# INNOVATION LABS LIMITED

## Annual Report and Financial Statements
## 31 December 2023

Company Registration Number: C44130

## Directors' report

The directors present their report and the audited financial statements of Innovation Labs Limited (the "Company") for the year ended 31 December 2023.

### Principal activities and developments

The Company's principal activity during the year was to attract users and direct traffic to other companies engaged in online activities and services through marketing, advertising, affiliation and client procurement techniques.

*AskGamblers*

In December 2022, the Company signed an agreement to acquire the casino affiliate websites Askgamblers.com, Johnslots.com, Newcasinos.com and several smaller domains from Catena Media Plc, an unrelated third party. The total consideration is EUR 45 million, of which EUR 20 million was paid in cash on closing, EUR 10 million was paid twelve months after closing and the EUR 15 million balance will be paid twenty-four months after closing. Closing was completed on 31 January 2023.

The transaction was structured by way of a Share Purchase Agreement (SPA) with the Company and included the acquisition of the two companies Catena Publishing Ltd (Malta) and Catena Media D.O.O. Beograd (Serbia).

Gentoo Media p.l.c. (formerly Gaming Innovation Group p.l.c) (the 'Group' or 'Gentoo') has financed the initial consideration through a combination of own cash, (EUR 10.8 million), a revolving credit facility (RCF) of EUR 1.0 million and existing shareholders have committed to a EUR 10.2 million share issue.

Askgamblers.com is an award-winning website recognised as a well-trusted website source in the iGaming industry with strong brand recognition by users. Johnslots.com and Newcasinos.com build on the Company's strategy to diversify its business and portfolio of assets.

The acquisition diversifies the Company's revenue streams in line with the strategy to create sustainable long-term growth and provide the business with several key strategic assets and multiple revenue opportunities. The acquired websites are strong in markets that currently are non-core markets for the Company, therefore expanding our current geographical reach. Further to the revenue growth potential, operational synergies are expected to be realised via the shared use of marketing technologies, business intelligence systems and key functions.

*KaFe Rocks*

On 21 December 2023, the Company acquired KaFe Rocks Ltd. and its subsidiaries, a prominent iGaming affiliate boasting multiple Power Affiliate top 10 rankings. The purchase price was EUR 35 million, consisting of a EUR 15 million upfront cash payment and EUR 20 million divided in four semi-annual payments over 24 months with an added earn-out if specific performance targets are met. The Group financed the initial consideration through the issue of a new bond in December 2023.

The transaction was structured by way of a Share Purchase Agreement (SPA) with the Company and included the acquisition of the three companies Digital World Ltd., Time2Play Media Ltd, and KaFe Rocks USA LLC. The acquisition diversified the Company's revenue streams in line with the strategy to create sustainable long-term growth and provide the business with several key strategic assets and multiple revenue opportunities.

## Directors’ report - continued

**Financial statements presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Maltese Companies Act (Cap. 386).

**Overall company’s performance**

The Company’s performance was positive where revenues increased by 12% during the year whilst operating expenses increased by 28%. This resulted in an overall decrease in EBITDA from EUR 23.8 million in 2022 to EUR 22.7 million in 2023. This decrease in EBITDA is attributed mainly to an increase in personnel expenses and an increase in marketing expenses.

**Net revenues**

Net revenues in 2023 increased to EUR 45.1 million (2022: EUR 40.3 million) which is equivalent to an increase of 12%.

**Operating expenses**

During 2023, total operating expenses increased when compared to previous year to a total cost of EUR 28.0 million (2022: EUR 21.9 million). This includes marketing costs of EUR 8.8 million (2022: EUR 4.7 million), depreciation and amortisation cost of EUR 5.5 million (2022: EUR 5.5 million), EUR 4.4 million (2022: EUR 2.8 million) of personnel expenses and other operating expenses amounting to EUR 9.2 million (2022: EUR 8.8 million). The increased spend in marketing had a direct positive impact on the revenue generated during the year.

**Profit from operations**

Profit before tax for the year 2023 amounted to EUR 14.4 million (2022: EUR 18.3 million).

**Pledging of securities**

With effect from 19 December 2023, Gentoo Media p.l.c. (formerly Gaming Innovation Group p.l.c.) as the immediate parent company pledged 100% of its shareholding in the Company to Nordic Trustee AS as security agent and bond trustee. Nordic Trustee AS is registered in Oslo, Norway having a registration number of 963 342 624.

**Legal environment**

It is the Company’s view that the responsibility for compliance with laws and regulations rests with the customer. Although gaming laws and regulations of many jurisdictions do not specifically apply to the supply of affiliation services, certain countries have sought to regulate or prohibit the supply of such services. The Company may therefore be subject to such laws, directly or indirectly. The Company 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 Company faces the risk that customers are not able to pay for the services rendered when these falls due. Also, the Company faces operational risks arising from Google’s changes of its algorithm that could temporarily impact rankings, and hence also impact revenues.

## **Directors' report** - continued

### Going concern

As at 31 December 2023, the Company's current liabilities exceeded current assets by EUR 57,237,447 (2022: net current asset position of EUR 8,515,115). In determining the ability of the Company to continue to operate as a going concern, the directors considered the continued strong underlying performance of the Company. Material revenue growth was achieved in 2023 as a result of the AskGamblers acquisition. Further, the strong performance (both from a revenue and cash generation standpoint) continued into 2024, also driven by the more recent acquisition of KaFe Rocks in December 2023 which has further enhanced the revenue growth potential of the Company.

