During 2019 one of the Group companies 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 3 years and until the terms of the agreement are satisfied.

6. Discontinued operations

On 14 February 2020, the Group signed a Share Purchase Agreement (SPA) with Betsson Group (Betsson) for the divestment of its B2C assets which include the operator brands Rizk, Guts, Kaboo and Thrills. Betsson through this agreement, is a long-term partner of the Group, generating revenues to the Group's Platform Services. On the day of closing, Betsson paid EUR31 million, consisting of a EUR23.9 million cash payment for the acquisition, plus a prepaid platform fee of EUR8.7 million. The Group used the proceeds to repay the Company's SEK300 million 2017 - 2020 bond. Subsequently, the consideration was adjusted by EUR2.3 million, to reflect working capital adjustments of EUR2.8 million and EUR0.5m deferred payment.

(a) Financial performance and cash flow information

	Group	
	2020	2019
	€	€
Net revenue	**22,895,590**	78,971,725
Other income	**1,910,374**	-
Expenses	**(25,368,019)**	(70,506,779)
Impairment losses (net of a tax charge of nil)	**(1,100,000)**	(34,945,600)
Operating losses	**(1,662,055)**	(26,480,654)
Income tax expense	-	-
Loss on sale of B2C segment	**(91,000)**	-
Operating losses from discontinued operations	**(1,753,055)**	(26,480,654)
Loss from discontinued operations attributable to:		
Owners of the company	**(1,752,689)**	(26,480,335)
Non-controlling interests	**(366)**	(319)
	(1,753,055)	(26,480,654)
Net cash (outflow)/inflow from operating activities	**(1,159,882)**	4,135,804
Net cash outflow from investing activities	**(196,726)**	(1,367,980)
Net (decrease)/increase in cash generated by discontinued operation	**(1,356,608)**	2,767,824

Other Income of EUR1.9m relates to a claim for overpaid taxes to the relevant authorities. On the basis of advice received from legal experts, and communications with the said authorities, management considers the basis for recognition of such claim to be virtually certain. Expenses include an amount of EUR1.9m which relates to a settlement with a third-party software provider on a previously disputed case occurring during 2019 regarding a potential fraudulent transaction.

6. Discontinued operation – continued

(b) Details of the sale of the subsidiary

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Consideration received or receivable:				
Cash	**19,276,027**	-	**19,276,027**	-
Net present value of future cash flows	**4,642,000**	-	**4,642,000**	-
Total disposal consideration	**23,918,027**	-	**23,918,027**	-
Less: carrying value of net assets disposed	**(24,009,027)**	-	-	
Less: cost of investment	-		**(24,827,000)**	
Loss on sale after income tax	**(91,000)**	-	**(908,973)**	-

The cash consideration received of EUR19,276,027 is net of transaction costs of EUR2,115,000.

(c) Details of the sale of the subsidiary

The carrying amounts of assets and liabilities as at the date of sale (15 April 2020) were:

	15 April 2020 €
Non-current assets	
Intangibles	25,168,544
Current assets	
Prepayments	513,625
Other trade receivables	313,977
License guarantee	2,000,000
Cash	5,743,600
Total assets of disposal group held for sale	33,739,746
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	(4,601,919)
Players liability	(4,062,400)
Jackpot liability	(1,066,400)
Total liabilities of disposal group held for sale	**(9,730,719)**
Net assets	**24,009,027**

6. Discontinued operation – continued

(d) 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 operations as at 31 December 2020 and 2019:

