Together Gaming solutions plc
6, Paceville Avenue
St. Julians, STJ 3109
Malta

COMPANY ANNOUNCEMENT

Reference: (08/2020)

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

Quote

Publication of Financial Analysis Summary 2020

The Company announces that its Board of Directors has approved for publication the annual update to its Financial Analysis Summary (following the publication of the Company's annual financial report for 2019 on 15 May 2020). A copy of the updated Financial Analysis Summary is attached to this announcement and is also available on the Company's website at https://www.togethergaming.com/ir.

Unquote

By order of the Board.

Edward Licari
Company Secretary
11 September 2020

FINANCIAL ANALYSIS SUMMARY
Together Gaming Solutions p.l.c.
11th September 2020

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Together Gaming Solutions p.l.c.
6, Paceville Avenue,
St. Julians, STJ 3109,
Malta

11th September 2020

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Together Gaming Solutions p.l.c. (C 72231) (the "**Issuer**" or "**Company**"), and the related companies within the "**Group**", whose parent company is Gameday Group p.l.c. (C 77333) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2017, 2018 and 2019 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the current financial year 2020 has been provided by management.

(c) Our commentary on the Issuer's results and financial position is based on the explanations provided by management.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned, or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Company. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Nick Calamatta
Director

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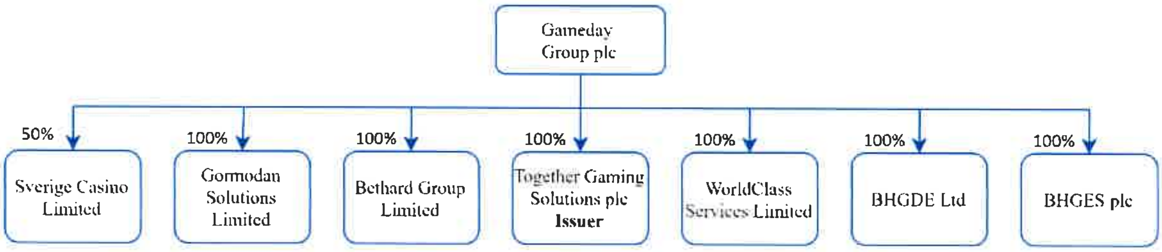
Part 1 - Information about the Group

1.1 Issuer and Group's Subsidiaries Key Activities and Structure

The Group structure is as follows:



The Group of companies consists of the Issuer, Gameday Group plc acting as the "**Parent**" company of the Issuer and the other fellow subsidiaries of the Group being: Sverige Casino Ltd, Gormodan Solutions Limited, Bethard Group Limited, WorldClass Services Limited, BHGDE Ltd and BHGES plc. The principal activity of the Group is the provision of iGaming services including the development and establishment of arrangements with White Label Operators ("**WL Operators**").

The Issuer, Together Gaming Solutions plc, was incorporated on 14 September 2015 as a private limited liability company, registered in terms of the Companies Act with company registration number C 72231, and subsequently changed its status to a public company with effect from 31 January 2019.

The Issuer was originally intended to manage the Group's Business-to-Business ("**B2B**") operations (i.e. the offering of White Label Services to third party White Label Operators for their own branded operations) but was largely dormant prior to 2018, with this business being carried out by Bethard Group Limited. As at the date of this Analysis the Issuer has an authorised share capital of €30,000,000 divided into 30,000,000 ordinary shares of €1 each. The Issuer is, except for one ordinary share, a wholly owned subsidiary of the Parent, with a total issued share capital amounting to €20,580,000 divided into 20,580,000 ordinary shares of €1 each, all fully paid up.

Gameday Group plc acts as the parent company of the Group. The Parent is a public limited liability company incorporated and registered in Malta on 22 September 2016, with company registration number C 77333. The Parent company is held by several shareholders, which as at the date of this Analysis totalled 59.

Bethard Group Limited ("**Bethard**") is an iGaming company incorporated and headquartered in Malta. It operates an online sportsbook and casino website, providing iGaming services under its own brand, the "**Bethard Brand**" to consumers in several jurisdictions through the gaming licences held in Malta, Spain, Sweden and Ireland. Bethard also provides iGaming Services to players on third party branded websites operated by White Label Operators. Bethard Group Limited provides all of its iGaming services through the Bethard iGaming business that it operates with WorldClass Services Limited.

WorldClass Services Limited ("**WorldClass Services**") is an entity that was incorporated in Gibraltar on 29 November 2018. This entity has taken over all of the marketing and business development operations for the Bethard iGaming business that it operates with Bethard Group Limited.

BHGDE Ltd was incorporated on 14 August 2018 for the purpose of applying for a regional gaming licence and eventually providing gaming services in Schleswig-Holstein, Germany.

BHGES plc was incorporated on 6 December 2018 and carries out the Group's gaming operations in Spain.

Sverige Casino Ltd is a joint venture between the Parent company and third parties, which operates its own branded gaming website and in which the Parent has a 50% holding.

Gormodan Solutions Ltd is a dormant company that has not traded for a few years. It is currently in the process of being liquidated.

Worldclass Entertainment N.V. was an entity registered in Curacao, which the Group recently liquidated in June 2019. Previously, it held a gaming licence issued to it in the same jurisdiction, which it used to market and offer sportsbook products in several jurisdictions. These sportsbook operations were transferred to Bethard Group Limited on 1 January 2019, where they continue to be provided under its Business-to-Customer ("**B2C**") Licences.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of the prospectus, the board of directors' of the Issuer comprises of the following persons:

Name	Office Designation
Erik Johan Sebastian Skarp	Non-Executive Director and Chairman
Edward Licari	Non-Executive Director and Company Secretary
Benjamin Delsinger	Executive (Managing Director)
Mr Michael Warrington	Independent Non-Executive Director
Kari Pisani	Independent Non-Executive Director
Etienne Borg Cardona	Independent Non-Executive Director

The business address of all of the directors is the registered office of the Issuer. Mikael Hasslegren resigned as director of the Issuer on 1 June 2019.

