

IGAMING CLOUD LIMITED

**Annual Report and Financial Statements
31 December 2017**

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Director's report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The company's principal activity is to carry on the business of developing, setting up, maintaining, managing, supporting, running, hosting, licensing and otherwise exploiting gaming platforms for remote gaming, including software and hardware components of such platforms whether for casinos, sportsbook poker or other games, whether to be operated through internet, mobile or other interactive media, in accordance with such permits or licences as may be required by applicable law. Revenue is made up of white label recharges and the provision of software.

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). The accounting policies as adopted in the published results for the year ended 31 December 2017 have been consistently applied.

Overall company's performance

The company's performance for 2017 was a strong year as it experienced growth in net revenues of 264.3% whilst increasing operating expenses by 94.4%. The overall increase in the number of clients, the one-off sale of the source code as well as a new joint venture agreement with another group company have led to this growth (from EBITDA of EUR 0.5 million in 2016 to EUR 9.7 million in 2017).

Net revenues

Net revenues in 2017 increased to EUR 16.7 million (2016: EUR 4.6 million) which is equivalent to an increase of 264.3%.

Operating expenses

During 2017, total operating expenses increased when compared to the previous year with a total cost of EUR 8.7 million (2016: EUR 4.4 million). This includes depreciation and amortisation cost of EUR 1.7 million (2016: EUR 0.4 million) and EUR 4.0 million (2016: EUR 2.3 million) of personnel expenses. Operating expenses have increased from prior year mainly as a result of increased costs recharged by another group company.

Profit from operations

Profit before tax for the year 2017 amounted to EUR 8.0 million (2016: EUR 0.1 million).

During 2018, the company is experiencing a modest growth in both traffic and activity. The forecast for the end of the year is that both revenue and EBITDA will experience a marginal increase over 2017.

Statement of financial position

The improvement in the company's financial position reflects the company's profitable growth. Intangible assets and property plant and equipment increased by EUR 1.6 million and EUR 1.0 million respectively. Trade and other receivables increased to EUR 22.0 million from EUR 5.3 million in 2016 mainly due to higher amounts receivable from group companies. Trade and other payables increased from EUR 7.5 million to EUR 18.5 million mainly as a result of an increase in amounts due to group companies. Such balances increased from EUR 6.7 million to EUR 16.3 million.

Director's report - continued

Significant risks and uncertainties

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 B2B 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.

Outside the European Union the regulatory frameworks are more fragmented. Regulatory developments in the online gaming sector and their implications for the Group are uncertain and government authorities could make assessments and decisions that differ from the Group's understanding or interpretation.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gambling and anti-money laundering obligations. These uncertainties represent a risk for the company's ability to develop and grow the business, as changes in legislation or enforcement practices could force the group to exit markets, or even result in financial sanctions, litigation, licence withdrawal, or unexpected tax exposures, which have not duly been provided for in these financial statements.

Results and dividends

The income statements are set out on page 9. The director did not declare a dividend during the current and preceding financial years. The director proposes that the balance of retained earnings amounting to EUR 7,588,963 to be carried forward to the next financial year.

Financial risk management

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

Director

The director of the Company who held office during the year was Mr Robin Eirik Reed.

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

Statement of director's responsibilities for the financial statements

The director is 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.

Director's report - continued

Statement of director's responsibilities for the financial statements - continued

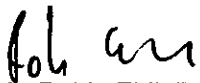
In preparing the financial statements, the director is responsible for:

- 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 director is also responsible for designing, implementing and maintaining internal control as the director determines 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 director is 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.

Auditors

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



Mr. Robin Eirik Reed
Director

Registered office
@GiG Beach Office,
Triq Id-Dragunara,
St Julians, STJ 3148
Malta

31 October 2018



Independent auditor's report

To the Shareholders of Igaming Cloud Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- Igaming Cloud Limited's financial statements give a true and fair view of the company's financial position as at 31 December 2017, 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

Igaming Cloud Limited's financial statements, set out on pages 8 to 31, comprise:

- the statement of financial position as at 31 December 2017;
- 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, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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



Independent auditor's report - continued

To the Shareholders of Igaming Cloud Limited

Other information

The director is responsible for the other information. The other information comprises the Director's report (but does not include the financial statements and our auditor's report thereon).