	Group	
	As at 31 December 2020	As at 31 December 2019
	€	€
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 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
As at 1 January 2020		28,897,249	862,688	72,957,282	15,081,218	27,097,347	5,350,313	458,500	905,759	151,610,356
Additions		-	-	18,220	-	6,257,060	543,589	-	-	6,818,869
Additional assets transferred upon disposal of discontinued operations	6	-	-	-	-	(233,673)	(107,871)	-	-	(341,544)
Currency translation differences		292,455	-	-	-	31,621	-	-	-	324,076
As at 31 December 2020		**29,189,704**	**862,688**	**72,975,502**	**15,081,218**	**33,152,355**	**5,786,031**	**458,500**	**905,759**	**158,411,757**
Accumulated depreciation										
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
As at 1 January 2020		23,350,478	22,000	41,629,168	13,374,776	21,708,056	4,394,765	458,500	213,703	105,151,446
Amortisation charge		-	-	6,375,518	1,691,297	5,551,151	791,400	-	-	14,409,366
As at 31 December 2020		**23,350,478**	**22,000**	**48,004,686**	**15,066,073**	**27,259,207**	**5,186,165**	**458,500**	**213,703**	**119,560,812**
Carrying amount										
As at 1 January 2019		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
As at 31 December 2020		**5,839,226**	**840,688**	**24,970,816**	**15,145**	**5,893,148**	**599,866**	**-**	**692,056**	**38,850,945**

7. Intangible assets - continued

Company	**Technology platform €**	**Computer software €**	**Total €**
Cost			
As at 1 January 2019	74,982	8,521	83,503
Additions	-	-	-
As at 31 December 2019 and 2020	74,982	8,521	83,503
Accumulated depreciation			
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
As at 1 January 2020	62,476	6,864	69,340
Amortisation charge	12,506	1,657	14,163
As at 31 December 2020	**74,982**	**8,521**	**83,503**
Net book value			
As at 31 December 2019	**12,506**	**1,657**	**14,163**
As at 31 December 2020	**-**	**-**	**-**

Impairment test for goodwill and intangible assets with indefinite useful lives

The Group's reported goodwill as at 31 December 2020 primarily relates to the acquisition of Rebel Penguin ApS, a Company offering digital marketing services. Trademarks acquired in 2017 are considered to have an indefinite life.

For the purposes of the impairment testing of goodwill and intangibles with an indefinite useful life one cash generating unit ('CGU') was identified being the Group's business-to-business segment, which comprises performance marketing and platform services ("B2B"). The determination of CGU reflects how the Group manages the day-to-day operations of the business, and how decisions about the Group's assets and operations are made.

The carrying amount, 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	
	2020	2019	**2020**	2019
Carrying amounts				
Goodwill (€000)	-	-	**5,839**	5,547
Intangible assets with indefinite lives (€000)	-	-	**841**	841
	-	-	**6,680**	6,388

Business-to-Business CGU

The key assumptions on which management has based its impairment test are reflected in the cash flow projections comprising the budget for 2021 as confirmed by the entity's Board and estimated cashflows for years 2022 - 2024 (2019: 2021 – 2023). The key assumptions include

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

The post-tax discount rate applied to the cash flow projections was 17% (2019: 18%). The perpetual growth rate, as assumed in the CGU's residual value, is 2% (2019: 2%) based on the estimated long-term inflation.

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

With regards to performance marketing, the directors consider that the impairment assessment for this activity is less sensitive due to the level of headroom between the carrying amount of the intangible assets and the respective value-in-use. Goodwill attributed to this CGU was EUR5.5 million as at 31 December 2020, and domains are amortised over a period of 8 years.

2020 was a transformational year for the Group re-focusing its strategy to becoming a pure B2B software provider. Financial performance improved year on year for the platform services component, especially through the contribution from the Betsson contract. The Betsson platform service contract was part of the commercial arrangement from the sale of the Group's B2C assets. The contract is for a duration of at least 30 months where a premium fee is payable for the first 24 months. The impairment assessment for this business component is sensitive to the Group achieving projected growth, representing an annual CAGR of 19% over the projected period (2021-2024), and an improved EBITDA margin. Intangible assets under platform services accounts for 23% of the total carrying amount of intangibles, and a maintainable free cashflow after tax of at least c. EUR1.3m is required to sustain the carrying value of the intangible assets, excluding the allocation of corporate assets allocation to this business activity. The impairment assessment of this activity is susceptible to the Group achieving projected growth and an improvement in EBITDA.