A board of six directors who are responsible for the overall direction and management of the Issuer currently manage the Issuer. The Board currently consists of one executive director, who is entrusted with the Issuer's day-to-day management, and five non-executive directors, three of whom are also independent of the Issuer and the Group. The main functions of the non-executive directors are to monitor the operations of the executive directors and their performance, as well as to review any proposals tabled by the executive directors. The non-executive directors sitting on the Audit Committee also have a crucial role in monitoring the activities and financial performance of the Issuer. This practice is in accordance with the generally accepted principles of sound corporate governance, where at least one of the directors shall be a person independent of a group of companies. The average number of employees employed during the FY19 amounted to 9 (FY18: nil). Notwithstanding, the Issuer is still reliant on certain resources made available to it by entities within the Group.

1.3 Major Assets owned by the Issuer

The Issuer was originally intended to manage the Group's B2B operations (i.e. the offering of White Label Services to third party White Label Operators for their own branded operations), but was largely dormant prior to 2018, with this business being carried out by Bethard.

In 2018, the Issuer and the Group commenced a restructuring process in order to fulfil the original objective of the Issuer acting as the Group's B2B service provider as well as, to establish the Issuer as the owner and licensor of the Group's key intellectual property assets. The latter mainly being the iGaming Platform and the Bethard Brand or, collectively, the "**iGaming Assets**".

On 1 January 2018, the Issuer was assigned and assumed all of Bethard's rights and obligations in respect of all of the White Label Agreements that the latter had previously entered into with various White Label Operators. In this regard, the Issuer established itself as the contracting party with, and became responsible for providing White Label Services to, the White Label Operators. The Issuer, in turn, procured the White Label Services from Bethard and Worldclass Entertainment N.V. under their B2C Licences in respect of casino and sportsbook services, respectively. The sportsbook operation of Worldclass Entertainment N.V. was later transferred to Bethard on 1 January 2019, thereby consolidating all of the Group's White Label Services under Bethard's B2C Licences.

On 29 April 2019, the Issuer obtained a B2B Licence issued by the Malta Gaming Authority, which allows the Issuer to provide critical gaming supply services to iGaming Operators , including supply and management of software (and/or the control system itself on which such software resides) such as the iGaming Platform. Upon obtaining the B2B Licence the Issuer acquired, on 30 April 2019, the iGaming Assets from Bethard for a purchase price of €42.3m. This purchase price was based on an independent assessment by BDO Mälardalen AB of the current market value of the iGaming Assets.

<u>iGaming Assets:</u>

The iGaming Assets are intangible assets, which of their nature makes them hard to value. In providing a value for the iGaming Assets BDO Mälardalen AB has made certain analyses of, among other things, projected cash flows and expected future growth for the Group's B2B and B2C operations. The projections and related growth expectations are based on future events, the outcomes of which remain uncertain.

- **Bethard Brand**

Prior to 2018, the Bethard Brand's strategy focused primarily on its casino operations and on attracting new depositing customers through affiliate marketing and tactical bonuses, but in view of the perceived unsustainability of this strategy in the long-term, Bethard refocused its efforts on growing brand awareness instead of the previously used strategy. Bethard also repositioned its brand as a more fun and engaging sports-oriented image with much broader appeal. Based on extensive market research and consumer insight studies conducted by Bethard, it was concluded that the new Bethard Brand would be built around a sports betting profile, while still offering casino games. To this end, Bethard appointed Zlatan Ibrahimović as the "**Brand Ambassador**".

The Brand Ambassador was appointed in early 2018 for a period of 3 years. This required a substantial investment by Bethard (and the Group) as part of the Group's strategy to reposition the Brand and expand it towards a larger customer base. The Brand Ambassador is one of the most popular personalities in Sweden with a large global following and his appointment as brand ambassador is expected to strengthen the Brand's position in Sweden and also globally. This appointment is as well intended to mitigate any negative effects of the new gambling legislation in Sweden (Bethard's largest market to date and one of the largest markets in online gambling globally), which came into effect in 2019. This legislation limits the promotion and marketing of online gambling on traditional media platforms and also prohibits many of the rewards, bonuses and loyalty schemes generally used by operators to attract and retain players. With the implementation of this new legislation, brand strength is therefore expected to be the key differentiating factor between competitors in the Swedish gambling market.

Together with the Group's 'pinnacle' model of providing higher odds on sports events, the Brand Ambassador appears to have helped the Bethard Brand to become one of the principal iGaming brands in the Swedish market that customers appear willing to use. It has also increased the loyalty of new and existing customers by enticing them to return more frequently to the brand's products. The Issuer believes that the Brand Ambassador could also help facilitate the expansion of the Bethard Brand into new jurisdictions.

- **iGaming Platform**

The 'AleAcc' iGaming Platform is a proprietary data driven, full API, multi-currency, multi-skin and multi-wallet software platform and is intended to serve as the core e-commerce system for any iGaming Operators making use of it. The Group has invested heavily in the iGaming Platform, which it wholly acquired in early 2018 through the acquisition of the remaining 49% ownership, with the original 51% ownership previously acquired in 2015. In 2016, following significant investment in the iGaming Platform and its development into a high-end gaming platform, the Group began to offer the iGaming Platform as a premium platform alternative to third party sportsbook and casino operators.

The iGaming Platform is a highly flexible module-based system adapted to cater for the dynamic needs of today's casino and betting market, making it simple to increase functionality as demands change without impacting its capacity or reliability. The iGaming Platform is currently provided to a wide range of iGaming Operators including casino and sportsbook operators and is generally regarded to be a premium alternative to its competitors.

