

REBEL PENGUIN ApS

Interim Financial Statements (Unaudited)
30 September 2021

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Statement of financial position

	€'000 30 September 2021	€'000 30 September 2020	€'000 31 December 2020
Property, plant and equipment	110	181	140
Intangible assets	1,540	1,621	1,067
Non-current assets	1,650	1,802	1,207
Trade and other receivables	2,331	1,667	1,906
	3,207	1,667	2,683
Cash and cash equivalents	497	355	365
Total assets	5,354	3,825	4,255
	-	-	-
Other liabilities	2,168	953	1,538
Amounts due from related parties	-	628	1,197
Trade and other payables	2,168	1,581	2,735
Share capital	22	22	21
Accumulated losses	3,146	2,225	902
Other reserves	20	3	596
Total equity	3,187	2,243	1,520
Total equity and liabilities	5,354	3,825	4,255

Statement of comprehensive income

	€'000	€'000	€'000
	30 September 2021	30 September 2020	31 December 2020
Net revenue	9,301	6,226	3,704
	-	-	-
Total operating expenses	(8,328)	(4,922)	(2,294)
EBITDA	973	1,303	1,410
Depreciation and amortisation	(86)	(171)	(403)
EBIT	886	1,132	1,007
Financial income/expenses	(11)	(18)	(30)
Profit before tax	875	1,114	977
Tax expense	87	(111)	-
Profit after tax	962	1,003	977

Statement of cash flows

	€'000	€'000	€'000
	30 September 2021	30 September 2020	31 December 2020
Cashflows from operating activities			
Result before income taxes	886	1,132	1,007
<i>Adjustment to reconcile result before tax to net cashflow:</i>	0	0	0
Amortisation of intangible assets	8	3	653
Depreciation	78	160	665
Other	0	0	0
Tax paid	0	0	0
Change in trade and other receivables	(524)	715	(929)
Change in trade and other payables	(144)	(1,493)	47
Net cash (used in)/generated from operating activities	304	516	1,443
Cashflow from investing activities			
Purchase of intangible assets	(124)	(56)	(651)
Purchase of property plant and equipment	(48)	(199)	(520)
Acquisition of a subsidiary	0	0	0
Net cash flows used in investing activities	(172)	(254)	(1,171)
Cashflows from financing activities			
	0	0	0
Net cash flows used in financing activities	-	-	-
Net increase in cash and cash equivalents	132	262	272
cash and cash equivalents at beginning of period	365	93	93
Cash and cash equivalents at the end of the period	497	355	365

Selected notes to condensed financial statements as of and for the periods ending 30 September 2021 and 2020

1. General Information

Rebel Penguin ApS is a limited liability company and is incorporated in Denmark.

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, STJ 3148 Malta. GIG Inc is the ultimate parent company whose registered office is 10700 Strigfellow Rd, Suite 10, Bokeelia, FL 33922, USA.

The Company's principal activity is online marketing combined with self-development technology within iGaming and gambling,

1.1 Basis of preparation

The condensed interim financial statements have been prepared in conformity with IAS 34 and do not include all the information required for full annual financial statements. The condensed interim financial statements for the periods ended 30 September 2021 and 2020 have not been audited by the Company's auditors.

These unaudited interim condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed financial statements report the six months of operations of both 2021 and 2020 of Innovation Labs Limited.

The Company's condensed financial statements are presented in Euros (EUR), which is the presentation and functional currency of the Company.

2. Summary of significant accounting policies

Accounting policies

The accounting policies adopted and used in preparing the condensed financial statements as of and for the periods ended 30 September 2021 and 2020 are consistent with those used in preparing the Company's financial statements as of and for the year ended 31 December 2020.

Revenue Recognition Policy

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts in connection with the sale and is measured at fair value of the consideration fixed.

GiG Media Services

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

2. Summary of significant accounting policies – continued

GiG Media Services - continued

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

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

The Company's performance obligation in this respect can be viewed as a series of distinct performance obligations to stand ready to redirect players on a constant basis. Such contracts give rise to variable consideration from an IFRS 15 point of view since the revenues are not fixed at the outset. In view of the nature of the service provided as a monthly stand-ready obligation, the Company recognises the income in the month in which it has a contractual right to bill the iGaming operators. This results in a consistent approach to revenue recognition under IAS 18.

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.

Other

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

Dividend income is recognised when the right to receive payment is established.

3. Standards, Interpretations and Amendments to Published Standards Effective in 2021

In 2021, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting periods beginning 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

In the opinion of management, there are no 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.

4. Impairment of intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets on an annual basis (or more frequently if events or changes in circumstances indicate a potential impairment) to determine if there are any indications that the assets have decreased in value. If any such indications exist, the recoverable amount is set to determine the need to recognise an impairment. When calculating the recoverable amount, future cash flows are discounted to present value using a discount rate before tax. If the recoverable amount is determined to be lower than the carrying amount an impairment is recorded through a charge to the statement of operations. No impairments were noted during 2021 or 2020.

5. Changes in equity

As at 30 September 2021, 1,200 shares were outstanding, where of the Company owned no treasury shares.

6. Borrowings

In prior years, the Company made borrowing from its immediate parent company, Gaming Innovation Group plc, for purchasing marketing affiliate sites. As at 30 September 2021, the borrowings amounted to €48.7m. Borrowings from the immediate parent company are unsecured, carry an interest rate of 7.29% per annum which is revised annually and are repayable on demand.

The immediate parent company have undertaken not to request amounts due unless alternative funds are made available to the company.

7. Litigation

From time to time, the Company is involved in litigation brought by previous employees or other persons. The Company and its legal counsel believe that these claims are without merit.

8. Related party transactions

There were no material related party transactions in the first, second and third quarter 2021.

9. Subsequent events

There have been no material subsequent events after 30 September 2021.

10. Alternative performance measures

Certain financial measures and ratios related thereto in this interim report are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this report because they are amount the measures used by management and they are frequently used by other interested parties for valuation purposes. In addition, the Company provides information on certain costs in the income statement, as these are deemed to be significant from an industry perspective.

EBIT: Operating profit

EBITDA: Operating profit less depreciation and amortization

Gross profit: Operating revenue less cost of sales