8. Property, plant and equipment

Group	Installations and improvements to leasehold premises €	Furniture & fittings €	Computer and office equipment €	Total €
Cost				
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
As at 1 January 2020	3,883,926	1,720,800	4,194,025	9,798,751
Additions	181,368	49,018	1,377,075	1,607,461
Disposals	(3,249)	(185,402)	(70,092)	(258,743)
Exchange differences	(1,143)	(586)	(2,159)	(3,888)
As at 31 December 2020	**4,060,902**	**1,583,830**	**5,498,849**	**11,143,581**
Accumulated depreciation				
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
As at 1 January 2020	1,530,979	869,694	2,384,049	4,784,722
Depreciation charge	832,444	250,485	1,243,395	2,326,324
Disposals	(3,491)	(49,009)	(58,390)	(110,890)
Impairment losses attributable to discontinued operations	1,100,000	-	-	1,100,000
As at 31 December 2020	**3,459,932**	**1,071,170**	**3,569,054**	**8,100,156**
Net book value				
As at 1 January 2019	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
As at 31 December 2020	**600,970**	**512,660**	**1,929,795**	**3,043,425**

During the year, the Group has impaired EUR1.1 million in relation to improvements to leasehold premises.

9. Investments in subsidiaries

	Company 2020 €	2019 €
At 1 January	**73,617,942**	136,103,321
Capital contributions	-	8,918,181
Impairment of investment	**(1,100,000)**	(71,403,560)
Disposal	**(24,827,000)**	-
At 31 December	**47,690,942**	73,617,942

	Company 2020 €	2019 €
At 31 December		
Cost	**76,617,942**	76,617,942
Impairment	**(4,100,000)**	(3,000,000)
Disposal	**(24,827,000)**	-
Carrying amount	**47,690,942**	73,617,942

During the year, the Company sold its investment in subsidiaries amounting to EUR24,827,000 to Betsson and the loss accounted for during 2020 amounted to EUR908,973 (note 6).

During the year the Company impaired its investment in subsidiaries attributable to the B2C segment by EUR1,100,000. During 2019, the Company had impaired its investments in subsidiaries which were attributable to the B2B and B2C segments and recognised an impairment of EUR3,000,000 and EUR68,403,560 respectively. Additionally, in 2019 the Company had waived amounts due from its subsidiaries of EUR8,918,181 which resulted in an increase in investments in subsidiaries of the same amount.

9. Investments in subsidiaries - continued

The principal subsidiaries at 31 December 2020 and 2019, 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 % 2020	% 2019	Percentage of ownership and voting rights held directly by the Group % 2020	% 2019
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
Zecure Gaming Limited*	Malta	Ordinary shares	**-**	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
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
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
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

*Subsidiaries that were transferred to Betsson as part of the sale during the financial year.

10. Investments accounted for using the equity method

	Group and Company	
	2020	2019
	€	€
At 1 January	-	574,574
Acquisitions	-	100,300
Impairment of associates accounted for using the equity method	-	(674,874)
At 31 December	-	-

During 2019, the Group and the Company recognised an impairment of EUR674,874 relating to an investment in its Hong Kong based games studio D-tech International.

11. Financial assets at fair value through other comprehensive income

	Group and Company	
	2020	2019
	€	€
At 1 January	**568,000**	1,851,516
Losses recognised in other comprehensive income (Note 20)	-	(1,378,680)
Exchange differences	**(17,503)**	95,165
Net proceeds from sale	**(550,497)**	-
At 31 December	-	568,000

In 2020, the Group sold its 3.57% investment in EPG as this investment no longer suited the Group's investment strategy. The consideration of EUR550,497 was the same as the carrying value in the Company's books. During the lifetime of the investment, the Company recognised a loss of EUR 141,268. In line with its accounting policy, this realised loss was transferred from 'Other Reserves' to 'Retained Earnings' (Note 20).

12. Derivative financial assets

	Group 2020 €	2019 €
Call option to acquire intangible assets		
Non-current		
At 31 December	**205,714**	205,721

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 2019 and 31 December 2020, 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 2020 and the option is due to expire in June 2021. At reporting date, Management is assessing whether such option should be exercised.

13. Financial assets at fair value through profit or loss

	Group and Company	
	2020	2019
	€	€
At 1 January	-	145,254
Financial assets at fair value	-	80,500
Interest	-	10,659
Fair value changes	-	(236,413)
At 31 December	-	-

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 preceding year, management decided to fully impair the loan to D-Tech based on uncertainty in recoverability.

14. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Non-current				
Other receivables	**676,955**	-	**676,955**	-
Current				
Trade receivables - gross	**9,776,633**	6,565,564	-	-
Less: loss allowance	**(452,296)**	(548,676)	-	-
Trade receivables	**9,324,337**	6,016,888	-	-
Amounts due from payment providers	**596,587**	7,051,823	-	-
Amounts due from subsidiaries	-	-	**4,403**	-
Amounts due from group undertakings	**671,173**	767,733	-	-
Amounts due from related parties	**26,223**	360,561	-	-
Indirect taxation	**4,476,312**	3,232,316	**30,500**	20,054
Other receivables	**2,483,886**	3,790,608	**2,325,507**	4,503
Accrued income	**284,029**	-	-	-
Prepayments	**1,201,821**	1,645,037	**10,205**	10,316
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)	-	-
	19,064,368	20,463,767	**3,047,570**	34,873

Included within other receivables is an amount of EUR2,997,959 for both Group and Company which is linked to the sale of the B2C segment and is expected to reduce in line with the contractual obligations of the counterparty.

As part of indirect taxation, the Group has accrued for EUR1.9m in terms of a claim for overpaid taxes to the relevant authorities. On the basis of advice received from legal experts, and communications with the said authorities, management considers the basis for recognition of such claim to be virtually certain.

14. Trade and other receivables – continued

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

During 2019, amounts due from subsidiaries of EUR13,689,319 were subject to fixed interest at the rate of 7.29%. A set off exercise between intra-group companies was performed as at year end and as a result the Company capital contributed EUR8,918,181 to its subsidiaries and this is included under investments in subsidiaries (note 9). Other receivables comprise of balance linked to the contingent consideration upon the disposal of B2C segment.

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.

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	
	2020	2019	**2020**	2019
	€	€	**€**	€
Cash at bank and other intermediaries	**8,042,813**	4,507,981	**3,503,678**	23,225
Less: restricted cash	**(2,547,956)**	(2,560,639)	-	-
Cash and cash equivalents	**5,494,857**	1,947,342	**3,503,678**	23,225

Included in the Group's cash at bank are amounts of EUR2,547,956 (2019: EUR2,560,639) that are held in a fiduciary capacity and represent customer monies, whose use is restricted in terms of the Malta Remote Gaming Regulations, 2018.

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

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Cash at bank and other intermediaries	**8,042,813**	4,507,981	**3,503,678**	23,225
Cash at bank and other intermediaries attributable to discontinued operations (Note 6)	-	5,738,325	-	-
Less: restricted cash	**(2,547,956)**	(2,560,639)	-	-
Less: restricted cash attributable to discontinued operations (Note 6)	-	(5,946,960)	-	-
Cash and cash equivalents	**5,494,857**	1,738,707	**3,503,678**	23,225

16. Share capital and premium

Group and Company	Number of ordinary shares	Ordinary share capital €	Share premium €	Total €
Authorised share capital				
At 1 January 2019	50,000	50,000	2,304,345	2,354,345
At 31 December 2019	**50,000**	**50,000**	**2,304,345**	**2,354,345**
At 31 December 2020	**50,000**	**50,000**	**2,304,345**	**2,354,345**
Issued and fully paid				
At 1 January 2019	50,000	50,000	2,304,345	2,354,345
At 31 December 2019	**50,000**	**50,000**	**2,304,345**	**2,354,345**
At 31 December 2020	**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). 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:

	2020		2019	
	Average exercise price in € per option	Options	Average Exercise price in € per option	Options
Share options which were granted or converted into options of GIG Inc.				
At 1 January	**4.33**	**1,128,922**	3.74	1,530,168
At 31 December	**3.21**	**733,000**	4.33	1,128,922
Share options which were granted or converted into options of GIG Inc.				
Granted	**-**	**-**	2.12	566,000
Exercised	**Nil**	**5,922**	Nil	513,246
Forfeited during the year	**4.86**	**390,000**	2.62	454,000

17. Share-based payments - continued

Out of the 733,000 (2019: 1,128,922) outstanding options in GIG Inc, as at 31 December 2020, 438,001 (2019: 326,000) were vested but not yet exercised.