It generally takes between 1 to 2 months for the iGaming Platform to be completely installed for an iGaming Operator, with business optimisation at iGaming Operator level typically taking place within a few hours of installation, and is therefore generally considered to offer a more efficient integration process when compared to other platform providers.

1.4 Operational Developments

Upon obtaining the B2B Licence the Issuer acquired, on 30 April 2019, the iGaming Assets from Bethard for a purchase price of €42.3m. The Issuer funded these assets through an amount of €21.8m due to Bethard, out of which €19.5m was settled through the €20m bond issued last year and a net equity injection of €20.5m, which has been novated upwards to the Parent of the Group. Bethard also assigned to the Issuer its rights to the use of the Brand Ambassador's image and related intellectual property rights (in connection with the promotion of the Bethard Brand), which rights were originally acquired by Bethard as part of the Brand Ambassador's appointment in early 2018. The purchase price also catered for the amounts prepaid by Bethard in connection with the Brand Ambassador's appointment, which amounted to €2.3m.

Following the transfer of the iGaming Assets to the Issuer, the Issuer began supplying the iGaming Platform to White Label Operators directly under its B2B Licence, while procuring the iGaming Services for the White Label Operators' websites from the Bethard iGaming Business. The Issuer also licensed the use of the iGaming Platform and the Bethard Brand to the Bethard iGaming Business (as essential elements of the iGaming Services it provides under the Bethard Brand) pursuant to the terms of an agreement entered between the Issuer and Bethard for the transfer of the iGaming Assets. The agreement is further defined below under the heading *IP Licensing Agreement*. The Issuer also intends to license the iGaming Platform to third party B2C Operators outside of the Group.

Through the above described restructuring, the Group created a clear separation between its B2B activities (i.e. the licensing of the iGaming Assets and the establishment of white label arrangements), which are now managed exclusively by the Issuer, and its B2C activities (i.e. providing iGaming Services), which are presently conducted by the Bethard iGaming Business.

In June 2019, the Group was granted a B2C licence in Spain, through its wholly owned subsidiary, BHGES plc. In respect to BHGDE Ltd, the Group has filed in the B2C licence application in Feb 2020; however, the German Authorities have stalled the jurisdiction's Licence process until further notice.
The Issuer has licensed the iGaming Assets to the Spanish subsidiary to enable it to provide iGaming Services under the Bethard Brand. Once BHGDE Ltd obtains its licence, the Issuer will also license the iGaming Assets to this subsidiary.

- **IP Licensing Agreement**

The Issuer has licensed the use of the iGaming Assets to WorldClass Services, for the purposes of the Bethard iGaming Business, pursuant to the terms of the IP Licensing Agreement. The Bethard iGaming Business requires the licence for the use of the iGaming Assets (following the transfer of the same to the Issuer) in order for the Bethard iGaming Business to continue providing its iGaming Services under the Bethard Brand.

As consideration for the licensing of the iGaming Assets, the IP Licensing Agreement provides that WorldClass Services will pay the Issuer:

I. In respect of Bethard Brand, a monthly base royalty fee of ten percent (10%) of gross gaming revenue ("**GGR**") generated under the Bethard Brand during the relevant monthly calculation period, subject to any increase required to cover any Bethard Brand awareness costs incurred by the Issuer. In addition to, ensuring that the Issuer receives a minimum net royalty fee of three and a half percent (3.5%) of GGR generated under the Bethard Brand during the relevant monthly calculation period. Provided that the annual royalty fee charged by the Issuer to the Bethard Brand is capped at €14m irrespective of the GGR generated through the brand; and
II. In respect of the iGaming Platform, a monthly platform licence fee of two percent (2%) of the GGR generated by the Bethard iGaming Business (and any other iGaming business in which WorldClass may be involved from time to time) under the Bethard Brand during the relevant monthly calculation period.

The IP Licensing Agreement expressly permits WorldClass Services to sub-licence the iGaming Assets to third parties with the prior written consent of the Issuer.

- **Impact of COVID-19 on the Company's business**

The Company is closely following global developments on COVID-19 pandemic and its potential impact on its business. The Company's revenues are derived exclusively from the online gambling industry, which is affected by general economic and consumer trends outside the Company's control. The occurrence of extraordinary events such as the recent COVID-19 virus outbreak in early 2020, have had an adverse impact on the global economy and in tum on the Company's business. Since the initial outbreak in China, COVID-19 has spread across the globe, causing disruption to businesses and economic activity (as reflected in recent fluctuations in the global stock markets).

As the revenues of the Company are driven by the gambling activity of online users of its customers websites, which gambling activity is in tum driven by the online users' disposable incomes, there is a risk that the prevailing unfavourable economic conditions due to the outbreak of COVID-19 could reduce online users' disposable incomes, thus might negatively impact the number of online users utilising online casino and sports betting websites and the amounts being spent by on line users if this persists longer. This scenario may lead to a decrease in revenues for the Company and could have a negative impact on the Company's operations, earnings, and financial position. Although the situation is uncertain, based on the information available at the time this Analysis, the Company believes that the COVID-19 outbreak will not have a foreseeable negative long-term effect on the Company's business.

However, the beginning of Q3 2020 was characterised by further regulation introduced in the Company's predominant Gaming Market, specifically Sweden, on the 2nd July and that should indicatively persist until end of December 2020. These introduced measures were ostensibly aimed at safeguarding vulnerable people from gambling habits during the period of this pandemic. Consequently, at the moment, management is seeing temporary depressed casino related activity in the Swedish market and the Group has seen a significant drop in wagering and related casino revenues of circa 50% from the Swedish Market. Management expects this to prevail until the end of the year.

In view of the restrictive measures being imposed in regulated markets, such as the above introduced regulation in Sweden, the Group is focusing its casino growth plans towards other new markets. This is expected to boost revenue from the Group's Fastbet brand. The latter is another brand owned by the Group which is based on 'pay n play' technology, being better suited to cater for the casino vertical. The Issuer does not own the Fastbet brand and consequently shall not contribute to Issuer's revenue segment relating to Royalties earned from the Brand however it will still boost the Issuer's turnkey fees generated on the use of the iGaming Platform by this brand.