On 1 October 2024, the immediate parent company announced that it has entered into a EUR 25 million revolving credit facility with Citibank Europe plc securing further financial flexibility. Following this development, the Company has obtained a letter of support from Gentoo Media Inc, the ultimate parent company, allowing the Company to meet its obligations as and when they fall due. This support is valid for a minimum period of twelve months form when these financial statements were available for issuance.

As a result of the above, the directors consider the going concern assumption in the preparation of the Company's financial statements to be appropriate.

### Events after the reporting period

*Strategic review*

In February 2023, the Board of the Company's ultimate parent had decided to initiate a strategic review with the intention to split the Group into two main business segments. The purpose of the split was to sharpen the focus for each business segment, optimise growth opportunities and ensure each business can benefit from the strategic and financial flexibility of their distinctive business models. The split which took place on 30 September 2024 resulted in two separate industry leading businesses with the potential to grow much faster.

*Casinomeister.com acquisition*

In June 2024, the Company acquired the casino affiliate website Casinomeister.com with an effective date from 1 June 2024. The transaction was structured as an asset purchase with a total consideration of EUR 3 million, that was paid in cash in July 2024.

*Titan Inc. acquisition*

In August 2024, the Company acquired Titan Inc. The acquisition was structured with a total price of EUR 3.2 million, comprising an initial payment of EUR 1.1 million that was paid on closing, followed by two yearly installments of EUR 1.05 million to be paid after twelve and twenty-four months respectively.

*Mr. Cashback acquisition*

In September 2024, the Company acquired two minor casino affiliate websites (Mr. Cashback) effective from 30 September 2024. The transaction was structured as an asset purchase with a total consideration of EUR 2.7 million. EUR 0.9 was paid in Q3 2024, and the remaining was paid in October 2024.

### Financial risk management

Information on the Company's financial risk management is disclosed in Note 2 of the financial statements.

## Directors' report - continued

### Results and dividends

The financial results are set out on page 11. The directors did not declare a dividend (2022: EUR nil). The directors propose that the balance of retained earnings amounting to EUR 67,060,550 (2022: EUR 55,540,867) be carried forward to the next financial year.

### Directors

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

- Mr. Jonas Warrer (appointed on 27 October 2023)
- Mr. Ryan Casaletto (appointed on 5 October 2023)
- Mr. Richard Brown (resigned on 27 October 2023)
- Mr Justin Psaila (resigned on 27 October 2023)

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

### Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the 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 company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act (Cap. 386). The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signatory: jonas warrer
Email of signatory: jonas.warrer@g2m.com
Timestamp: Tuesday, 17 December 2024 21:09 UTC

Signatory: ryan casaletto
Email of signatory: ryan.casaletto@g2m.com
Timestamp: Tuesday, 17 December 2024 21:13 UTC

**Registered office**
@GIG Beach
Triq id-Dragunara
St. Julians
STJ 3148
Malta

17 December 2024

# *Independent auditor's report*

To the Shareholder of Innovation Labs Limited

## *Report on the audit of the financial statements*

### *Our opinion*

In our opinion:

- The financial statements give a true and fair view of the financial position of Innovation Labs Limited (the "Company") as at 31 December 2023, and of the 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).

**What we have audited**

Innovation Labs Limited's financial statements, set out on pages 10 to 35, comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information 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.

**Independence**

We are independent of the 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.

## *Independent auditor's report* *- continued*

To the Shareholder of Innovation Labs Limited

### *Other information*

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

Our opinion on the financial statements does not cover the other information 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.

### *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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *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:

*Independent auditor's report - continued*

To the Shareholder of Innovation Labs Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## *Report on other legal and regulatory requirements*

The *Annual Report and Financial Statements 2023* 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.

## *Independent auditor's report* - *continued*

To the Shareholder of Innovation Labs Limited

| Area of the *Annual Report and Financial Statements 2023* and the related Directors' responsibilities | Our responsibilities | Our reporting |
|---|---|---|
| **Directors' report**<br>(on pages 1 to 4)<br>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.<br><br>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.<br><br>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. | In our opinion:<br>• 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<br>• the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).<br>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section. |
| | **Other matters on which we are required to report by exception**<br>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:<br>• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.<br>• the financial statements are not in agreement with the accounting records and returns.<br>• 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 Shareholder of Innovation Labs Limited

## *Other matter – use of this report*

Our report, including the opinions, has been prepared for and only for the Company's shareholder 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.