Options which were exercised and converted into GIG Inc. shares during 2020 resulted in 5,922 (2019: 513,246) shares being issued at a weighted average price of nil (2019: nil). The related weighted average share price at the time of exercise was EUR0.65 (2019: EUR2.10) 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 2020	Share options 2019
2016	2016-2020	January 2023	1.50	-	5,922
2016	2015-2017	May to September 2023	4.00-4.30	**36,000**	36,000
2017	2018-2020	December 2022	4.00-4.80	**155,000**	275,000
2017	2018-2020	June 2023	6.40-6.60	-	105,000
2018	2019-2021	January 2024	6.00-6.50	**6,000**	96,000
2018	2019-2021	March 2024	7.50	**30,000**	45,000
2019	2019-2022	Mar 2025	Nil-3	**506,000**	566,000
				733,000	1,128,922

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was nil (2019: EUR0.10) per option as no new share options were granted during the year.

The significant inputs into the model were weighted average share price of nil (2019: EUR2.20) at the grant date, exercise price shown above, volatility of nil (2019: 58%), dividend yield of nil (2019: 0%), an expected option life of nil (2019: 2) years and an annual risk-free interest rate of nil (2019: 1.31%). 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 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	25	(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
At 1 January 2020		94,903,093	510,545	95,413,638
Capital contribution arising on share options granted by the Group's parent entity:				
Fair value of employee services	25	(356,786)	-	(356,786)
At 31 December 2020		**94,546,307**	**510,545**	**95,056,852**

Company	Note	Capital contribution reserve	Advances for shares to be issued	Total
		€	€	€
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
At 1 January and 31 December 2020		**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 2020 and 2019 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 EUR356,786 (2019: 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.

During 2019 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.

19. Merger reserve

	Group		**Company**	
	2020	2019	**2020**	2019
	€	€	**€**	€
At 1 January and 31 December	**3,533,484**	3,533,484	**5,886,789**	5,886,789

This merger reserve is attributable the creation of merger reserves arising in past years.

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 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)
At 1 January 2020	(121,084)	(451,417)	(13,389,177)	(13,961,678)
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	(17,503)	-	-	(17,503)
Currency translation differences	-	(169,296)	-	(169,296)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	141,268	-	-	141,268
At 31 December 2020	**2,681**	**(620,713)**	**(13,389,177)**	**(14,007,209)**

20. Other Reserves - continued

Company	Financial assets at fair value €	Total €
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)
At 1 January 2020	(569,288)	(569,288)
Changes in value of financial assets at fair value through other comprehensive income (Note 11)	430,701	430,701
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	141,268	141,268
At 31 December 2020	**2,681**	**2,681**

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 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Non-current				
Indirect taxation and social security	**1,773,148**	-	-	-
Current				
Trade payables	**3,132,462**	7,198,204	**4,843**	70,863
Players' accounts	**1,453,387**	5,918,818	-	-
Jackpot balances	**1,094,569**	2,588,780	-	-
Amounts due to subsidiaries	-	-	**994,878**	-
Amounts due to related parties	-	-	-	15,489
Other payables	**3,482,366**	3,435,644	**38,483**	74,772
Indirect taxation and social security	**7,672,792**	5,355,530	-	-
Accruals	**3,157,155**	5,975,259	**303,545**	18,775
Deferred income	**6,756,401**	-	**6,756,407**	-
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)	-	-
	26,749,132	21,953,640	**8,098,156**	179,899

The Group has agreed to settle for EUR1.9m with a third-party software provider on a previously disputed case occurring during 2019 regarding a potential fraudulent transaction, which is reported as part of other payables.

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

Certain of the Group's subsidiaries postponed the remittance of certain indirect taxes. Management has entered into a payment plan with the relevant authorities for any overdue balances relating to 2019 and is currently in communication with the same authorities for a payment plan to be agreed in relation to overdue balances relating to 2020. The respective balances relating to 2020 are classified as current liabilities.