Given the continuously evolving situation and inherent uncertainties, it is difficult for the Company to ascertain the full impact of the pandemic on its business, or to provide a quantitative estimate of this impact at this stage. The impact of COVID-19 gives rise to an uncertain environment that is dependent on external factors outside of the control of the Company and its fellow subsidiaries. The Company remains dependent on cash flows generated from a fellow subsidiary that may not materialise as planned. The Company will continue to monitor the situation on a frequent and ongoing basis.

Potential impact on performance of the Company being dependent on Gaming Operators

All of the Company's revenue streams are dependent on the operational performance of the Company's Gaming operator clients including WL operators and licensed gaming operators. The pandemic has resulted in several sport events including major sports events and leagues across the globe being cancelled, or postponed including the Euro 2020, the Olympics, Premier League, the NHL and NBA for safety reasons. As a result, iGaming operators are facing major short-term losses in betting volumes. Management expects that there will likely be an overall decline in sports betting revenues in 2020 across all its clients.

Most of the WL operators are start-ups and generally lack the necessary financial strength to weather and endure the prolonged unfavourable economic conditions let alone adverse ones, such as the COVID-19 pandemic. Management confirmed that most of their B2B customers are surviving this storm but there have been a few, specifically 4 partners that dropped out because of COVID-19. Nevertheless, management is expecting to sign up other mid-sized clients during the year that should offset the loss left by the dropout partners.

The Company's primary client had revenue exposure to sports betting of 33% in 2019 and nearly 50% in Q1 2020 although the latter percentage decreased significantly after mid-March 2020 due to the cancelation and postponement of sports events across the world. In June and July 2020 sports activity showed positive recovery once a few major leagues resumed, consequently resulting in more stable sports revenue. The Company's primary client initially saw a significant drop in sports betting revenues compared to the first two months of 2020. Revenues subsequently recovered well after June 2020 as sports activity resumed.

However, the Company expects at least part of the sports betting revenues, which would have materialised in H1 2020, to be realised in H2 2020 or 2021 provided that these sporting events are rescheduled during these aforementioned period (such as the premier league). In order to mitigate the negative effect from the declining traffic trend within sports betting, its main gaming operator customer informed management that new player intake as per mid-March 2020 will be generated only through affiliation revenue share agreements. The strategic shift towards revenue share will likely result in the Group, of which the Company forms part, improving its cash flows during this distressed period. In the long-term, the Company continues to see sports betting as a core business area of its primary client and foresees no change to the long-term strategy in response to the COVID-19 outbreak.

Whilst the Company's main Gaming operator client did not experience any significant drop in casino revenues during the first 3 months of the COVID-19 outbreak, it did however experience a significant decline in casino revenues in July 2020 mainly due to the related implementation of temporary responsible gaming regulations within a number of licenced jurisdictions, mainly Spain and Sweden, the latter, being the predominant market in which its primary client operates. These temporary gaming regulations are currently effective until the end of the year. The Company's primary client has seen stable levels of casino revenues up to June 2020 and a significant reduction in July and August 2020.

Potential impact on the value of the Company's assets

During the first half of 2020 the Company has carried out an external assessment of its Brand asset based on its estimated COVID-19 impact which showed no impairment requirements. That, notwithstanding, this does not eliminate the risk of future impairments in the value of the Company's Brand value. The assessment of impairment of the Group's intangible assets is designated as a critical accounting estimate, which is inherently uncertain, particularly for the sports revenues of its major client which is sensitive to variations in the underlying key assumptions, including forecast growth. The Company undertakes an annual test for impairment of intangible assets with an indefinite useful life. Impairment testing is an area involving management judgement. It requires assessments as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate.

- **Assumptions utilised by management in arriving at FY20 forecasts**

The Company's forecasts for FY20 capture the actual trading results for the 7-month period (1 January to 31 July 2020) and the financial projections for the remaining 5-month period (1 August to 31 December 2020). The projections have been compiled on the basis of the following assumptions:

- The restrictive regulation introduced in Sweden, on 2 July is expected to persist until end of December 2020, with an expected recovery in casino related activities from January 2021, as per Swedish Government communication.
- The persistence of COVID -19 and the consequent implications impacting sports activities will supress overall betting volumes and is only expected to reach Q1 2020 levels once all sports activities resume on par with pre Q1 2020 conditions.
- The Company expects at least part of the sports betting revenues, which would have been materialised in H1 2020, to instead be realised in H2 2020 and 2021 especially once major events originally set to take place in 2020 hopefully kick off in 2021 including the Euro Cup competition and the Olympics.
- The Group is extending its casino growth plans in other markets, which is expected to boost revenue from the Group's Fastbet brand. This, in turn, will reduce Royalty fees generated by the Issuer from the Brand but shall enhance the Issuer's turnkey fees generated on the use of the iGaming Platform by this brand.
- In view of the cost reduction measures that the Group implemented to mitigate the impact of COVID-19 on its cash flows, management took a strategic decision to part ways with the UK and Danish Licences during Q2 2020 and hence considered the reduction in revenues originally forecasted from these markets.
- The Group will continue focusing on cost control in terms of operational costs and marketing investments to secure cash flow generation during these unstable and uncertain months of COVID-19.
- During the unstable period of COVID-19 the Group made its cash flow its main key priority to secure the financial viability of the Group and ensure available cash to meet its short term and longer term liabilities.
- Slowly but surely the Group will resume its marketing investments when it has a clearer view of casino and sports resurgence following COVID-19.
- As noted above, the Issuer's B2B business has been significantly impacted due to the current unprecedented pandemic. However, management expects to sign up other mid-sized clients during the year that should partly offset the loss left by the dropout partners, which reacted securely to the current crisis.
- Projections for FY20 are based on information known up to the date of this Analysis (as explained in detail above) and are dependent on no further material deterioration of the current situation.

