GIG CENTRAL SERVICES LTD

Annual Report and Financial Statements
31 December 2020

Company Registration Number: C79753

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activities

The main business activity of GIG Central Services Limited is to act as a cost centre for general costs and overheads which are incurred by the GIG Group.

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

On 16 April 2020, the Group completed the sale of its B2C assets to Betsson. GiG received, net of transaction costs, an amount of EUR31 million as consideration, including a prepaid platform fee of EUR8.7 million. Subsequently, the consideration was adjusted by EUR 2.3 million, to reflect working capital adjustments of EUR 2.8 million and EUR 0.5m deferred payment.

COVID-19

The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In 2020, the existence of a new virus was confirmed, and since then COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity and impacted global stock markets. Given the continued uncertainties on the Group and Company, it is difficult to ascertain the longer-term impact of COVID-19 on the Group and Company, or to provide a quantitative estimate of this impact. Management has, however, considered the potential impact based on the known circumstances as at the date of reporting and took all the necessary steps to mitigate any downside effect on the pause of sports events and delays in customer signings during the year by shifting focus from sports to casino. This together with the assessment of potential future developments, Management continues to believe that COVID-19 has no material effect on these financial statements that would affect the going concern basis.

The Group and Company closely monitors the progress of COVID-19 and has introduced contingency measures to reduce the risk for its staff and to ensure business continuity. The Group successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Group operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities. The Group has a robust BCP to ensure continuity of operations and working from home is an integral part of day-to-day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Company's business and its customers. COVID-19 has not resulted in any major disruption to the Company's operations in 2020.

Going Concern

As at 31 December 2020, the Company's current liabilities exceeded the current assets by EUR 5,494,484 (2019: EUR 3,009,510). The Directors continue to deem the going concern basis of preparation to be appropriate on the basis that the Group and subsidiaries will not request amounts due amounting to EUR 5,657,114, and on the basis of the continued support from the parent company to settle the Company's obligations as and when they fall due, as well as a result of the actions mentioned below.

Directors' report – continued

Going Concern - continued

Also, on the 27th of May 2021, the Company's Ultimate Parent has successfully completed the issuance of a new 3-year SEK 450 million senior secured bond with a SEK 550 million borrowing limit. The transaction was oversubscribed and received strong demand from investors across the Nordics, continental Europe, and the US, with participation in the placement from existing as well as new investors. The net proceeds were used to refinance the existing SEK 400 million bond including any call premium and transaction costs with the balance towards general corporate purposes. The new bond has a floating coupon of 3 months STIBOR + 8.50% per annum and with more favorable terms than the existing SEK 400 million bond.

In order to alleviate short term liquidity pressures, the Company's Ultimate Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023. However, on the 28th of May 2021, due to the steady increase in Company's Ultimate Parent share, the convertible holders decided to anticipate maturity date and convert the loan to equity. The Company's Ultimate Parent issued 6,600,000 new shares of its common stock in connection with the conversion of the EUR 8.5 million convertible loan.

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 2020 have been consistently applied.

Overall company's performance

During the year revenues increased by 98% whilst also increasing operating expenses by 100%. This resulted in an overall increase in EBITDA from EUR 4.4 million in 2019 to EUR 6.1 million in 2020.

Net revenues

Net revenues in 2020 increased to EUR 31.4 million (2019: EUR 15.4 million) which is equivalent to an increase of 105%. Increase in revenues is in line with increase in expenses incurred, subsequently recharged to other Group entities.

Operating expenses

During 2020, total operating expenses increased when compared to previous year with total cost of EUR 28.0 million (2019: EUR 14.0 million). This includes depreciation and amortisation cost of EUR 3.7 million (2019: EUR 3.1 million) and EUR 18.3 million (2019: EUR 4.3 million) of personnel expenses. Other operating expenses amount to EUR 5.8 million (2019: EUR 6.6 million). Operating expenses have increased mainly due to an increase in personnel expenses, related to the transfer of all Malta personnel from other Group companies to the Company (Note 14).

Profit from operations

Profit for the year 2020 amounted to EUR 1.9 million (2019: EUR 0.6 million).