22. Borrowings

Current	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Loan from Group parent	**5,545,704**	-	**6,517,509**	-
Bonds	**3,455,360**	30,035,406	**3,455,360**	30,035,406
	9,001,064	30,035,406	**9,972,869**	30,035,406

The loan payable from Group parent is interest free and repayable on demand, however the parent company has confirmed that the amounts will not be requested unless alternative funds are made available to the Group and Company.

22. Borrowings - continued

Non-Current	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Bonds	**35,997,913**	36,907,743	**35,997,913**	36,907,743

The amount payable to the parent is interest free and repayable on demand, however the parent company has confirmed that the amounts will not be requested unless alternative funds are made available to the Group and Company.

On 6 March 2017, the Group 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%.

On 28 June 2018, SEK350 million of the SEK650 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 and NV Securetrade (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 2020 was SEK383,000,000 (EUR38,269,384) (2019: SEK693,000,000 (EUR66,336,103)) 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 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 bond of SEK400m matures on 28 June 2022. Based on the company's recent development and coupled with the market conditions for debt financing being favourable, the directors are confident about the Group's ability to successfully conclude a refinancing process well in advance of the maturity.

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:

23. Deferred taxation - continued

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Deferred tax asset to be recovered after more than 12 months	**60,411**	60,392	-	-
Deferred tax liability to be settled after more than 12 months	**(360,432)**	(1,269,572)	-	(448,204)
	(300,021)	(1,209,180)	-	(448,204)

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

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
As at 1 January	**(1,209,180)**	(894,437)	**(448,204)**	(448,204)
Deferred tax liability on temporary differences - recognised in profit or loss	**909,159**	(314,743)	-	-
Deferred tax liability on temporary differences - recognised in OCI	-	-	**448,204**	-
As at 31 December	**(300,021)**	(1,209,180)	-	(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	
	2020	2019	**2020**	2019
	€	€	**€**	€
Future tax credits on subsidiaries' undistributed profits	**60,411**	60,392	-	-
Differences between the tax base and carrying amounts of financial instruments at fair value through OCI	-	-	-	(448,204)
Differences between the tax base and carrying amounts of intangible assets	**(1,575,500)**	(1,645,518)	-	-
Capital allowances and tax losses	**1,190,849**	351,727	-	-
Provision for impairment of receivables	**24,219**	24,219	-	-
	(300,021)	(1,209,180)	-	(448,204)

As at 31 December 2020, the Group also had unrecognised unutilised tax credits amounting to EUR39,303,880 (2019: EUR37,113,101) arising from unabsorbed tax losses and capital allowances, and net deductible temporary differences arising from intangible assets and property, plant and equipment amounting to EUR1,226,399 (2019: EUR1,525,113). These give rise to a net deferred tax asset for the Group amounting to EUR1,903,874 (2019: EUR1,931,911), 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	
	2020	2019	**2020**	2019
	€	€	**€**	€
Platform and service provider fees	**2,679,612**	429,011	-	-
Gaming taxes	**90,617**	75,336	-	-
Consultancy fees	**3,060,271**	3,030,166	**98,858**	87,829
Loss allowance (Note 3)	**(96,380)**	574,282	-	-
Bad debts	**2,077,611**	293,065	-	-
Software expenses	**3,392,654**	4,578,553	-	-
Other operating expenses	**642,590**	1,372,859	**4,305**	-
	11,846,975	10,353,272	**103,163**	87,829

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

Included on the face of the Income Statement are marketing costs amounting to EUR14,899,989, out of which EUR8,572,408 relate to SkyCIty which is accounted for on a gross basis.

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Annual statutory audit	**215,000**	238,500	-	-
Other assurance services	**35,000**	40,000	-	-
Tax advisory and compliance services	**32,685**	40,380	**2,100**	2,950
Other non-audit services	**11,600**	32,500	-	-
	294,285	351,380	**2,100**	2,950

The Company's audit fees in the current and preceding year are borne by a subsidiary of the Company.