DocuSigned by:

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Ian Curmi
Principal

*For and on behalf of*
**PricewaterhouseCoopers**
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

17 December 2024

## Statement of financial position

| | Notes | As at 31 December 2023 € | 2022 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 6 | **15,944,259** | 18,254,004 |
| Property, plant and equipment | 4 | **43,985** | 11,156 |
| Investments in subsidiaries | 5 | **92,751,374** | 12,752,572 |
| Trade and other receivables | 7 | **62,897,604** | 39,762,944 |
| Total non-current assets | | **171,637,222** | 70,780,676 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **7,084,420** | 6,197,807 |
| Cash and cash equivalents | 8 | **1,553,208** | 3,712,009 |
| Total current assets | | **8,637,628** | 9,909,816 |
| **Total assets** | | **180,274,850** | 80,690,492 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 9 | **1,200** | 1,200 |
| Capital reserves | 10 | **18,264,007** | 18,264,007 |
| Foreign currency translation reserve | | **2,994** | 2,994 |
| Retained earnings | | **67,060,550** | 55,540,867 |
| **Total equity** | | **85,328,751** | 73,809,068 |
| **Non-current liabilities** | | | |
| Deferred consideration | 11 | **24,175,435** | - |
| Contingent consideration | | **408,124** | - |
| Deferred income tax liabilities | 17 | **4,487,465** | 5,486,723 |
| **Total non-current liabilities** | | **29,071,024** | 5,486,723 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **41,127,105** | 1,158,103 |
| Deferred consideration | 11 | **20,308,438** | - |
| Contingent consideration | | **360,712** | - |
| Current tax liabilities | 16 | **4,078,820** | 236,598 |
| Total current liabilities | | **65,875,075** | 1,394,701 |
| **Total liabilities** | | **94,946,099** | 6,881,424 |
| **Total equity and liabilities** | | **180,274,850** | 80,690,492 |

The notes on pages 14 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were authorised for issue by the directors on 17 December 2024 and were signed on its behalf by:

Signatory: jonas warrer
Email of signatory: jonas.warrer@g2m.com
Timestamp: Tuesday, 17 December 2024 21:09 UTC

Signatory: ryan casaletto
Email of signatory: ryan.casaletto@g2m.com
Timestamp: Tuesday, 17 December 2024 21:13 UTC

## Statement of comprehensive income

| | Notes | 2023 € | 2022 € |
|---|---|---|---|
| | | **Year ended 31 December** | |
| **Net revenue** | | **45,134,071** | 40,252,788 |
| **Operating expenses** | | | |
| Personnel expenses | 14 | **(4,406,451)** | (2,761,894) |
| Depreciation and amortisation | 4, 6 | **(5,536,835)** | (5,459,084) |
| Impairment loss | | **-** | (205,714) |
| Marketing expenses | | **(8,810,101)** | (4,709,354) |
| Other operating expenses | 13 | **(9,198,287)** | (8,774,174) |
| **Total operating expenses** | | **(27,951,674)** | (21,910,220) |
| **Operating profit** | | **17,182,397** | 18,342,568 |
| Finance costs | 15 | **(2,122,329)** | - |
| Transaction costs | | **(697,421)** | - |
| **Profit before tax** | | **14,362,647** | 18,342,568 |
| Tax expense | 16 | **(2,842,964)** | (676,846) |
| **Profit for the year - total comprehensive income** | | **11,519,683** | 17,665,722 |

The notes on pages 14 to 35 are an integral part of these financial statements.

## Statement of changes in equity

| | Share capital € | Foreign currency translation reserve € | Capital reserves € | Retained earnings € | Total € |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 1,200 | 2,994 | 18,264,007 | 37,875,145 | 56,143,346 |
| **Comprehensive income** | | | | | |
| Profit for the year - total comprehensive income | - | - | - | 17,665,722 | 17,665,722 |
| **Balance at 31 December 2022** | 1,200 | 2,994 | 18,264,007 | 55,540,867 | 73,809,068 |
| **Comprehensive income** | | | | | |
| Profit for the year - total comprehensive income | - | - | - | 11,519,683 | 11,519,683 |
| **Balance at 31 December 2023** | **1,200** | **2,994** | **18,264,007** | **67,060,550** | **85,328,751** |

The notes on pages 14 to 35 are an integral part of these financial statements.

## Statement of cash flows

| | Notes | 2023 € | 2022 € |
|---|---|---|---|
| | | **Year ended 31 December** | |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 18 | **17,099,499** | 20,992,379 |
| **Cash generated from operations** | | **17,099,499** | 20,992,379 |
| **Cash flows from investing activities** | | | |
| Purchase and capitalisation of intangible assets | 6 | **(3,233,193)** | (2,451,759) |
| Acquisition of subsidiary | 5 | **(36,868,422)** | (1,200) |
| Transaction costs related to acquisition of subsidiary | | **(697,421)** | - |
| Purchase of property, plant and equipment | 4 | **(38,426)** | - |
| **Net cash used in investing activities** | | **(40,837,462)** | (2,452,959) |
| **Cash flows from financing activities** | | | |
| Advancement to subsidiary for the acquisition of intangible assets | | **-** | (531,203) |
| Intercompany financing | | **21,579,162** | (17,118,506) |
| **Net cash generated from/(used in) financing activities** | | **21,579,162** | (17,649,709) |
| Net movement in cash and cash equivalents | | **(2,158,801)** | 889,711 |
| **Cash and cash equivalents at beginning of year** | | **3,712,009** | 2,822,298 |
| **Cash and cash equivalents at end of year** | 8 | **1,553,208** | 3,712,009 |

The notes on pages 14 to 35 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of material accounting policies

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). A parent (Note 22) prepares consolidated financial statements in a manner equivalent to that required by the Maltese Companies Act (Cap. 386), and these are delivered to the Registrar of Companies in Malta. Accordingly, Innovation Labs Limited is exempt from the preparation of consolidation financial statements by virtue of Section 174 of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 3 – Critical accounting estimates and judgements).

