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

COMPANY ANNOUNCEMENT

Reference: (08/2022)

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

Quote

Approval of the Company's Interim Financial Statements

At a board meeting held on Wednesday 24th August 2022, the board of directors of the Company approved the Company's unaudited interim financial statements for the six (6) month period ended 30 June 2022. A copy of the interim financial statements is attached to this announcement and is also available on the Company's website at: www.togethergaming.com/relations.

Unquote

By order of the Board.

Edward Licari
Company Secretary
29 August 2022

TOGETHER GAMING SOLUTIONS PLC HALF-YEARLY FINANCIAL REPORT

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2022

Interim Directors' Report

The Board of Directors present their interim report and unaudited condensed interim financial statements of Together Gaming Solutions p.l.c. (the **"Company"**) registration number C 72231 for the six-month period ended 30 June 2022. The Company is part of the broader group of companies having Gameday Group plc as the parent undertaking (the **"Group"**). The Company has its head office and registered address at Mezzanine Office, The George Hotel, Triq Ball, Paceville, St. Julians STJ 3123, Malta.

Principal activities

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

The Company previously also owned the Bethard Brand (the **"Brand"**), including the Bethard, Fastbet and Betive domains, which it licensed to other Group Companies (operating under the Brand). On 18 June 2021, the Company transferred the Brand to a fellow subsidiary company at fair value which equated to book value as part of a wider group restructuring exercise which included the sale of the Group's B2C gaming activity by the Group's parent company to a third-party. This transaction followed a strategic decision by the Group (following industry developments in the B2C market over the past year) to focus on its B2B business, with the Company being at the forefront of this new strategy. Consequently, the Company shall no longer be licencing the Brand to other Group companies. To this end, the Company intends to increase its B2B marketing activities and will continue to provide full white label solution services to third-party white label iGaming operators, as well as, offering 'turnkey' solution of the Company's proprietary iGaming platform to licensed third-party B2C operators. Currently, the Group intends to retain its B2C licences solely for the purposes of supporting the Company's B2B business and white label clients.

Review of the business

During the period, following the sale of the Group's previous B2C gaming activity, revenue was generated from two different revenue streams: whitelabel services and turnkey services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors that makes strategic decisions. The Board of Directors considers the Company to consist of one single segment (2021: one single segment), both from a business perspective and a geographical perspective in line with IFRS 8.

During the period under review, gross revenue totalled €3,020,456 (2021: €5,725,823). Net of directly attributable costs, revenue of the Company as disclosed in the condensed interim financial statements amounted to €1,119,531 (2021: €3,044,620) corresponding to a year on year decrease of 63%. This decrease is mainly due to the sale of the Brand, following which the Company parted ways with its Royalties revenue stream and the Turnkey fees generated from the previously owned Brand Intangible asset.

Cost of sales amounted to €336,625 (2021: €1,587,485) and mainly consisted of marketing costs relating to the Brand of €106,087 (2021: €900,939) and other direct costs (including platform costs) of €230,538 (2021: €686,546).

Other expenses including net impairment losses movement amounted to €1,614,393 (2021: €2,099,582) and mainly consisted of depreciation and amortisation amounting to €1,235,706 (2021: €1,231,982).

Financing costs amount to €449,798 (2021: €471,038) which mainly relate to the 5.9% annual interest on the bonds issued by the Company in July 2019.

The Company registered a loss after tax for the period amounting to €1,281,285 (2021: Profit after tax of €5,165,427).

Financial position

The statement of financial position of the Company as at 30 June 2022 shows a total asset base of €31,300,720 as compared to €36,683,864 as at 31 December 2021. The Company's main liabilities as at 30 June 2022 consist of the bonds issued to the public during 31 December 2019 amounting to €14,644,342 (2021: €19,842,990) and trade and other payables amounting to €3,218,772 (2021: €2,078,462). Share capital of the Company remained unchanged over the period at €20,580,000 (2021: €20,580,000).