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

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

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

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

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

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

Independent auditor's report - continued

To the Shareholders of Igaming Cloud Limited

Responsibilities of the director for the financial statements

The director is 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 director determines 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 director is 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 director either intends 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:

- 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 director.
- Conclude on the appropriateness of the director's 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.



Independent auditor's report - continued

To the Shareholders of Igaming Cloud Limited

We communicate with the director 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

Other matters on which we are required to report by exception

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

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of director's remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

Romina Soler
Partner

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a series of loops and a trailing line.

31 October 2018

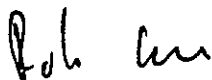
Statement of financial position

		As at 31 December	
	Notes	2017 €	2016 €
ASSETS			
Non-current assets			
Intangible assets	6	2,736,320	1,119,518
Property, plant and equipment	4	1,169,157	195,009
Investments in subsidiaries	6	9,000	9,000
Deferred income tax asset	11	427,564	-
Trade and other receivables	7	500,000	500,000
Total non-current assets		4,842,041	1,823,527
Current assets			
Trade and other receivables	7	21,966,290	5,339,540
Cash at bank and other intermediaries	8	92,133	41,498
Total current assets		22,058,423	5,381,038
Total assets		26,900,464	7,204,565
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	9	1,200	1,200
Capital reserves	10	598,753	388,452
Retained earnings		7,588,963	(853,162)
Total equity		8,188,916	(463,510)
Current liabilities			
Trade and other payables	13	18,495,548	7,452,075
Borrowings	14	216,000	216,000
Total current liabilities		18,711,548	7,668,075
Total equity and liabilities		26,900,464	7,204,565

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements on pages 8 to 31 were authorised for issue by the Board on 31 October 2018 and were signed on its behalf by:

Robin Eirik Reed
Director



Statement of comprehensive income

		<u>Year ended 31 December</u>	
	Notes	2017 €	2016 €
Net revenue		16,665,753	4,575,075
Operating expenses			
Personnel expenses	16	(3,996,812)	(2,287,650)
Depreciation and amortisation	4, 5	(1,704,560)	(414,588)
Other operating expenses	15	(2,949,849)	(1,747,607)
Total operating expenses		(8,651,221)	(4,449,845)
Operating profit		8,014,532	125,230
Finance income	17	38	-
Profit before tax		8,014,570	125,230
Tax	18	427,555	-
Profit for the year		8,442,125	125,230

The notes on pages 12 to 31 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	Notes	2017	2016
		€	€
Cash flows from operating activities			
Cash generated from operations	19	4,346,116	1,370,427
Interest received		38	-
Cash generated from operations		4,346,154	1,370,427
Cash flows from investing activities			
Purchase of intangible assets	5	(3,067,800)	(1,137,267)
Purchase of property, plant and equipment	4	(1,227,710)	(209,344)
Net cash used in investing activities		(4,295,510)	(1,346,611)
Net movement in cash and cash equivalents		50,644	23,816
Cash and cash equivalents at beginning of year		41,498	17,682
Cash and cash equivalents at end of year	8	92,142	41,498

The notes on pages 12 to 31 are an integral part of these financial statements.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018 and is not expected to have a material effect on the financial reporting.

The Company will be impacted by IFRS 16 in cases where the company is a lessee. In view of the changes in the definition of the lease term and the different treatments of variable lease payments and of extension and termination options, the directors are still to establish the estimated amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of IFRS 16. The standard is effective for annual periods beginning as from 1 January 2019 and at this stage the company does not intend to adopt the standard before its effective date.