*Going concern*

As at 31 December 2023, the Company's current liabilities exceeded current assets by €57,237,447 (2022: net current asset position of €8,515,115). In determining the ability of the Company to continue to operate as a going concern, the directors considered the continued strong underlying performance of the Company. Material revenue growth was achieved in 2023 as a result of the AskGamblers acquisition. Further, the strong performance (both from a revenue and cash generation standpoint) continued into 2024, also driven by the more recent acquisition of KaFe Rocks in December 2023 which has further enhanced the revenue growth potential of the Company.

On 1 October 2024, the immediate parent company announced that it has entered into a €25 million revolving credit facility with Citibank Europe plc securing further financial flexibility. Following this development, the Company has obtained a letter of support from Gentoo Media Inc, the ultimate parent company, allowing the Company to meet its obligations as and when they fall due. This support is valid for a minimum period of twelve months form when these financial statements were available for issuance.

As a result of the above, the directors consider the going concern assumption in the preparation of the Company's financial statements to be appropriate.

## 1. Summary of material accounting policies - continued

### 1.1 Basis of preparation - continued

*Standards, interpretations and amendments to published standards effective in 2023*

In 2023, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's recognition, measurement and presentation of items in these financial statements.

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Consequently, with effect from these financial statements, the Company is disclosing its material accounting policy information.

*New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company’s recognition and measurement of items within these financial statements in the current or future reporting periods and on foreseeable future transactions.

### 1.2 Foreign currency translation

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The financial statements are presented in euro which is the Company’s functional and presentation currency.

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

### 1.3 Investment in subsidiary

Investment in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where in the opinion of the directors, there is an impairment in value. Where there has been as 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 the subsidiaries are reflected in the financial statements only to the extent of dividends receivable. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

### 1.4 Intangible assets

*(a) Domains*

Domains comprise the value of domain names acquired by the company 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 represents 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.

*(b) 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.

*(c) 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.

Costs associated with maintaining these intangibles are recognised as an expense when incurred. Development costs that are directly attributable to the design of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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

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

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

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

**1.5 Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

| | Years |
|---|---|
| Furniture and fittings | 5 |
| Computer and office equipment | 3 |
| Improvements to premises | 5 |

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**1.6 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.

**1.7 Financial assets**

**1.7.1 Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

**1.7 Financial assets** - continued

**1.7.1 Classification** - continued

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

**1.7.2 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 company has transferred substantially all the risks and rewards of ownership.

**1.7.3 Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*(a) Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments using the amortised cost model. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

**1.7.4 Impairment**

The Company 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 Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 2.1 for further details.

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

### 1.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

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. 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.

### 1.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks and e-wallets.

### 1.10 Share capital

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

### 1.11 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

### 1.12 Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.13 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. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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

**1.13 Current and deferred taxation** - continued

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the countries where the Company operate and generate taxable income. Management periodically evaluated positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.14 Revenue recognition**

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

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

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

The Company'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 Company recognises the income in the month in which it has a contractual right to bill the iGaming operators.

Other income is recognised as it accrues unless collectability is in doubt.

Interest income is recognised for all interest-bearing instruments using the effective interest method.

**1.15 Capital reserves**

Contributions received from the shareholders for which the Group has no obligation to repay are recorded in equity and presented within the 'Capital reserves'.

## 2. Financial risk management

### 2.1 Financial risk factors

The Company's activities potentially expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The management of the Company's financial risk is based on a financial policy approved by the ultimate parent's Board of directors and exposes the Company to a low level of risk. Risk management is coordinated at a group level in respect of all companies of which Gentoo Media Inc (formerly Gaming Innovation Group Inc.) is the ultimate parent. The 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*

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 Company operates in various countries with various currency exposures, such as GB pound, Norwegian krone, Swedish kronor, South African rand and United States dollar.

The table below summarises the Company's main exposure to foreign currencies other than the functional currency:

| | Assets | Liabilities | Net exposure |
|---|---|---|---|
| | € | € | € |
| **As at 31 December 2023** | | | |
| GBP to EUR | **324,613** | **(26,191)** | **298,422** |
| NOK to EUR | **9,873** | **-** | **9,873** |
| SEK to EUR | **1,551** | **-** | **1,551** |
| USD to EUR | **506,144** | **(78,479)** | **427,665** |
| Other currencies to EUR | **56,601** | **(4,141)** | **52,460** |
| | **898,782** | **(108,811)** | **789,971** |

| | Assets | Liabilities | Net exposure |
|---|---|---|---|
| | € | € | € |
| **As at 31 December 2022** | | | |
| GBP to EUR | 219,578 | - | 219,578 |
| NOK to EUR | 1,546 | - | 1,546 |
| SEK to EUR | - | (3,721) | (3,721) |
| USD to EUR | 64,066 | - | 64,066 |
| ZAR to EUR | 210 | - | 210 |
| | 285,400 | (3,721) | 281,679 |

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 reporting period is not deemed necessary since the exposure is not deemed to be significant.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

*(b) Credit risk*

Credit risk mainly arises on cash and cash equivalents, amounts due from fellow subsidiaries, amounts due from immediate parent, amounts due from ultimate parent and trade and other receivables as follows:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Financial assets at amortised cost: | | |
| Amounts due from subsidiaries and fellow subsidiaries (Note 7) | **61,708,112** | 39,217,855 |
| Amounts due from ultimate parent (Note 7) | **1,189,492** | 545,089 |
| Cash at bank and other intermediaries (Note 8) | **1,553,208** | 3,712,009 |
| Trade and other receivables (Note 7) | **6,599,247** | 6,249,832 |
| Net exposure | **71,050,059** | 49,724,785 |

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Company does not hold any collateral as security in this respect.