25. Employee benefit expense

	Group 2020 €	Group 2019 €
Gross wages and salaries	**26,077,253**	26,536,856
Less: employee costs capitalised as part of software development	**(4,359,382)**	(5,082,680)
Net wages and salaries, including other benefits	**21,717,871**	21,454,176
Social security costs	**2,194,135**	2,548,627
Termination costs	**686,702**	-
Share options forefeited by employees (Note 18)	**(336,996)**	(535,422)
Synthetic shares	-	127,593
	24,261,712	23,594,974

Share options forfeited by employees attributable to discontinued operations amounted to EUR19,790.

The Group employed, on average:

	Group 2020	Group 2019
Managerial	**8**	5
Administrative	**496**	631
	504	636

26. Other income/(expense)

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Other income/(expense)	**186,367**	-	**(908,973)**	-

The other expense recognised by the Company of EUR908,937 relates to the loss on sale of the B2C unit (note 6).

27. Finance income

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Interest income on bank deposits	**12**	-	**-**	-
Other interest income	**2,649**	67,686	**-**	1,008,907
Exchange gains	**-**	-	**-**	1,099,242
	2,661	67,686	**-**	2,108,149

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.

28. Finance costs

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Bond interest expense	**4,156,559**	6,453,741	**4,156,559**	6,453,741
Other interest expense	**510**	13	**-**	-
Exchange differences	**1,726,843**	812,982	**661,542**	-
Interest payable for lease liabilities (Note 5)	**989,141**	894,692	**-**	-
	6,873,053	8,161,428	**4,818,101**	6,453,741

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. Tax expense

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Current tax expense				
current year	**63,783**	312,744	-	-
Deferred tax (credit)/expense (Note 23)				
current year	**(909,159)**	314,743	-	-
	(845,376)	627,487	-	-

29. **Tax expense** - continued

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

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Loss before tax	**(15,825,849)**	(57,301,795)	**(6,944,400)**	(76,768,582)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(862,805)**	(3,039,221)	**(2,430,540)**	(26,869,004)
Tax effect of:				
Disallowed expenses	**305,526**	2,704,545	**2,430,395**	26,234,940
Movements in unrecognised deferred tax assets	**(300,558)**	922,634	**145**	634,064
Other differences	**12,461**	39,529	**-**	-
Tax credit/(expense)	**(845,376)**	627,487	**-**	-

30. Cash generated from operations

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

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Operating loss from:				
Continuing operations	**(7,202,402)**	(22,727,399)	**(2,126,299)**	(72,422,990)
Discontinued operations	**(1,753,055)**	(26,480,654)	**-**	-
Adjustments for:				
Amortisation of intangible assets (Note 7)	**14,409,366**	21,216,538	**14,163**	18,567
Early redemption fee on bond	**-**	994,034	**-**	994,036
Depreciation of property, plant and equipment (Note 8)	**2,326,324**	2,061,233	**-**	-
Deprecation on right-of-use asset (Note 5)	**2,671,152**	2,627,920	**-**	-
Provision for impairment (Note 8)	**1,100,000**	38,856,887	**-**	911,287
Loss on disposal of property, plant and equipment (note 8)	**147,853**	-	**-**	-
Provision for impairment of investments in subsidairies (Note 9)	**-**	-	**1,100,000**	71,403,560
Currency translation	**(489,477)**	-	**17,503**	-
Loss on disposal of investment in subsidiaries (note 6)	**91,000**	-	**908,973**	-
Provision for impairment of trade receivables (Note 14)	**(96,380)**	(281,217)	**-**	-
Bad debts (note 24)	**2,077,611**	-	**-**	-
Share-based payment	**(356,786)**	(676,905)	**-**	-
Changes in working capital:				
Trade and other receivables	**2,868,056**	3,567,176	**1,629,303**	5,248,989
Trade and other payables	**12,392,947**	(5,062,451)	**13,635,475**	(1,082,246)
Restricted cash	**12,683**	224,010	**-**	-
Cash generated from operations	**28,198,892**	14,319,172	**15,179,118**	5,071,203

Cash generated from operations includes the effect of deferred income linked to sale of B2C and contract on platform services.