The forecasts prepared by the Group, which are based on the above listed assumptions, reasonably indicate that sufficient cash will be generated throughout the next financial year and the Issuer should be in a position to meet its financial commitments.

Part 2 – Historical Performance and Forecasts

The Issuer was originally intended to manage the Group's B2B operations but was largely dormant prior to 2018, with this business being carried out by Bethard. Consequently, the Issuer did not generate any revenue in FY17. The Issuer's historical financial information for the years ended 31 December 2017 to 31 December 2019, in addition to the financial forecast for the year ending 31 December 2020, are set out below in sections 2.1 to 2.3 of this Analysis. Historical information is based on audited financial statements, while the forecast data for FY20 has been provided by management

2.1 Issuer's Income Statement

Income Statement for the year ended 31 Dec	FY17A	FY18A	FY18 Pro forma[1]	FY19A	FY20F
	€000s	€000s	€000s	€000s	€000s
Revenue	-	3,770	14,246	6,899	9,467
Cost of sales	-	(3,551)	(10,365)	(4,835)	(6,260)
Gross profit	**-**	**219**	**3,881**	**2,064**	**3,207**
Administrative expenses	(2)	(5)	(493)	(669)	(838)
Net impairment loss on financial assets	-	-	-	(507)	(120)
EBITDA	**(2)**	**214**	**3,388**	**888**	**2,249**
Depreciation and amortisation	-	-	(2,143)	(1,481)	(2,298)
EBIT	**(2)**	**214**	**1,245**	**(593)**	**(49)**
Finance costs	(1)	(2)	(1,202)	(618)	(729)
Loss/(profit) before tax	**(3)**	**212**	**43**	**(1,211)**	**(778)**
Income tax/(credit)	-	-	-	424	172
Loss/(profit) after tax	**(3)**	**212**	**43**	**(787)**	**(606)**

Ratio Analysis	FY17A[2]	FY18A	FY18 Pro forma	FY19A[3]	FY20F
Profitability					
Growth in Revenue (YoY Revenue Growth)	n/a	n/a	277.9%	n/a	37.2%
Gross Profit Margin (Gross Profit / Revenue)	n/a	5.8%	27.2%	29.9%	33.9%
EBITDA Margin (EBITDA / Revenue)	n/a	5.7%	23.8%	12.9%	23.8%
EBIT Margin (EBIT / Revenue)	n/a	5.7%	8.7%	-8.6%	-0.5%
Net Margin (Profit for the year / Revenue)	n/a	5.6%	0.3%	-11.4%	-6.4%
Return on Common Equity (Net Income / Total Equity)	n/a	263.4%	n/a	-3.9%	-3.1%
Return on Assets (Net Income / Total Assets)	n/a	9.6%	n/a	-1.4%	-1.2%

In view of the limited trading history of the Issuer, management prepared a pro forma income statement for FY18, simulating the performance of the Issuer should the iGaming Assets have been acquired on 1 January 2018, rather than FY19. The principal hypothetical assumptions underlying this illustrative income statement are as follows:

a. The actual income and direct expenses received or incurred by the Group in 2018 in connection with the provision of White Label Services would have been recognised by the Issuer.

[1] FY18 Pro forma revenue has been adjusted to show revenue net of WL fees, instead of gross as previously shown in last year's FAS. Additionally, marketing expenses were included as part of cost of sales to be comparable with audited figures.

[2] Giving that the Issuer did not operate in FY17, ratio analysis for the said year has not been calculated.

[3] Given that the iGaming Assets were acquired in FY19, the return on common equity and return on assets for FY19, were worked out on the respective total equity and total assets ending balances as at FY19

b. The Issuer would have received royalty fees and platform fees based on terms of the IP Licensing Agreement and the actual GGR generated by Bethard in 2018;
c. The actual expenses incurred by Bethard in 2018 in connection with the marketing of the Bethard Brand would have been recognised by the Issuer; and
d. The acquisition of the iGaming Assets is partly financed through a €20m Bond carrying an assumed annual interest cost of 6% p.a. (for the purposes of the pro forma income statement).

Although the Issuer was originally set-up to manage the Group's B2B operations, it remained dormant until 1 January 2018. As a result of which, the Issuer did not generate any revenue in FY17, and during this period only incurred incorporation fees and other marginal administrative expenses. The Issuer's operations were also limited in FY18 and do not reflect the full performance should the Issuer owned the iGaming Assets. Accordingly, our review predominately focuses on FY18 pro forma figures and FY19.

The graph below analyses the different revenue components of the Issuer:

- Revenue generated through the White Label Services provided to White Label Operators, which include a mix of set-up fees, operational fees and business development fees.
- Royalty income generated on the licensing of the Bethard Brand. As described in further detail above under section 1.4.
- Turnkey fees generated on the use of the iGaming Platform by Bethard and Fastbet. As described in further detail above under section 1.4.

The Issuer's revenue predominantly comprises of royalties generated from the Bethard Brand and revenue generated from services provided to the WL Operators. In FY19, total revenue amounted to €6.9m (FY18 pro forma: €14.3m). It is pertinent to note that the pro forma figures assume that the iGaming Assets were acquired on 1 January 2018, while actually these were acquired on 30 April 2019 as further described in section 2.1.1. Therefore, FY19 captures 8-month performance, whereas FY18 pro forma captures 12 month performance. During FY19, the Issuer generated €2.1m revenue from WL operators (FY18 pro forma: €2.8m), €4.3m from royalties earned on the Bethard brand (FY18 pro forma: €10.8m) and €0.5m from turnkey fees (FY18 pro forma: €0.6m).