The liquidity position of the Company remains sufficient for the Company to continue to honour its liabilities for the foreseeable future.

Results and dividends

The financial results are set out in the condensed statement of comprehensive income on page 5. The Board of Directors does not recommend the payment of an interim dividend (2021: Nil).

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

Exposure to the Online Gambling Industry

The Company's main objective is to operate software and iGaming platforms and to provide related services to software and iGaming companies. The Company does not conduct any online gambling operations; however, it is dependent on the online gambling industry, which includes all its customers. The entire revenue stream of the Company is concentrated within the iGaming sector and is subject to this concentration risk and performance risk of this sector.

Constant changing laws and regulations

The laws and regulations surrounding the online gambling industry are complex, constantly evolving and in some cases, also subject to uncertainty and restrictions. Laws and gaming regulations are constantly being introduced in various European and other countries thus prohibiting or restricting operations therein. Future changes to laws and regulations, could have a material adverse effect on the Group's business, financial condition and the results of its operations. During H2 2021, Germany regulated its Gaming industry impacting negatively revenues for several gaming operators and white label operators across the Gaming Industry. In line with all other gaming operators,the Company's revenues (which are also directly dependent on the Online gambling industry), experienced a decline consequent to this regulatory development. The Company expects further jurisdictions to regulate their gaming industry with the consequence of similar impacts on revenues.

Establishing Revenue growth from diversified B2B activities

Prior to the disposal of the Brand, the Company's performance was highly dependent on the performance of Bethard, a related party from which it generated a substantial part of its revenues. Following the sale of the Brand and the discontinuation of this revenue stream, the Company needs to re-focus its efforts in attracting new customers in order to develop its revenues to previous levels and beyond, in order to consistently sustain its operational cost-base and generate profits. Such efforts are expected to take time in order to yield the necessary results and whilst management is confident that its initiatives will generate the required results, this may take longer than expected to materialize.

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

- Global economic uncertainties following the armed conflict between Russia and Ukraine;
- Consolidation of Gambling regulation across Europe;
- Compliance and regulatory risk, being the risk relating to regulation that could result in restrictions in its customers' operations and risks associated with unregulated markets;
- Credit risk, being the risk that customers do not pay for the services rendered;
- Impairment risk of intangible assets, being the risk that long term assets such as intangibles are particularly at risk of impairment due to the fact that the carrying value may be impacted by several unwarranted events and economic circumstances. Intangible assets having an indefinite useful life are tested for impairment on an annual basis to ensure the Company's total asset value is not overstated on the statement of financial position after taking into consideration events and economic circumstances that occur between annual impairment tests in order to determine if it is "more likely than not" that the market value of the indefinite useful life intangible asset has dropped below its carrying value;
- Technological and systems development; and
- Dependence on key individuals having technical expertise of iGaming software development and its associated technology.

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

Events after the end of the reporting period

Subsequent to the reporting period, a related party previously owning 26.19% of the bonds issued by the Company waived off its rights to receive the related bond interest for the period from 1 Jan 2022 until 24 March 2022 amounting to €70,273, accumulating to the related party prior to the buy back of the said bonds by the Company.

On 22 July 2022, the Company settled all accrued interest due to the bond holders for the period 22 July 2021 to 21 July 2022, amounting to € 870,963, on the outstanding € 14,762,100 bonds in issue.

Going concern

A baseline scenario of profitability and liquidity projections for the period 2022 to 2023 has been reset adopting prudent and cautious assumptions in the light of the disposal of the Brand and the consequent need to build-up new revenues. The revised projections also take into account the disruptions being caused by the continuing COVID-19 pandemic and the restrictions and regulations arising therefrom.