The company 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 effected to customers with an appropriate credit history. The Company monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Company's receivables taking into account historical experience in collection of accounts receivable.

The Company seeks to manage credit risk by only undertaking transactions with counterparties which include financial institutions or intermediaries and payment providers with quality standing. Control structures are in place to assess credit risk on similar lines. The following table provides information regarding the aggregated credit risk exposure, for deposits with bank and financial institutions or intermediaries with external credit ratings as at 31 December 2023 and 2022.

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| A+ | **78,586** | 1,199,926 |
| B+ | **8,811** | 80,967 |
| BBB | **24,619** | 42,739 |
| BBB- | **1,034,287** | 2,317,924 |
| Not rated | **406,905** | 70,453 |
| | **1,553,208** | 3,712,009 |

*(i) Impairment of financial assets*

The Company'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.

## 2. **Financial risk management** - continued

### 2.1 **Financial risk factors** - continued

*(b) Credit risk* - continued

*(i) Impairment of financial assets* - continued

The company 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 and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company reported trade receivables of €6,599,247 as at 31 December 2023 (2022: €6,249,832), and a loss allowance of €106,564 (2022: €371,369). During the year an amount of €144,720 were written off (2022: €168,476).

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

| | Days overdue | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2023** | **Current** | **1 - 30** | **31 - 60** | **61 - 90** | **91 - 120** | **121 - 300** | **301 - 500** | **Over 500** | **Total** |
| Expected loss rate | **0.6%** | **0.5%** | **5.7%** | **8.3%** | **13.4%** | **31.3%** | **59.6%** | **98.0%** | |
| Trade receivables, gross | 4,026,343 | 1,867,789 | 306,468 | 187,444 | 101,726 | 298,443 | (302,365) | 113,398 | 6,599,246 |
| **Loss allowance** | **25,705** | **9,847** | **17,519** | **15,628** | **13,658** | **93,348** | **- 180,282** | **111,141** | **106,564** |

| | Days overdue | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | Current | 1 - 30 | 31 - 60 | 61 - 90 | 91 - 120 | 121 - 300 | 301 - 500 | Over 500 | Total |
| Expected loss rate | 1.3% | 0.7% | 6.3% | 9.3% | 13.5% | 33.5% | 61.3% | 97.4% | |
| Trade receivables, gross | 3,531,558 | 1,575,018 | 276,654 | 178,503 | 114,428 | 354,486 | 191,113 | 28,072 | 6,249,832 |
| Loss allowance | 47,052 | 11,592 | 17,429 | 16,601 | 15,448 | 118,753 | 117,152 | 27,342 | 371,369 |

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

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Opening loss allowance as at 1 January | **371,369** | 251,914 |
| (Decrease)/increase in loss allowance recognised in profit or loss during the year | **(120,085)** | 287,931 |
| Receivables written off during the year as uncollectible | **(144,720)** | (168,476) |
| Closing loss allowance as at 31 December | **106,564** | 371,369 |

## 2. **Financial risk management** - continued

### 2.1 **Financial risk factors** - continued

*(b) Credit risk* - continued

*(i) Impairment of financial assets* - continued

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

The Company monitors intra-group exposures at individual entity level on a regular basis and ensures timely performance of these assets in context of its overall liquidity management at a Group level. On the basis of prospects of the Group, the credit risk attaching to intra-group receivables to be considered to be immaterial.

*(c) Liquidity risk*

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which include amounts due to subsidiaries and fellow subsidiaries of €16,737,946 (2022: €205,072), amounts due to immediate parent of €21,599,161 (2022: €19,999), and trade payables of €876,493 (2022: €379,714).

Liquidity risk is monitored at a group level by ensuring that sufficient funds are available to each subsidiary within the Gentoo Media Group (formerly Gaming Innovation Group). Refer to the 'Going concern' section within Note 1.1 for further detail.

### 2.2 **Capital risk management**

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

The Company's capital structure (including the additional paid-in capital) is monitored at a Group level with appropriate reference to subsidiaries' financial conditions and prospects. Refer to the 'Going concern' section within Note 1.1 for further detail.

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

### 2.3 **Fair values of financial instruments**

At 31 December 2023 and 2022 the carrying amounts of cash at bank, receivables, payables and accrued expenses, reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

## 3. Critical accounting 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In the opinion of the directors, 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 are described below:

*Impairment considerations: Investment in subsidiaries*

The Company's principal non-current assets are investments in subsidiaries. The Company is required to periodically assess whether such assets have suffered impairment in accordance with the Company's accounting policies. In assessing for impairment, the Company considers, among others, the i) stage of operations of the underlying subsidiaries, ii) the market landscape in which they operate, and iii) future prospects. As disclosed in Note 5, the investment in subsidiary balance is primarily comprised of the KaFe Rocks and AskGamblers acquisitions carried out in the year to 31 December 2023. The directors have concluded that no impairment is required in 2023 and such investments will continue to be assessed annually for impairment.