An important metric in the gaming industry is the GGR, which reflects the difference between the amount of money players wager less the amount that they win. The total GGR from WL Operators stood at €19.4m and €14.6m in FY18 and FY19, respectively (a detailed explanation on the GGR generated in FY19 is found in section 2.1.1). In view of the ramifications brought about by the COVID-19 pandemic, the Issuer's B2B business has been significantly impacted during this year. However, management expects to sign up other mid-sized clients during the year that should partly offset the loss left by the dropout partners, as further described in section 1.4. In view of this, management expects the GGR from WL Operators to amount to €18.5m in FY20. Based on the services offered to these B2B clients, the Issuer expects to generate €3.0m from WL Operators during FY20 (FY19: €2.1m). Notwithstanding the impact of the pandemic, the Issuer expects revenue to improve from this stream given that FY20 will capture a full-year performance (FY19: 8-months).

Bethard brand generated a GGR of €31.1m and €24.4m in FY18 and FY19, respectively (a detailed explanation on the GGR generated in FY19 is found in section 2.1.1). Given the current unprecedented situation, management took a strategic decision to part ways with the UK and Danish Licences during Q2 2020 and hence considered the reduction in revenues originally forecasted from these markets. Additionally, this year will be further characterised by the restrictive regulation introduced in Sweden, which is expected to persist until end of FY20, with an expected recovery in casino related activities from January 2021, as per Swedish Government communication. In view of these developments, management expects Bethard brand to generate €22.6m in GGR during FY20. Based on the IP Licensing Agreement with the Group, the Issuer expects to generate €5.9m from royalties on the Bethard brand during FY20.

The Issuer's revenue also consists of turnkey fees that comprises of operational charges to the users of the iGaming Platform. The fees are calculated at 2% of the GGR generated by the Bethard Brand and other B2C brands operating on the platform. In FY20, the Group expects other B2C brands to generate €10.2m, which when aggregated to the expected GGR of Bethard (€22.6m), amounts to €32.8m. Based on the 2% turnkey fee, the Issuer expects to generate €0.7m from platform fees during FY20.

Furthermore, the Group expects at least part of the sports betting revenues, which would have been materialised in H1 2020, to instead be realised in H2 2020 and 2021 especially once major events originally set to take place in 2020 hopefully kick off in 2021 including the Euro Cup competition and the Olympics. The Group's assumption for FY20 are described in further detail in section 1.4 of this Analysis.

Cost of sales are mainly made up of marketing costs, in addition to platform costs which include ongoing costs incurred in relation to the maintenance of the platform. These exclude actual costs incurred in connection with the further development of the platform as these costs are capitalised. As per the FY18 pro forma cost of sales amounted to €10.4m while in FY19 these stood at €4.8m, translating into a gross profit of €3.9m and €2.0m, respectively. In FY20, the Group will continue focusing on cost control in terms of operational costs and marketing investments to secure cash flow generation during these unstable and uncertain months of COVID-19. In view of this, the Issuer's cost of sales are expected to amount to €6.3m (€5.1m marketing costs and €1.2m platform costs), meaning a gross profit of €3.2m in FY20. Given the cost control measures adopted by the Group, the Issuer's gross profit margin is expected to improve from 27.2% as per the FY18 pro forma to 33.9% in FY20.

Administrative expenses reflect the costs incurred in the day-to-day running operations of the Issuer. In FY19, administrative costs amounted to €0.7m and in FY20 these are expected to marginally increase to €0.8m. This is mainly as a result of an increase in management fees and other operating expenses.

Depreciation and amortisation is predominantly based on the amortisation of the iGaming Platform, which has an estimated useful life of 7 years. The Bethard Brand is not amortised on the basis of it having an indefinite useful life. Given FY20 will capture a full year performance, the depreciation and amortisation charge is expected to increase to €2.3m (FY19: €1.5m).

In FY19, the Issuer issued a €20m bond at an annual coupon of 5.9%. As announced by the Issuer, €8.3m of this issue was subscribed by Bethard Group Limited (which is wholly owned by the Company's parent). Bethard Group Limited agreed with the Issuer to waive the interest cost on this €8.3m balance. Accordingly, the Issuer expects to incur €0.7m in finance costs during FY20.

In FY19, the Issuer reported a loss before tax of €1.2m, which resulted in a tax income of €0.4m. Similarly, in FY20 the Issuer forecasts a loss of €0.8m, resulting in a tax income of €0.2m and a loss after tax of €0.6m.

2.1.1 Issuer's Variance Analysis

Income Statement for the year ended 31 Dec	FY19F	FY19A	Variance
	€000s	€000s	€000s
Revenue	13,443	6,899	(6,544)
Cost of sales[4]	(9,644)	(4,835)	4,809
Gross profit	**3,799**	**2,064**	**(1,735)**
Administrative expenses	(689)	(669)	20
Net impairment loss on financial assets	-	(507)	(507)
EBITDA	**3,110**	**888**	**(2,222)**
Amortisation	(2,286)	(1,481)	805
EBIT	**824**	**(593)**	**(1,417)**
Finance costs	(734)	(618)	116
Profit/(loss) before tax	**90**	**(1,211)**	**(1,301)**
Income tax	(180)	424	604
Loss after tax	**(90)**	**(787)**	**(697)**

The Issuer reported a revenue of €6.9m in FY19, which resulted in a negative variance of €6.5m when compared to last year's forecasts. However, it is pertinent to note that the forecasts show gross revenue, while the actual FY19 reported net revenue (i.e. excluding the WL operators' costs) as per the auditor's guidance in line with IFRS 16. In fact, in FY19 the Issuer's actual gross revenue amounted to €11.1m, which results in an adjusted variance of €2.4m. Additionally, the forecasts assumed that the Issuer would acquire the iGaming Assets on 1 January 2019, rather than on 30 April 2019 as actually happened. Naturally, this contributed to the adjusted variance of €2.4m.