Directors' report – continued

Net finance costs

Net finance costs for 2020 were EUR 0.7 million (2019: EUR 0.7 million). Finance costs are made up of IFRS 16 interest charge.

Results and dividends

The financial results are set out on page 11.

The directors did not declare a dividend during the year (2019: nil).

Financial risk management

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

Directors

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

- Mr Justin Psaila
- Richard Brown

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

Directors' report - continued

Statement of directors' responsibilities for the financial statements

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

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 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.

DocuSigned by:
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Mr Richard Brown
Director

DocuSigned by:
Justin Psaila
097802FBAF7C498...

Mr Justin Psaila
Director

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

25 November 2021

pwc

Independent auditor's report

To the Shareholders of GIG Central Services 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 GIG Central Services Limited (the Company) as at 31 December 2020, 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

GIG Central Services Limited's financial statements, set out on pages 10 to 34, comprise:

- the statement of financial position as at 31 December 2020;
- 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 significant accounting policies and other explanatory information.

Basis for opinion

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

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

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.

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:

- 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

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

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

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

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

Romina Soler
Partner

25th November 2021

Statement of financial position

	Notes	As at 31 December 2020 €	2019 €
ASSETS			
Non-current assets			
Intangible assets	5	**1,710,322**	1,434,287
Right-of-use assets	4	**9,343,319**	11,108,232
Property, plant and equipment	6	**2,423,870**	3,544,398
Trade and other receivables	7	**6,975,582**	-
Total non-current assets		**20,453,093**	16,086,917
Current assets			
Trade and other receivables	7	**6,012,357**	781,625
Cash at bank and other intermediaries	8	**545,560**	114,888
Total current assets		**6,557,917**	896,513
Total assets		**27,011,010**	16,983,430
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	9	**1,165**	1,165
Capital reserves	10	**2,673,870**	2,867,448
Retained earnings/ Accumulated losses		**1,888,450**	(19,412)
Total equity		**4,563,485**	2,849,201
Non-current liabilities			
Trade and other payables	12	**1,773,148**	-
Lease liabilities	4	**8,621,976**	10,228,206
		10,395,124	10,228,206
Current liabilities			
Trade and other payables	12	**10,442,357**	2,456,994
Lease liabilities	4	**1,610,044**	1,449,029
Total current liabilities		**12,052,401**	3,906,023
Total equity and liabilities		**27,011,010**	16,983,430

The notes on pages 14 to 34 are an integral part of these financial statements.

The financial statements on pages 10 to 34 were authorised for issue on 25th November 2021 and were signed by:

Mr Richard Brown
Director

Justin Psaila

Mr Justin Psaila
Director

Statement of comprehensive income

		Year ended 31 December	
	Notes	**2020**	2019
		€	€
Net Revenue		**31,494,322**	15,368,246
Operating expenses			
Personnel expenses	14	**(18,326,018)**	(4,255,587)
Depreciation and amortisation	4, 5, 6	**(3,714,662)**	(3,065,041)
Impairment	6	**(1,099,086)**	-
Marketing, including commission		**(119,931)**	(67,640)
Other operating expenses	13	**(5,829,545)**	(6,619,196)
Total operating expenses		**(29,089,242)**	(14,007,464)
Operating profit		**2,405,080**	1,360,782
Finance cost	4, 15	**(714,477)**	(711,914)
Other Income	16	**217,259**	-
Profit before tax		**1,907,862**	648,868
Tax	18	**-**	-
Profit after tax		**1,907,862**	648,868

The notes on pages 14 to 34 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital €	Capital reserves €	Retained Earnings/ Accumulated losses €	Total €
		Attributable to owners of the company			
Balance at 1 January 2019		1,165	3,481,305	(668,280)	2,814,190
Comprehensive income					
Profit for the year - total comprehensive income		-	-	648,868	648,868
Transactions with owners					
Value of employee services	10	-	47,054	-	47,054
Distribution	10	-	(660,911)	-	(660,911)
Balance at 31 December 2019		1,165	2,867,448	(19,412)	2,849,201
Balance at 1 January 2020		1,165	2,867,448	(19,412)	2,849,201
Comprehensive income					
Profit for the year - total comprehensive income		-	-	1,907,862	1,907,862
Transactions with owners					
Value of employee services	10	-	(193,578)	-	(193,578)
Balance at 31 December 2020		**1,165**	**2,673,870**	**1,888,450**	**4,563,485**

The notes on pages 14 to 344 are an integral part of these financial statements.