The prudent base case scenario anticipates a slow ramp-up of white label and turnkey business as the Company refocuses its effort on attracting new B2B customers following the disposal of the Brand. Whilst the projections indicate that 2022 revenue is likely to fall short of the Company's operating cost base, management expects a positive EBITDA in 2023. Operating cash flows are projected to be positive throughout the projected period and whilst investment in new marketing initiatives and development of the Company's technology platform are expected to eat into some of the existing cash reserves, the projections indicate sufficient liquidity for the foreseeable future.

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

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- This condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of Together Gaming Solutions p.l.c.; and

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

Erik Skarp
Director

Michael Warrington
Director

Condensed Statement of Comprehensive Income

	Notes	Period from 1 January to 30 June 2022	2021
		€	€
		(unaudited)	(unaudited)
Revenue	9	1,119,531	3,044,620
Cost of sales		(336,625)	(1,587,485)
Gross profit		782,906	1,457,135
Administrative expenses		(1,629,577)	(1,674,622)
Net impairment losses movement on financial and contract assets		15,184	(424,960)
Operating loss		(831,487)	(642,447)
Finance costs		(449,798)	(471,038)
Loss before tax		(1,281,285)	(1,113,485)
Tax credit		-	6,278,912
(Loss) / profit for the period - total comprehensive (loss) / income		(1,281,285)	5,165,427

Condensed Statement of Financial Position

	Notes	as at 30 June, 2022	as at 31 December 2021
		€	€
ASSETS		(unaudited)	(audited)
Non-current assets			
Intangible assets	4	10,225,807	10,885,068
Right of use asset		218,707	265,262
Property, plant and equipment		10,559	7,608
Deferred tax asset	-	-	-
Total non-current assets		10,455,073	11,157,938
Current assets			
Trade & other receivables		7,883,654	9,920,737
Cash & cash equivalents	5	12,961,993	15,605,189
Total current assets		20,845,647	25,525,926
Total assets		31,300,720	36,683,864
EQUITY			
Capital and reserves			
Share capital		20,580,000	20,580,000
Accumulated losses		(7,372,181)	(6,090,896)
Total equity		13,207,819	14,489,104
LIABILITIES			
Non-current liabilities			
Borrowings	7	14,644,342	19,842,990
Lease liability		153,191	141,172
Total non-current liabilities		14,797,533	19,984,162
Current liabilities			
Trade and other payables		3,218,772	2,078,462
Lease liabilities		76,596	132,136
Total current liabilities		3,295,368	2,210,598
Total liabilities		18,092,901	22,194,760
Total equity and liabilities		31,300,720	36,683,864

Condensed Statement of Changes In Equity

	Share capital	Retained earnings / (Accumulated losses)	Total
	€	€	€
Balance at 1 January 2021	20,580,000	(1,946,349)	18,633,651
Profit for the period - total comprehensive income for the period	-	5,165,427	5,165,427
Balance at 30 June 2021	20,580,000	3,219,078	23,799,078
Balance at 1 July 2021	20,580,000	3,219,078	23,799,078
Loss for the period - total comprehensive loss for the period	-	(9,309,974)	(9,309,974)
Balance at 31 December 2021	20,580,000	(6,090,896)	14,489,104
Balance at 1 January 2022	**20,580,000**	**(6,090,896)**	**14,489,104**
Loss for the period - total comprehensive loss for the period	-	**(1,281,285)**	**(1,281,285)**
Balance at 30 June 2022	**20,580,000**	**(7,372,181)**	**13,207,819**