In view of the above-mentioned adjustment, cost of sales, which previously included WL operators' cost were forecasted much higher than actually incurred during FY19. This partially set-off the €6.5m variance in revenue, resulting in a gross profit variance of €1.7m. The latter is reflective of the aforementioned delay in acquiring the iGaming Assets.

In last year's FAS, the Group expected that during FY19 it would generate €26.4m GGR from WL Operators and €36.0m GGR from the Bethard brand. Actually, in FY19, the Group generated €14.6m GGR from WL Operators and €24.4m GGR from the Bethard brand. Should the GGR of other B2C brands be included, the total GGR generated by the Group from B2C was€30.5m.

The Group's GGR variance between actual results and previous estimates resulted as a consequence of various circumstances including but not limited to the following:

- Unprecedented developments unfolded in the Swedish gaming market that affected the results of the majority of the gaming operators, including Bethard who was predominantly exposed to the Swedish Market. The principal developments included:
    - On 1 January 2019, the Swedish Gaming Regulation came into force and as a Licenced Gaming Operator in Sweden the Group was obliged to abide with such legislation with immediate effect. The legislation brought about many changes in what was previously an unregulated market.
    - Bank ID implementation was one requisite introduced by this legislation. All players were required to register on the gaming website through their bank digital ID. Bethard experienced complicated technical issues with the third-party provider that lead to a significant decrease in customer registration conversion. These issues were fixed after 3 weeks in January 2019 but had negative implications on the Group's operations and financial position until then.

[4] In last year's FAS marketing expenses were not included as part of cost of sales, however for comparative purposes with the FY19 results, marketing expenses have been restated above and added with cost of sales.

  - With the new legislation all players in Sweden were granted the possibility to register with the Gaming Authority to pause their eligibility to play, which also had its negative implications. Many VIP players on the Group's database opted for this pause registration. It is common industry knowledge that by and large 90% of gaming revenue of an operator is driven by 10% of its customers. This drive for customers to register for a gaming pause may have been triggered by the overall negative sentiment created by the media during Q1 2019 to promote responsible Gaming.
  - Augmented competition, by many new players, in the market also had its impact. Big players like Svenskaspel and ATG who were the Swedish gaming monopoly prior to the introduction of the license legislation introduced online Casino and Sportsbook as from 2019 to their existing suite of services. Additionally, various new players in the form of 'pay n play' brands flooded the market to take advantage of a short-term scenario until all gaming operators were able to offer the same product.
  - While Bethard decided to take a conservative approach to the new legislation the Group noted that unfair competition from various gaming operators had a large part to play on revenue reductions experienced by their competing law-abiding peers, including Bethard. Examples of such unfair competition came in the form of noncompliance or creative interpretations to bonus restrictions, customer deposit limits, failure to respect GameStop[5] and different approaches to responsible gaming.

- In addition to the impact of the Swedish gaming legislation, Bethard's revenue generation was also impacted by the delay in raising the financing (through the bond issue) that was previously planned to be in hand by February 2019. The delay in the access to such funding precluded Bethard's management from implementing the planned investments in various source markets, which were expected to fuel the GGR growth targeted for 2019. Additionally, raising €11.7m in external funds instead of the full €20.0m bond limited Bethard's marketing investment plans which impacted the expected GGR growth targeted for 2019.

These developments affected the Group's GGR in the first half of 2019 and therefore the projected revenue of TGS as Issuer of the bond.

Administrative expenses were in line with forecasts, however in view of the inherent difficulty in estimating impairment losses the latter were not included in the forecasts, which resulted in a €0.5m variance. Additionally, the forecasts assumed that amortisation will be provided on all the intangible assets held during the year, whereas actually, amortisation expense was only taken on the Platform, given that the Brand has an indefinite rather than a definite life. Consequently, the amortisation charge was €0.8m lower than expected.

The Issuer experienced a delay in issuing its bond, as a result finance costs were €0.1m lower than forecasted. Given the loss before tax, the Company benefitted from deferred tax movements, which resulted in a tax income of €0.4m, meaning a €0.6m variance to prior forecasts.

Based on the considerations discussed above, including a delay in acquiring the iGaming Assets, the Issuer reported a loss of €0.8m, which represents a €0.7m negative variance to the previously forecasted loss of €0.1m.

[5] Swedish gaming regulator: www.spelpaus.se

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 Dec	FY17A	FY18A	FY19A	FY20F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Intangible assets	-	-	38,961	37,865
Right-of-use of assets	-	-	158	-
Property, plant and equipment	-	-	7	-
Deferred tax asset	-	-	424	-
	-	-	**39,550**	**37,865**
Current assets				
Trade and other receivables	15	4,222	14,801	7,892
Cash and cash equivalents	2	192	781	1,200
	17	**4,414**	**15,582**	**9,092**
Total assets	**17**	**4,414**	**55,132**	**46,957**
Equity and liabilities				
Capital and reserves				
Share capital	2	2	20,580	20,580
Reserves	(28)	185	(603)	(1,208)
Total equity	**(26)**	**187**	**19,977**	**19,372**
Non-current liabilities				
Borrowings	35	3,388	19,678	20,400
Lease liabilities	-	-	76	-
	35	**3,388**	**19,754**	**20,400**
Current liabilities				
Trade and other payables	8	839	15,317	7,185
Lease liabilities	-	-	84	-
	8	**839**	**15,401**	**7,185**
Total liabilities	**43**	**4,227**	**35,155**	**27,585**
Total equity and liabilities	**17**	**4,414**	**55,132**	**46,957**

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	n/a	94.5%	48.8%	49.8%
Gearing 2 (Total Liabilities / Total Assets)	n/a	95.8%	63.8%	58.7%
Net Debt / EBITDA	n/a	14.9x	21.5x	8.5x
Current Ratio (Current Assets / Current Liabilities)	n/a	5.3x	1.0x	1.3x
Interest Coverage (EBITDA / Cash interest paid)[6]	n/a	n/a	1.4x	3.1x

In FY19, the Issuer's total assets mainly comprise of intangible assets, where these represent 70.7% of the total assets. The intangible assets represent the iGaming Assets acquired by the Issuer during FY19. Trade and other receivables amounted to €14.8m, out of which €8.2m relates to input VAT that arose on the acquisition of the iGaming Assets.