*Valuation of contingent consideration arising on business combinations*

In arriving at the fair value of contingent consideration, management applies their best estimates of future business projections and compare such estimates to the contingent considerations targets as provided for in the relevant acquisition agreements. Such fair value is re-assessed at each reporting date. The KaFe Rocks acquisition gave rise to a contingent consideration which has been recognised at fair value in the statement of financial position as at 31 December 2023 (split between current and non-current).

## 4. Property, plant and equipment

| | **Computer and office equipment €** | **Furniture and fittings €** | **Improvements to premises €** | **Total €** |
|---|---|---|---|---|
| ***Cost*** | | | | |
| As at 1 January 2022 | 186,310 | 196,270 | 56,814 | 439,394 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| As at 31 December 2022 | 186,310 | 196,270 | 56,814 | 439,394 |
| As at 1 January 2023 | 186,310 | 196,270 | 56,814 | 439,394 |
| Additions | 18,873 | 19,553 | - | 38,426 |
| Disposal | - | - | - | - |
| **As at 31 December 2023** | **205,183** | **215,823** | **56,814** | **477,820** |
| ***Accumulated depreciation*** | | | | |
| As at 1 January 2022 | 173,387 | 180,053 | 56,814 | 410,254 |
| Depreciation charge | 2,247 | 15,737 | - | 17,984 |
| As at 31 December 2022 | 175,634 | 195,790 | 56,814 | 428,238 |
| As at 1 January 2023 | 175,634 | 195,790 | 56,814 | 428,238 |
| Depreciation charge | 4,352 | 1,245 | - | 5,597 |
| **As at 31 December 2023** | **179,986** | **197,035** | **56,814** | **433,835** |
| ***Net book value*** | | | | |
| As at 1 January 2022 | 12,923 | 16,217 | - | 29,140 |
| As at 31 December 2022 | 10,676 | 480 | - | 11,156 |
| **As at 31 December 2023** | **25,197** | **18,788** | **-** | **43,985** |

## 5. Investment in subsidiaries

| | 2023 € | 2022 € |
|---|---|---|
| As at 1 January | **12,752,572** | 12,751,372 |
| Additions during the year | **79,998,802** | 1,200 |
| As at 31 December | **92,751,374** | 12,752,572 |

| Subsidiary | Registered office | Class of shares held | Percentage of voting rights held directly by parent 2023 % | 2022 % |
|---|---|---|---|---|
| Rebel Penguin | Nannasgade 28<br>2200 Copenhagen<br>Denmark | Ordinary shares | **100** | 100 |
| SIA YSG International Services Limited | Audēju street 15, floor 5th<br>Riga, LV-1050<br>Latvia | Ordinary shares | **100** | 100 |
| BE Marketing Limited | Northlink Business Centre,<br>Level 2, Burmarrad Road,<br>Naxxar, Malta | Ordinary shares | **80** | 80 |
| AskGamblers Limited | @GIG Beach,<br>Triq Id-Dragunara<br>San Giljan<br>STJ3148, Malta | Ordinary shares | **100** | - |
| AskGamblers Doo Beograd | Omladinskih Brigada<br>90V, New Belgrade,<br>Serbia | Ordinary shares | **100** | - |
| KaFe Rocks Ltd. | @GIG Beach,<br>Triq Id-Dragunara<br>San Giljan<br>STJ3148, Malta | Ordinary shares | **100** | - |

In addition to the above, the Company also owns the following indirect subsidiaries: i) a 69.9% holding in Time2Play Media Ltd, a company incorporated in Malta with its registered office address at @GIG Beach, Triq Id-Dragunara, San Giljan STJ3148, Malta, ii) a 100% holding in Digital World Ltd., a company incorporate in Malta with its registered office address at @GIG Beach, Triq Id-Dragunara, San Giljan STJ3148, Malta, and iii) a 100% holding in KaFe Rocks USA LLC, a company incorporated in the USA with its registered office address at 8400 Witez Court, Parker, CO 80134, USA.

## 6. Intangible assets

| | Domains € | Affiliate contracts € | Technology platform € | Other € | Total € |
|---|---|---|---|---|---|
| ***Cost*** | | | | | |
| As at 1 January 2022 | 44,983,619 | 12,463,890 | 3,722,920 | 266,607 | 61,437,036 |
| Additions | - | - | 2,451,759 | - | 2,451,759 |
| As at 31 December 2022 | 44,983,619 | 12,463,890 | 6,174,679 | 266,607 | 63,888,795 |
| As at 1 January 2023 | 44,983,619 | 12,463,890 | 6,174,679 | 266,607 | 63,888,795 |
| Additions | - | - | 3,233,193 | - | 3,233,193 |
| **As at 31 December 2023** | **44,983,619** | **12,463,890** | **9,407,872** | **266,607** | **67,121,988** |
| ***Accumulated amortisation*** | | | | | |
| As at 1 January 2022 | 25,514,325 | 12,463,890 | 1,977,524 | 237,951 | 40,193,690 |
| Amortisation charge | 4,231,237 | - | 1,183,413 | 26,451 | 5,441,101 |
| As at 31 December 2022 | 29,745,562 | 12,463,890 | 3,160,937 | 264,402 | 45,634,791 |
| As at 1 January 2023 | 29,745,562 | 12,463,890 | 3,160,937 | 264,402 | 45,634,791 |
| Amortisation charge | 3,708,384 | - | 1,832,349 | 2,205 | 5,542,938 |
| **As at 31 December 2023** | **33,453,946** | **12,463,890** | **4,993,286** | **266,607** | **51,177,729** |
| ***Carrying amount*** | | | | | |
| As at 1 January 2022 | 19,469,294 | - | 1,745,396 | 28,656 | 21,243,346 |
| As at 31 December 2022 | 15,238,057 | - | 3,013,742 | 2,205 | 18,254,004 |
| **As at 31 December 2023** | **11,529,673** | **-** | **4,414,586** | **-** | **15,944,259** |