Statement of cash flows

	Notes	2020 €	2019 €
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from operations	17	**4,759,051**	3,702,807
Cash generated from operations		**4,759,051**	3,702,807
Cash flows from investing activities			
Purchase of intangible assets	5	**(646,217)**	(287,688)
Purchases of property, plant and equipment	6	**(1,522,136)**	(2,386,531)
Net cash used in investing activities		**(2,168,353)**	(2,674,219)
Cash flows from financing activities			
Lease liability principal payments	4	**(2,160,026)**	(1,634,817)
Net cash used in investing activities		**(2,160,026)**	(1,634,817)
Net movement in cash and cash equivalents		**430,672**	(606,229)
Cash and cash equivalents at beginning of year		**114,888**	721,117
Cash and cash equivalents at end of year	8	**545,560**	114,888

The notes on pages 14 to 34 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of 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). 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 director 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 2020, the Company's current liabilities exceeded the current assets by EUR 5,494,484 (2019: EUR 3,009,510). The Directors continue to deem the going concern basis of preparation to be appropriate on the basis that the Group and subsidiaries will not request amounts due amounting to EUR 5,657,114, and the continued support from the parent company to settle the Company's obligations as and when they fall due, as well as a result of the actions mentioned below.

Also, on the 27th of May 2021, the Company's Ultimate Parent has successfully completed the issuance of a new 3-year SEK 450 million senior secured bond with a SEK 550 million borrowing limit. The transaction was oversubscribed and received strong demand from investors across the Nordics, continental Europe, and the US, with participation in the placement from existing as well as new investors. The net proceeds were used to refinance the existing SEK 400 million bond including any call premium and transaction costs with the balance towards general corporate purposes. The new bond has a floating coupon of 3 months STIBOR + 8.50% per annum and with more favorable terms than the existing SEK 400 million bond.

In order to alleviate short term liquidity pressures, the Company's Ultimate Parent issued a subordinated convertible loan of EUR8.5 million in December 2020, which matures in December 2023. However, on the 28th of May 2021, due to the steady increase in Company's Ultimate Parent share, the convertible holders decided to anticipate maturity date and convert the loan to equity. The Company's Ultimate Parent issued 6,600,000 new shares of its common stock in connection with the conversion of the EUR 8.5 million convertible loan.

Standards, interpretations and amendments to published standards effective in 2020

No new standards were adopted during the year that would have a material effect on the company's accounting policies.

New standards and interpretations not yet adopted

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

1. Summary of significant accounting policies – continued

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. The Company's accounting policy is to present all exchange differences within finance income or finance costs including exchange differences arising on cash and cash equivalents.

1.3 Intangible assets

(a) Trademarks

The separately acquired trademarks have an indefinite useful life. These are carried at cost and systematically tested for impairment at the end of each reporting period.

(b) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the assets. These costs are amortised over three years or, over the term of the licence agreement, if different.

Costs associated with maintaining these intangibles are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing 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.

1.4 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.

1. Summary of significant accounting policies – continued

1.4 Property, plant and equipment - continued

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
Installation & improvements to leasehold premises	3 - 6
Furniture & fittings	6
Computer and office equipment	3 - 6

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

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

1.5 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.

1.6 Financial assets

1.6.1 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.

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. Summary of significant accounting policies - continued

1.6 Financial assets - continued

1.6.2 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.

1.6.3 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 below is a measurement category into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

1.6.4 Impairment

The Company assesses on a forward-looking basis the expected credit loss 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 significant accounting policies – continued

1.7 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.

1.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 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.

1.10 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.

1.11 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. Summary of significant accounting policies – continued

1.12 Current and deferred taxation

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred 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.