In the opinion of the company's director, there are no other standards that are not yet effective and that would be expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

1.2 Foreign currency translation

(a) 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.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment - continued

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	6
Computer and office equipment	3
Installations and improvement to leasehold premises	6

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.5 Investments in subsidiaries

Investments 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 an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of the subsidiaries are reflected in the financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

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 as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months, after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.8 and 1.9).

1 Summary of significant accounting policies – continued

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.

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 IAS 39.

Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.12 Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1.13 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.14 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 significant accounting policies - continued

1.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the company's activities. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

Shared conduct of business arrangements are all contractual agreements whereby two or more parties jointly undertake an economic activity. In respect of its interest in such arrangements, the company recognises the asset that it controls, the expenses and liabilities that it incurs and its share of income that it earns from the sale of goods or services through the shared conduct of business arrangements.

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

Costs that are not reported as part of the net gains or loss within revenue include inter alia bank charges. In contracting with own license operators, the company generates revenue by entering into a revenue share deal or a fixed deal where such revenue is apportioned on an accrual basis over the whole term of the contract.

1.17 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1.18 Dividend distribution

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

2. 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 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.

2. Financial risk management - continued

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.

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 2017 and 2016 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.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, other than significant uncertainty associated with the legal environment that the company operates in as referred to in Note 21 to these financial statements and the matters addressed below.

(i) Valuation of share options

As explained in Note 12, the company's ultimate parent operates equity-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instruments of GIG Inc. In order to determine the fair value of services provided, the Group estimates the fair value of the ordinary shares as of each grant date using the Black-Scholes valuation model. Refer to Note 12 for a summary of the inputs used and other assumptions made on calculating the fair value of share options granted as part of the share-based payment scheme.

5. Intangible assets

	Licences €	Gaming software €	Trademarks €	Total €
Cost				
As at 1 January 2016	40,000	469,074	-	509,074
Additions	70,526	1,066,741	-	1,137,267
As at 31 December 2016	110,526	1,535,815	-	1,646,341
As at 1 January 2017	110,526	1,535,815	-	1,646,341
Additions	387,125	2,671,075	9,600	3,067,800
As at 31 December 2017	497,651	4,206,890	9,600	4,714,141
Accumulated depreciation				
As at 1 January 2016	-	150,146	-	150,146
Amortisation charge	33,218	343,459	-	376,677
As at 31 December 2016	33,218	493,605	-	526,823
As at 1 January 2017	33,218	493,605	-	526,823
Amortisation charge	194,893	1,256,105	-	1,450,998
As at 31 December 2017	228,111	1,749,710	-	1,977,821
Carrying amount				
As at 1 January 2016	40,000	318,928	-	358,928
As at 31 December 2016	77,308	1,042,210	-	1,119,518
As at 31 December 2017	269,540	2,457,180	9,600	2,736,320

8. Cash and cash equivalents

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

	2017 €	2016 €
Cash at bank and other intermediaries	<u>92,133</u>	<u>41,498</u>

9. Share capital

	2017 €	2016 €
Authorised, issued and fully paid		
119,900 ordinary 'A' shares of EUR0.01 each	1,199	1,199
100 ordinary 'B' shares of EUR0.01 each	<u>1</u>	<u>1</u>
	<u>1,200</u>	<u>1,200</u>

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

10. Capital contribution reserve

	2017 €	2016 €
At 1 January	388,452	230,021
Capital contribution arising on granting of share options by the ultimate parent company	210,301	158,431
At 31 December	<u>598,753</u>	<u>388,452</u>

The capital contribution reserve is a non-distributable reserve.

11. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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

	2017 €	2016 €
As at 1 January	-	-
Deferred tax asset to be recovered after more than 12 months (note 18)	<u>427,564</u>	-
As at 31 December	<u>427,564</u>	-

12. Share based payments - continued

Out of the 5,787,869 outstanding options which were granted or converted into option of GIG Inc. (2016: 8,454,099) no options (2016: nil) were exercisable.