As at 31 December 2023, the net book value of internally generated intangible assets amounted to €4,414,586 (2022: €3,013,742).

## 7. Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| **Non-current** | | |
| Amounts due from ultimate parent | **1,189,492** | 545,089 |
| Amounts due from subsidiaries and fellow subsidiaries | **61,708,112** | 39,217,855 |
| | **62,897,604** | 39,762,944 |
| **Current** | | |
| Trade receivables - gross | **6,599,247** | 6,249,832 |
| Less: loss allowance | **(106,564)** | (371,369) |
| Trade receivables - net | **6,492,683** | 5,878,463 |
| Indirect taxation | **507,378** | 280,708 |
| Prepayments | **84,359** | 38,636 |
| | **7,084,420** | 6,197,807 |

Amounts due from ultimate parent, subsidiaries and fellow subsidiaries are unsecured, interest free and repayable on demand. However, the Company does not expect to receive such amounts within 12 months and as a result has classified them as non-current.

## 8. Cash and cash equivalents

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

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Cash at bank and other intermediaries | **1,553,208** | 3,712,009 |

## 9. Share capital

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| **Authorised, issued and fully paid** | | |
| 1,199 ordinary 'A' shares of €1 each | **1,199** | 1,199 |
| 1 ordinary 'B' share of €1 | **1** | 1 |
| | **1,200** | 1,200 |

The ordinary ‘B’ share shall not carry a right to receive dividends but in all other matters shall rank pari passu with the ordinary ‘A’ shares.

## 10. Capital reserves

The capital contribution reserve comprises the fair value of share options granted by the ultimate parent company as consideration to employees in the Company, for the acquisition of intangible assets and shares contributed to acquire the investment in Rebel Penguin ApS. This is a non-distributable reserve.

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| At 1 January and 31 December | **18,264,007** | 18,264,007 |

## 11. Deferred consideration

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| **As at 1 January** | **-** | - |
| Balance arising from the acquisition of investment in subsidiaries (Note 5) | **44,483,873** | - |
| **As at 31 December** | **44,483,873** | - |

## 12. Trade and other payables

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Trade payables | **876,493** | 379,714 |
| Indirect taxation and social security | **278,817** | 193,880 |
| Amounts due to subsidiaries and fellow subsidiaries | **16,737,946** | 205,072 |
| Amounts due to immediate parent | **21,599,161** | 19,999 |
| Accruals and deferred income | **1,634,688** | 359,438 |
| | **41,127,105** | 1,158,103 |

Amounts due to subsidiaries, fellow subsidiaries and immediate parent are unsecured, interest free and repayable on demand.

## 13. Other operating expenses

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Consultancy fees | **2,485,587** | 1,693,563 |
| Service fee intra-group | **5,536,169** | 6,081,704 |
| Software expenses | **768,129** | 564,964 |
| Other operating expenses | **408,402** | 433,943 |
| | **9,198,287** | 8,774,174 |

Fees (exclusive of VAT) charged by the auditor for services rendered during the financial years ended 31 December 2023 and 2022 are shown in the table below. Audit fees are being borne by a fellow subsidiary.

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Tax compliance services | **2,500** | 2,100 |
| Other services | **-** | 800 |
| | **2,500** | 2,900 |

## 14. Employee benefit expense

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Gross wages and salaries | **1,760,970** | 620,870 |
| Salary recharges | **4,769,300** | 4,556,322 |
| Less: employee costs capitalised as part of software development | **(2,200,827)** | (2,433,287) |
| Net wages and salaries, including other benefits | **4,329,443** | 2,743,905 |
| Social security costs | **77,008** | 17,989 |
| | **4,406,451** | 2,761,894 |

The average number of persons employed during the year

| | **2023** | 2022 |
|---|---|---|
| Administrative | **27** | 7 |

## 15. Finance costs

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Effect of discounting on the deferred and contingent consideration | **2,122,329** | - |

## 16. Tax expense

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Deferred tax (Note 17) | **(999,258)** | 440,248 |
| Current tax expense | **3,842,222** | 236,598 |
| Tax expense | **2,842,964** | 676,846 |

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

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Profit before tax | **14,362,647** | 18,342,568 |
| Tax at 35% | **5,026,926** | 6,419,899 |
| Tax effect of: | | |
| Disallowed expenses | **74,778** | 74,368 |
| Losses received from group company | **(2,258,740)** | (5,822,783) |
| Unrecognised deferred tax in prior year | **-** | 5,362 |
| Tax expense | **2,842,964** | 676,846 |

## 17. Deferred taxation

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax law) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2022: 35%).