1.13 Share-based payments

The Company's ultimate parent operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees and consultants as consideration for equity instruments (options) of the ultimate parent Company. The fair value of the employee services received in exchange for the grant of the options is recognised by the Company as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to hold shares for a specific period of time).

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

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

The grant by the ultimate parent Company of options over its equity instruments to the employees of the Company is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense, with a corresponding credit to equity.

1. Summary of significant accounting policies – continued

1.14 Capital reserves

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

1.15 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 provides central services to group companies for which it charges cost plus markup. In line with IFRS 15, the Company recognises revenue when the performance obligation is satisfied and has the ability to direct the use and obtain the benefits of the performance obligation and when specific criteria have been met for each of the Company's activities.

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

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

1.16 Leases

The Company's leasing policy is described in Note 4.

1.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company'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 (including 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 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 financial assets and financial liabilities are mainly principally denominated in Euro.

Accordingly, based on the above, the Company is not significantly exposed to foreign exchange risk and 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 periods is not deemed necessary.

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 company, amounts due from ultimate parent company, trade and other receivables as follows:

	2020	2019
	€	€
Financial assets at amortised cost:		
Cash at bank and other intermediaries (Note 8)	**545,560**	114,888
Amounts due from fellow subsidiaries (Note 7)	**7,451,092**	195,531
Amounts due from immediate parent company (Note 7)	**4,786,063**	-
Amounts due from ultimate parent company (Note 7)	**10,451**	-
Other receivables (Note 7)	**37,427**	30,495
Exposure	**12,830,593**	340,914

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 deals only with financial institutions with quality standing and does not consider that there was any material credit risk at the end of the reporting period.

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 2020 and 2019.

	2020	2019
	€	€
Loans and receivables:		
A+	**280,735**	14,835
BBB-	**219,878**	99,116
Below BB or not rated	**44,947**	937
	545,560	114,888

(i) Impairment of financial assets

The company has the following types of financial assets that are subject to the expected credit loss model:

- other receivables; and
- other financial assets carried at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk – continued

The Company holds limited history to calculate a provision based on IFRS 9 on other receivables which is generated through other income for sublease of office space no longer required. The management believes that impairment loss is immaterial. 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.

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. The loss allowance for these financial assets is based on default risk assumptions and expected loss rates. As in included in note 1.1, the Company is in a current liability position, however on the basis of prospects for the Group, the credit loss allowance charge required is deemed 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 group companies of EUR 5,657,056 (2019: EUR 9,930), indirect taxation and social security of EUR 5,556,862 (EUR 1,260,888) and trade payables of EUR 274,662 (2019: EUR 783,696).

Liquidity risk is monitored at a group level by ensuring that enough funds are available to each subsidiary within the Group. Group management monitors liquidity risk by means of continuous observation of cash inflows and cash outflows.

As at 31 December 2020, the Company's current liabilities exceeded its current assets by EUR 5,494,484. The Directors continue to deem the going concern basis of preparation to be appropriate on the basis that Group companies will not request amounts due totalling to EUR 1,737,084. In addition to this, the parent company confirmed it will continue to support the operations of the Company for a minimum period of twelve months from when these financial statements were available for issuance. Consequently, the directors deemed it appropriate to prepare these financial statements on a going concern basis.

Liquidity risk is monitored at a group level by ensuring that sufficient funds are available to each subsidiary within the Gaming Innovation Group.

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. Financial risk management - continued

2.3 Fair values of financial instruments

At 31 December 2020 and 2019 the carrying amounts of 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.