Options which were converted into GIG Inc shares and exercised in 2017 resulted in 2,066,230 shares (2016: nil) being issued at a weighted average price of EUR 0.02 (2016: nil). The related weighted average share price at the time of exercise was EUR 0.43 (2016: nil) per share.

During the year ended 31 December 2017, 1,500,000 (2016: 5,098,420) share options were transferred (to)/from related group companies due to a change in the company which contracts the employee for services rendered.

Share options which were granted or converted into options of GIG Inc., outstanding at the end of the year, have the following expiry date and exercise prices:

Grant dates (range)	Vest dates (range)	Expiry date (range)	Exercise price in EUR per option (range)	Share Options 2017	2016
2014-2015	2017-2019	31 January 2017 - 31 January 2019	Nil	4,587,869	6,554,099
2016	2020	January 2023	0.15	300,000	400,000
2016-2020	2018-2020	May to Sept 2023	0.40 – 0.43	-	1,500,000
2017	2018-2020	December 2022	0.45 – 0.48	900,000	-
				5,787,869	8,454,099

There were no share option which were not converted into options of GIG Inc, outstanding at the end of the current and prior periods

Valuation of share options for the year ended 31 December 2017

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR 0.14 (2016: EUR 0.15) per option. The significant inputs into the model were weighted average share price of EUR 0.34 (2016: EUR 0.36) at the grant date, exercise price shown above, volatility of 75% (2016: 67%), dividend yield of 0%, an expected option life of 2.7 years (2016: 2.7 years) and an annual risk-free interest rate of 0.55% (2016: 0.57%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 3 years.

16. Employee benefit expense

	2017 €	2016 €
Gross wages and salaries	6,022,304	2,966,114
Less: employee costs capitalised as part of software development	<u>(2,494,673)</u>	<u>(975,762)</u>
Net wages and salaries, including other benefits	3,527,631	1,990,352
Social security costs	258,880	138,867
Share options granted to employees (Note 10)	210,301	158,431
	<u>3,996,812</u>	<u>2,287,650</u>

The average number of persons employed during the year:

	2017	2016
Administrative	<u>112</u>	<u>64</u>

17. Finance income

	2017 €	2016 €
Interest income on bank deposits	<u>38</u>	<u>-</u>

18. Tax

	2017 €	2016 €
Deferred tax (Note 18)	(427,564)	-
Current tax expense	9	-
	<u>(427,555)</u>	<u>-</u>

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

	2017 €	2016 €
Profit for the year	<u>8,014,570</u>	<u>125,230</u>
Tax at 35%	2,805,100	43,831
Tax effect of:		
Disallowed expenses	101,586	57,281
Group loss relief	(3,276,060)	-
Unrecognised deferred tax in prior year	(58,181)	(101,112)
	<u>(427,555)</u>	<u>-</u>

21. Significant risks and uncertainties

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 B2B 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.

Outside the European Union the regulatory frameworks are more fragmented. Regulatory developments in the online gaming sector and their implications for the Group are uncertain and government authorities could make assessments and decisions that differ from the Group's understanding or interpretation.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gambling and anti-money laundering obligations. These uncertainties represent a risk for the company's ability to develop and grow the business, as changes in legislation or enforcement practices could force the group to exit markets, or even result in financial sanctions, litigation, licence withdrawal, or unexpected tax exposures, which have not duly been provided for in these financial statements.

22. Statutory information

iGaming Cloud Limited is a limited liability company and is incorporated in Malta.

The company's immediate parent company is Gaming Innovation Group plc, a company registered in Malta, with its registered address at @GIG Beach, Dragunara Street, St. Julians, Malta. GIG Inc is the ultimate parent company whose registered office is 10700 Strigfellow Rd, Suite 10, Bokeelia, FL 33922, USA.

Gaming Innovation Group plc prepares consolidated financial statements which are available at the registered office of iGaming Cloud Limited.