30. Cash generated from operations - continued

(b) Reconciliation of financial liabilities

Group	Bond	Lease liability	Loan from group parent	Total
	€	€	€	€
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	6,469,957	1,554,598	-	8,024,555
Balance as at 31 December 2019	**66,943,149**	**14,635,892**	-	**81,579,041**
Balance as at 1 January 2020	66,943,149	14,635,892	-	81,579,041
Cash flows	(32,304,373)	(3,155,094)	5,545,704	(29,913,763)
Foreign exchange adjustments	651,326	-	-	651,326
Other non-cash movements, including	4,163,171	2,606,538	-	6,769,709
Balance as at 31 December 2020	**39,453,273**	**14,087,336**	**5,545,704**	**59,086,313**

Company	Bond	Lease liability	Loan from group parent	Total
	€	€	€	€
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	-	-	-	-
Other non-cash movements	6,469,957	-	-	6,469,957
Balance as at 31 December 2019	**66,943,149**	-	-	**66,943,149**
Balance as at 1 January 2020	66,943,149	-	-	66,943,149
Cash flows	(32,304,373)	-	6,517,509	(25,786,864)
Foreign exchange adjustments	651,326	-	-	651,326
Other non-cash movements	4,163,171	-	-	4,163,171
Balance as at 31 December 2020	**39,453,273**	-	**6,517,509**	**45,970,782**

31. 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	
	2020	2019
	EUR	EUR
Directors' emoluments	**425,014**	542,911
Share-based payments	**-**	197,681
	425,014	740,592

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

During the year, the Group received EUR500,000 worth of service credits from a related party. The services received related to the assistance in sale of the B2C unit, and onboarding of new clients.

31. Related party transactions - continued

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

	Group		Company	
	2020	2019	**2020**	2019
	€	€	**€**	€
Other receivables from related parties (Note 14)				
subsidiaries	**-**	-	**4,403**	-
group undertakings	**671,173**	767,733	**-**	-
related parties	**26,223**	360,561	**-**	-
Other payables to related parties				
subsidiaries (Note 21)	**-**	-	**994,878**	-
loan from group parent (Note 22)	**5,545,704**	-	**6,517,509**	-
other related parties (Note 21)	**-**	-	**-**	15,489
Other transactions				
Distribution/Capital contributions: parent entity (Notes 14,18)	**-**	(4,442,526)	**-**	(3,721,224)
Settlements with related parties	**-**	50,000	**-**	-
Fair value of employee services (Note 25)	**(356,786)**	(676,905)	**-**	-

32. Events after the reporting period

Any subsequent events were already addressed in other sections within the directors report.

33. 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, may be impacted by legal restrictions being imposed. In 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, together with the de-risking strategy to discontinue the white label model carried out during 2020, GIG is less directly exposed to legal and compliance risks associated with gaming operations. This strategic decision resulted in a reduction from 15 brands operating on white-label agreements, to, only three remaining at the end of 2020, including Sky City. Subsequent to the year end, only two white label brands remained. These remaining white label brands are in the process of converting into SaaS agreements, pending certain regulatory changes. The majority of white labels were terminated and/or migrated to other white-label platforms although the larger white-labels converted to a SaaS agreement with GiG. As part of the strategy to terminate white-label agreements, GiG rescinded its Swedish and UK B2C licenses in October 2020, thereby materially reducing compliance risks, in particular AML risks inherent in transacting player funds. As at the year end, GiG has one B2C license with the Malta Gaming Authority, together with various B2B licenses in various regulated markets.

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. 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. The Group aims to mitigate this risk mitigated through a fixed pricing model that is being adopted for platform services where possible.

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 continue to stem from past exposures on B2C and white labels, for as long as related warranties may continue to apply, and until the B2C MGA license is relinquished. During November 2020, one of the group's subsidiaries was subject to a review by the Financial Intelligence Analysis Unit (FIAU) in relation to controls on money laundering and counter terrorism. The outcome of this review is not yet finalised and based on the information available as at the date of reporting, Management does not anticipate that there will be any material financial consequence emerging from such review.

It is the Group's view that the responsibility for compliance with laws and regulations rests with the customers for both the Media and Platform business activities. 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.

33. Significant risks and uncertainties - continued

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.

34. Statutory information

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

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