Condensed Statement of Cash Flows

	Period from 1 January to 30 June	
	2022	2021
	€	€
	(unaudited)	(unaudited)
Cash flows from investing activities		
Loss before tax	**(1,281,285)**	(1,113,485)
Adjustments for:		
Depreciation and amortisation	**1,321,514**	1,231,982
Finance costs	**449,798**	471,038
Net impairment losses on financial and contract assets	**10,107**	424,960
	500,134	1,014,495
Change in operating assets and liabilities:		
Change in trade and other receivables	**(3,210,925)**	1,536,260
Change in trade and other payables	**697,991**	(1,472,209)
Net cash used in/generated from operating activities	**(2,012,800)**	1,078,546
Cash flows from investing activities		
Payments for the acquisition of PPE	**(4,651)**	-
Payments for the acquisition of intangible assets	**(574,745)**	(492,438)
Net cash used in investing activities	**(579,396)**	(492,438)
Cash flows from financing activities		
Borrowing costs	**-**	-
Principal elements of lease payments	**(51,000)**	(72,000)
Net cash used in financing activites	**(51,000)**	(72,000)
Net increase in cash and cash equivalents	**(2,643,196)**	514,108
Cash and cash equivalents at beginning of the period	**15,605,189**	535,555
Cash and cash equivalents at end of the period	**12,961,993**	1,049,663

Notes to condensed interim financial statements

1. Summary of significant accounting policies

1.1 Basis of Preparation

The condensed interim financial statements are being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority – Listing Authority and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with the International Financial Reporting standards (IFRS) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap.386).

The published figures in this report have been extracted from the unaudited condensed interim financial statements of Together Gaming Solutions p.l.c. (the "Company") for the six months ended 30 June 2022 and the comparative period in 2021. The comparative statement of financial position as at 31 December 2021 has been extracted from the audited financial statements for the year then ended.

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

The accounting policies applied in the preparation of the Company's condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2021.

There were no standards, amendments, and interpretations that are mandatory for accounting period beginning on or after 1 January 2022 that had a significant impact on the Company's policies and condensed interim financial statements.

Going concern

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

The Company's revenues will still be driven by the gambling activity of online users of its customer's websites and there still remains a risk that the prolongation of the prevailing unfavourable economic conditions due to COVID-19, the persistence of temporary restrictive gaming regulation, the introduction of new laws and regulations in a number of unregulated jurisdictions and the prevailing Global economic uncertainties post the Ukraine and Russia armed conflict could keep on suppressing overall activity.

The Company's executive management has re-evaluated prudently the performance of the Company for 2022 and beyond, including the expected increase in the B2B activities and initiatives, the consequent need to build-up new revenues following the sale of the Brand and taking into account the disruptions being caused by the pandemic, restrictions and regulations arising therefrom, the introduction of new laws and regulations in a number of unregulated jurisdictions and the prevailing Global economic uncertainties post the Ukraine and Russia armed conflict. The prudent base case assumptions adopted indicate that the Company will be able to honour its obligations as and when they fall due. Uncertainties in the industry and in the global economic environment may however result in the Company experiencing delays in fulfilling expected liquidity and profitability projections. Assumptions factor ongoing disruption to operations over the short to medium term. The prudent base case scenario anticipates lower activity and revenues with yet a much stronger liquidity position during 2022 consequent to the sale of the Brand asset.

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

2. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

3. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the condensed interim financial statements. In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these condensed interim financial statements are not difficult, subjective or complex to a degree that would warrant their description as critical in terms of the requirements of IAS 1 except for:

- Impairment of intangible assets with an indefinite useful life; and
- Allowance for expected credit losses

3.1 Impairment of intangible assets with an indefinite useful life

IAS 36 requires management to undertake an annual test for impairment of intangible assets with an indefinite useful life. Impairment testing is an area involving management judgement. It requires assessments as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain estimates are required to be made in respect of highly uncertain matters, including management's expectation of growth in revenues. These estimates are considered to be critical particularly in light of current market circumstances.

3.2 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Events after the end of the reporting period

Subsequent to the reporting period, a related party previously owning 26.19% of the bonds issued by the Company waived off its rights to receive the related bond interest for the period from 1 Jan 2022 until 24 March 2022 amounting to €70,273, accumulating to the related party prior to the buy back of the said bonds by the Company.

On 22 July 2022, the Company settled all accrued interest due to the bond holders for the period 22 July 2021 to 21 July 2022, amounting to € 870,963, on the outstanding € 14,762,100 bonds in issue.