4. Leases

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2020	**As at 31 December 2019**
	€	€
Right-of-use assets		
Buildings	**9,343,319**	11,108,232
Lease liabilities		
Current	**1,610,044**	1,448,797
Non-current	**8,621,976**	10,228,438
	10,232,020	11,677,235

4. Leases **– continued**

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

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

	As at 31 December 2020 €	**As at 31 December 2019 €**
Depreciation charge of right-of-use assets	**1,800,902**	1,716,089
Interest expense (included in finance cost)	**714,492**	711,914
Expenses relating to short-term leases (included in other expenses)	**3,400**	11,670
Expenses relating to variable lease payments (included in other expenses)	**222,071**	200,723

The total cash outflow for leases was EUR 1,800,902 (2019: EUR 1,716,089)

Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:

	2020 €	2019 €
Less than one year	**2,358,677**	2,298,029
Between one and five years	**9,445,158**	9,791,146
	11,803,835	12,089,175

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

The Company leases various properties. Rental contracts are typically made for fixed periods of 1 to 8 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

4. Leases - continued

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

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

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

Judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. No change was required in 2020 that would have resulted in a change in the lease term.

The Company as a lessor

Leasing arrangements

During the year, the Company has sub-leased parts of its office to a number of tenants under operating leases with rentals payable monthly. The Company has recognised rental income from operating leases of EUR 217,259 (see note 16).

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

5. Intangible assets

	Computer software €	Trademarks €	Total €
Cost			
As at 1 January 2019	863,315	840,688	1,704,003
Additions	287,688	-	287,688
As at 31 December 2019	1,151,003	840,688	1,991,691
As at 1 January 2020	1,151,003	840,688	1,991,691
Additions	646,217	-	646,217
Disposal			-
As at 31 December 2020	**1,797,220**	**840,688**	**2,637,908**
Accumulated amortisation			
As at 1 January 2019	236,118	-	236,118
Amortisation charge	321,286	-	321,286
As at 31 December 2019	557,404	-	557,404
As at 1 January 2020	557,404	-	557,404
Amortisation charge	370,182	-	370,182
As at 31 December 2020	**927,586**	**-**	**927,586**
Carrying amount			
As at beginning of period	627,197	840,688	1,467,885
As at 31 December 2019	593,599	840,688	1,434,287
As at 31 December 2020	**869,634**	**840,688**	**1,710,322**

The Company has trademarks with indefinite useful life. The recoverable amount was assessed at a group level based on the value-in-use calculation. A detailed assessment was performed at the end of the reporting period. The parent Company's conclusion is that the recoverable amount is in excess of the carrying amount. The calculations are based on cash flow projections reflecting actual income from operations in the current year, the budget for the following year as confirmed by the group's board, the projection of free cash flows to be generated in 2022 – 2024 (2019: 2021 – 2023), as well as an estimate of residual value. The residual value is based on the projected free cash flows to be generated in 2024 (2019: 2023) capitalised based on the pre-tax discount rate applied in the value-in-use calculation, net of the assumed growth rate. The growth rate is assumed at 2% (2019: 2%) based on the estimated long-term inflation rate. The pre-tax discount rate applied to the cash flow projections was 17% (2019: 18%).

Consequently, the directors have assessed that there is no need to impair the trademarks with an indefinite useful life.

6. Property, plant and equipment

	Computer and office equipment €	Furniture and fittings €	Installations and improvements to leasehold premises €	Total €
Cost				
As at 1 January 2019	1,156,870	363,410	1,280,637	2,800,917
Additions	767,139	176,244	1,443,148	2,386,531
As at 31 December 2019	**1,924,009**	**539,654**	**2,723,785**	**5,187,448**
As at 1 January 2020	1,924,009	539,654	2,723,785	5,187,448
Additions	1,372,004	44,527	105,605	1,522,136
As at 31 December 2020	**3,296,013**	**584,181**	**2,829,390**	**6,709,584**
Accumulated depreciation				
As at 1 January 2019	375,422	76,788	163,174	615,384
Depreciation charge	486,565	84,053	457,048	1,027,666
As at 31 December 2019	**861,987**	**160,841**	**620,222**	**1,643,050**
As at 1 January 2020	861,987	160,841	620,222	1,643,050
Depreciation charge	1,017,449	93,377	432,752	1,543,578
Impairment loss	-	-	1,099,086	1,099,086
As at 31 December 2020	**1,879,436**	**254,218**	**2,152,060**	**4,285,714**
Net book value				
As at beginning of period	781,448	286,622	1,117,463	2,185,533
As at 31 December 2019	1,062,022	378,813	2,103,563	3,544,398
As at 31 December 2020	**1,416,577**	**329,963**	**677,330**	**2,423,870**

During the year, the Company has impaired EUR1.1 million in relation to improvements to leasehold premises due to excess office space after the B2C sale.