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

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Deferred tax liability to be settled after more than 12 months | **(4,487,465)** | (5,486,723) |
| | **(4,487,465)** | (5,486,723) |

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| As at 1 January | **(5,486,723)** | (5,046,475) |
| Deferred taxes on temporary differences arising on: | | |
| - depreciation of property, plant and equipment (Note 4) | **(20,763)** | (5,184) |
| - amortisation of intangible assets (Note 6) | **1,097,425** | 1,301,728 |
| - provision for impairment of debtors (Note 7) | **(92,682)** | 41,809 |
| - tax losses and group relief | **-** | (1,778,601) |
| - unrealised exchange differences | **15,278** | - |
| As at 31 December | **(4,487,465)** | (5,486,723) |

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

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Temporary differences arising on property, plant and equipment | **-** | 20,763 |
| Temporary differences arising on intangible assets | **(4,540,040)** | (5,637,465) |
| Temporary differences arising on impairment of debtors | **37,297** | 129,979 |
| Temporary differences arising on provision for foreign exchange differences | **15,278** | **-** |
| | **(4,487,465)** | (5,486,723) |

## 18. Cash generated from operations

*Reconciliation of operating profit to cash generated from operations*

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Operating profit | **17,182,397** | 18,342,568 |
| Adjustments for: | | |
| Amortisation of intangible assets (Note 6) | **5,542,938** | 5,441,101 |
| Depreciation of property, plant and equipment (Note 4) | **5,597** | 17,984 |
| Movement in provision for impairment of receivables | **(264,805)** | 119,455 |
| Impairment on derivative financial asset | **-** | 205,714 |
| Changes in working capital: | | |
| Trade and other receivables | **(23,756,468)** | (1,295,806) |
| Trade and other payables | **18,389,840** | (1,838,637) |
| Cash generated from operations | **17,099,499** | 20,992,379 |

## 19. Related party transactions

All companies forming part of Gentoo Media Group (formerly Gaming Innovation Group), the shareholders and other companies controlled or significantly influenced by the shareholders are considered by the directors to be related parties as these companies are also ultimately owned by Gentoo Media Inc (formerly Gaming Innovation Group Inc).

Year-end balances owed by or to related undertakings, arising in respect of the above transactions and cash advances and central recharges, are disclosed in notes 7 and 12.

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Recharges from fellow subsidiary: | | |
| Service fee intra-group (Note 13) | **5,536,169** | 6,081,704 |
| Personnel expenses (Note 14) | **4,769,300** | 4,556,322 |

## 20. Legal environment

It is the Company's view that the responsibility for compliance with laws and regulations rests with the customer. Although gaming laws and regulations of many jurisdictions do not specifically apply to the supply of affiliation services, certain countries have sought to regulate or prohibit the supply of such services. The Company may therefore be subject to such laws, directly or indirectly. The company 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 Company faces the risk that customers are not able to pay for the services rendered when these fall due. Also, the Company faces operational risks arising from Google's changes of its algorithm that could temporarily impact rankings, and hence also impact revenues.

## 21. Events after reporting period

*Strategic review*

In February 2023, the Board of the Company's ultimate parent had decided to initiate a strategic review with the intention to split the Group into two main business segments. The purpose of the split was to sharpen the focus for each business segment, optimise growth opportunities and ensure each business can benefit from the strategic and financial flexibility of their distinctive business models. The split which took place on 30 September 2024 resulted in two separate industry leading businesses with the potential to grow much faster.

*Casinomeister.com acquisition*

In June 2024, the Company acquired the casino affiliate website Casinomeister.com with an effective date from 1 June 2024. The transaction was structured as an asset purchase with a total consideration of €3 million, that was paid in cash in July 2024.

*Titan Inc. acquisition*

In August 2024, the Company acquired Titan Inc. The acquisition was structured with a total price of €3.2 million, comprising an initial payment of €1.1 million that was paid on closing, followed by two yearly instalments of €1.05 million to be paid after twelve and twenty-four months respectively.

*Mr. Cashback acquisition*

In September 2024, the Company acquired two minor casino affiliate websites (Mr. Cashback) effective from 30 September 2024. The transaction was structured as an asset purchase with a total consideration of €2.7 million. €0.9 was paid in Q3 2024, and the remaining was paid in October 2024.

## 22. Statutory information

Innovation Labs Limited is a limited liability company and is incorporated in Malta.

The Company's immediate parent company is Gentoo Media p.l.c. (formerly Gaming Innovation Group p.l.c.), a company registered in Malta, with its registered address at @GIG Beach, Triq id-Dragunara, St. Julians, STJ 3148 Malta. Gentoo Media Inc (formerly Gaming Innovation Group Inc.) is the ultimate parent company whose registered office is 10700 Stringfellow Rd, Suite 10, Bokeelia, FL 33922, USA.

Gentoo Media p.l.c. (formerly Gaming Innovation Group p.l.c.) prepares consolidated financial statements which are available at the registered office of Innovation Labs Limited.