4. Intangible assets

Year ended 31 December 2021	**Total**	**Platform**	**Brand**
Opening net book amount	37,332,841	12,332,841	25,000,000
Additions	912,918	912,918	-
Amortisation charge	(2,360,691)	(2,360,691)	-
Disposal	(25,000,000)	-	(25,000,000)
Closing net book amount	**10,885,068**	**10,885,068**	-
Period ended 30 June 2022			
Opening net book amount	10,885,068	10,885,068	-
Additions	574,745	574,745	-
Amortisation charge	(1,234,006)	(1,164,122)	-
Closing net book amount	**10,225,807**	**10,225,807**	-

Additions to the platform of €574,745 are capitalised costs based on services received from unrelated third parties. The directors are of the view that there are no material changes to the considerations disclosed in the financial statements for the year ended 31 December 2021 in relation to the impairment of the Company's intangible assets.

5. Cash and cash equivalents

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

	As at 30 June 2022 €	As at 31 December 2021 €
Cash at bank and in hand	**13,081,578**	15,750,065
Less expected credit losses	**(119,585)**	(144,876)
	12,961,993	15,605,189

Non-cash transactions

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

6. Related parties

The companies forming part of Gameday Group plc are considered by the directors to be related parties as these companies are ultimately owned by the same ultimate beneficiaries.

The Company is a subsidiary of Gameday Group plc who is the ultimate parent company. The registered office of both companies is situated at Mezzanine Office, The George Hotel, Triq Ball, Paceville, St. Julians STJ 3123, Malta.

Gameday Group plc prepares the consolidated financial statements of the Group, of which the Company forms part. These financial statements are filed and available for public inspection at the Malta Business Registry in Malta.

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

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

	Period ending 30 June 2022 €	Period ending 30 June 2021 €
Revenue	**260,238**	2,348,955

Related party balances at end of period were as follows:

	As at 30 June 2022 €	As at 31 December 2021 €
Amounts due from related parties	**7,004,072**	8,802,568
Amounts due to fellow subsidiaries	**(1,190,089)**	(441,861)

7. Borrowings

	As at 30 June 2022 €	As at 31 December 2021 €
Non-current		
5.9% 2024-2026 Bonds	**14,644,342**	19,842,990

	€	€
Principal bonds outstanding	**20,000,000**	20,000,000
Buyback of bonds	**(5,237,900)**	-
Gross amount of bond issue costs	**(403,061)**	(403,061)
Amortisation of bond issue costs	**285,303**	246,051
Amortised cost and closing carrying amount	**14,644,342**	19,842,990

Interest on the 5.9% 2024-2026 Bonds is payable annually in arrears, on 22 July of each year. As at 30 June 2022, the Bonds were trading at par at €98 (2021: slightly above par at €101) with the most recent trading price of 101.99 as at 10 August 2022.

As per note 5 in relation to non-cash transactions, on 25 March 2022, an intra-group restructuring exercise took place with the result that Gameday Group Plc settled an amount of €5,185,521 due in terms of this balance receivable through the resale of a number of the Company's bonds having a nominal value of €5,237,900 to the Company. Following the acquisition of the Bonds from Gameday Group Plc, the Company cancelled the Bonds.

Accrued interest as at 30 June 2022 amounts to €892,030 (31 December 2021: €389,854).

8. Commitments

As at 31 December 2021 and also during 2022, there were no future outflows committed to by the Company.

9. Revenue

	Period ending 30 June 2022 €	Period ending 30 June 2021 €
Revenue generated from related parties	**260,238**	2,348,955
Revenue generated from third parties	**859,293**	695,665
	1,119,531	3,044,620

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

	Period ending 30 June 2022 €	Period ending 30 June 2021 €
White label services	**859,293**	901,347
Royalties – licensing of the Brand	-	1,730,069
Turnkey services	**260,238**	413,204
Revenue	**1,119,531**	3,044,620

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

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