7. Trade and other receivables

	2020 €	2019 €
Non Current		
Amounts due from fellow subsidiaries	**2,189,519**	-
Amounts due from immediate parent company	**4,786,063**	-
	6,975,582	-
Current		
Amounts due from fellow subsidiaries	**5,261,573**	195,531
Amounts due from ultimate parent company	**10,451**	-
Other receivables	**37,427**	30,495
Prepayments	**702,906**	555,599
	6,012,357	781,625

The amounts due from fellow subsidiaries, immediate parent company and ultimate parent company are unsecured, interest free and repayable on demand. However, the Company does not expect to receive EUR 6,975,582 within the next 12 months and as a result has classified them as non-current.

8. Cash and cash equivalents

	2020 €	2019 €
Cash at bank and other intermediaries	**545,560**	114,888

9. Share capital

	2020 €	2019 €
Authorised, issued and fully paid		
1,165 ordinary shares of EUR1 each	**1,165**	1,165
	1,165	1,165

10. Capital contribution reserve

	2020 €	2019 €
At 1 January	**2,867,448**	3,481,305
Capital contribution arising on granting of share options by the ultimate parent company	**(193,578)**	47,054
Distribution	**-**	(660,911)
At 31 December	**2,673,870**	2,867,448

In the preceding year, the Company has waived amounts due to it by the ultimate parent company amounting to EUR 660,911 which is treated as a deemed distribution.

The capital contribution reserve is a non-distributable reserve.

11. Share based payments

Share options are granted to selected employees as well as to consultants. All options are conditional on the employees and the consultants completing a specified number of years of service (the vesting period); certain options are also conditional on the Group achieving certain earnings targets. The options are exercisable starting between 1 and 6 years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options granted

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

	2020		2019	
	Average exercise price in € per option	**Options**	Average Exercise price in € per option	Options
Share options which were granted or converted into options of GIG Inc.				
At 1 January	**4.33**	**287,000**	-	-
At 31 December	**3.21**	**422,000**	4.14	287,000
Share options which were granted or converted into options of GIG Inc.				
Granted	**-**	**-**	3.00	110,000
Exercised	**-**	**-**	-	(20,136)
Tranferred from another subsidiary company within group	**4.00**	**135,000**	4.00	36,000
Forfeited during the year	**-**	**-**	6.00	(30,000)

Out of the 422,000 (2019: 287,000) outstanding options which were granted or converted into options of GIG Inc., 226,000 (2019: 112,500) options were exercisable.

11. Share based payments - continued

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

Grant dates (range)	Vest dates (range)	Expiry dates (range)	Exercise prices in € per option (range)	Share options 2020	Share options 2019
			€	€	€
2016	2016 - 2020	May to Sept 2023	4.00 - 4.30	**92,000**	72,000
2017	2018 - 2020	December 2022	4.00 - 4.80	**30,000**	30,000
2017	2018 - 2020	June 2023	6.40 - 6.60	**55,000**	75,000
2018	2019 - 2021	January 2024	6.00 - 6.50	**45,000**	-
2019	2020 - 2022	March 2025	3.00	**200,000**	110,000
				422,000	287,000

Valuation of new share options for the year

During the year no share options were granted. In the preceding year, the weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR0.10 per option. The significant inputs into the model were weighted average share price of EUR2.20 at the grant date, exercise price shown above, volatility of 58%, dividend yield of 0%, an expected option life of 2 years and an annual risk-free interest rate of 1.31%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 3 years.

12. Trade and other payables

	2020	2019
	€	€
Non Current		
Indirect taxation and social security	**1,773,148**	-
Current		
Trade payables	**274,662**	783,696
Indirect taxation and social security	**3,783,714**	1,260,888
Amounts due to fellow subsidiaries	**5,657,056**	9,930
Accruals and deferred income	**726,395**	402,480
Other payables	**530**	-
	10,442,357	2,456,994

Amounts due to fellow subsidiaries are unsecured, interest free and repayable on demand. As included in Note 1.1, amounts due to fellow subsidiaries will not be requested unless alternative funds are made available.

The Company postponed the remittance of certain indirect taxes. Management has entered into a payment plan with the relevant authorities for any overdue balances relating to 2019 and 2020. The respective balances which are expected to be settled beyond the next 12 months are classified as non current.

13. Other operating expenses

	2020	2019
	€	€
Consultancy and professional fees	**1,994,417**	1,385,351
Technology costs	**1,443,654**	1,515,297
Other operating expenses	**2,391,474**	3,718,548
	5,829,545	6,619,196

Fees charged by the auditor for services rendered during the financial year ended 31 December 2020 and 2019 relate to the following:

	2020	2019
	€	€
Annual statutory audit	**240,000**	278,500
Tax advisory and compliance services	**1,600**	1,400
	241,600	279,900

	2020	2019
	€	€
Annual statutory audit	**9,750**	9,750
Tax advisory and compliance services	**1,400**	1,400
	11,150	11,150

14. Employee benefit expense

	2020	2019
	€	€
Gross wages and salaries	**17,648,851**	4,172,889
Less: employee costs capitalised as part of software development	**-**	(190,298)
Net wages and salaries, including other benefits	**17,648,851**	3,982,591
Social security costs	**870,745**	225,942
Share options granted to employees (Note 11)	**(193,578)**	47,054
	18,326,018	4,255,587

The average number of persons employed during the period:

	2020	2019
Administrative	**312**	85

15. Finance cost

	2020	2019
	€	€
Other interest expense	**714,492**	711,914

16. Other Income

	2020	2019
	€	€
Other income	(217,259)	-

Other Income is generated from the sublease of office space which is **unutilised** by the Company.

17. Cash generated from operations

	Year ended 31 December	
	2020	**2019**
	€	**€**
Operating profit	**2,405,080**	1,360,782
Adjustments for:		
Depreciation on Right-of-use asset (Note 4)	**1,800,902**	1,716,089
Amortisation of intangible assets (Note 5)	**370,182**	321,286
Depreciation of property, plant and equipment (Note 6)	**1,543,578**	1,027,666
Impairment loss (Note 5)	**1,099,086**	-
Share-based payment (Note 11)	**(193,578)**	47,054
Changes in working capital:		
Trade and other receivables	**(12,024,710)**	(357,111)
Trade and other payables	**9,758,511**	(412,959)
Cash generated from operations	**4,759,051**	3,702,807

Significant non-cash transactions

During the preceding year, the Company has waived amounts due to it by the ultimate parent company amounting to EUR 660,911.

18. Tax expense

	2020	2019
	€	€
Deferred tax	-	-
Current tax expense	-	-
	-	-

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

	2020	2019
	€	€
Profit before tax	1,907,862	648,868
Tax at 35%	667,752	227,104
Tax effect of:		
Disallowed expenses	458,278	140,235
Group loss relief	(1,126,030)	(302,630)
Unrecognised deferred tax	-	(64,709)
	-	-

As at December 2020, the Company had unutilised tax losses arising from Group relief of EUR 4,080,490. The related deferred tax of EUR 1,417,672 is not recognised in these financial statements.

19. Related party transactions

All companies forming part of 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 Gaming Innovation Group Inc.

GIG Central Services Ltd and fellow subsidiaries entered into an agreement to recharge general costs and overheads at a mark-up. The revenue share received in terms of these agreements is EUR 31,494,322 (2019: EUR 15,368,246)

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

19. **Related party transactions** - continued

	2020	2019
	€	€
Other receivables from related parties (Note 7)		
ultimate parent	**10,451**	**-**
immediate parent	**4,786,063**	**-**
fellow subsidiaries	**7,451,092**	**195,531**
Other payables to related parties (Note 12)		
fellow subsidiaries	**5,657,056**	9,930

20. Statutory information

GIG Central Services Ltd 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, Triq id-Dragunara, 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 GIG Central Services Ltd.