[6] Given that the bond was issued during FY19, the interest coverage was worked on finance costs rather than cash interest paid.

In FY19, the Issuer's total liabilities stood at €35.2m, out of which €19.7m represents the bond issued last year. Additionally, trade and other payables amounted to €15.3m, with €7.6m of this balance related to the abovementioned VAT transaction. Trade and other payables also include an amount owed to related parties of €9.8m, which is related to the amount of the bond issue subscribed by Bethard Group Limited. This amount is unsecured, interest free and repayable on demand. These amounts are to be offset against related company receivables in due course. Total equity increased to €20.0m in FY19 from €0.2m in FY18. This was in line with previous plans, where half (more specifically €20.5m) of the €40m consideration for the iGaming Assets was paid by the Issuer in-kind through an equity injection by the Parent company, Gameday Group plc.

The Issuer's financial position was in line with last year's FAS forecast, except for the movement in current assets and current liabilities. As explained earlier, amortisation charge for FY19 was lower than expected which resulted in non-current assets to exceed prior forecasts by €1.5m. Current assets varied by €12.4m when compared to prior forecasts and this was a result of the VAT transaction mentioned above, in addition to €3.5m receivables from related parties which were forecasted to be settled in cash but were still pending for payment as at year end. The latter contributed to a lower cash reserves when compared to prior forecasts. Similarly, the VAT transaction resulted in a variance when compared to last year's forecast. Additionally, previous forecasts did not consider that a portion of the bond will be subscribed by Bethard Group Limited, which resulted in the Issuer not able to settle the full €19.5m for the acquisition of the iGaming Assets (€20.5m was paid in-kind through an equity injection by the Parent company).

In FY20, the intangible assets are expected to decrease to €37.9m as a result of the yearly amortisation charge. Additionally, the VAT set-off transaction has been approved by the relevant Authority, accordingly the Issuer expects current assets to amount to €9.1m (FY19: €15.6m). In view of this set-off transaction, current liabilities are also forecasted to decrease to €7.2m (FY19: €15.4m). Non-current liabilities are expected to remain at circa €20m until the eventual repayment of the €20m bond. Total equity is expected to decrease marginally to €19.4m (FY19: €20.0m) as a result of the forecasted loss for FY20 as further explained above.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement for the year ended 31 Dec	FY17A	FY18A	FY19A	FY20F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Operating profit before working capital changes	(3)	212	887	2,249
Working capital movements	5	(3,375)	476	(688)
Interest paid	-	-	(403)	(499)
Net cash flows used in/(generated from) operating activities	**2**	**(3,163)**	**960**	**1,062**
Cash flows from investing activities				
Loans to related parties	(14)	-	-	-
Payments for additions to intangible assets	-	-	(414)	(553)
Payments for additions to property, plant and equipment	-	-	(7)	-
Net cash flows used in investing activities	**(14)**	**-**	**(421)**	**(553)**
Cash flows from financing activities				
Issue of share capital	-	-	79	-
Borrowings	10	3,353	-	-
Principal elements of lease payments	-	-	(29)	(90)
Net cash flows generated from financing activities	**10**	**3,353**	**50**	**(90)**
Movement in cash and cash equivalents	**(2)**	**190**	**589**	**419**
Cash and cash equivalents at start of year	4	2	192	781
Cash and cash equivalents at end of year	**2**	**192**	**781**	**1,200**

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Cash Flow				
Free Cash Flow (Net cash from operations - Capex)	n/a	€(3,163)	€539	€509

In FY19, the Issuer generated €1.0m from operating activities. Additionally, the Issuer utilised €0.4m in capital expenditure, which mainly relates to further development performed on the iGaming Platform. The Company generated less than €0.1m from financing activities, mainly reflecting the issue of share capital. It is important to note that the acquisition of the iGaming Assets is classified as a non-cash transaction, consequently it does not feature in the cash flows statement. The Issuer ended FY19 with a positive movement in cash flows of €0.6m, which resulted in a closing cash reserve balance of €0.8m (FY19: €0.2m).

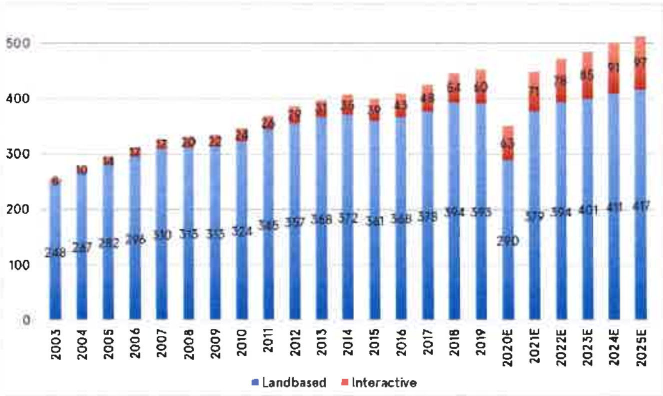
Given that the €8.3m of the bond issue was subscribed by Bethard Group Limited, the auditors classified the bond issue as a non-cash item. Consequently, the actual cash flows statement differs significantly to that provided in last year's FAS. The lower closing cash reserves of circa €1.9m when compared to prior forecasts is mainly due to two reasons: (i) the Issuer reported lower profitability than previously expected, and (ii) €3.5m receivables from related parties which were forecasted to be settled in cash by end of FY19, but were still pending for payment at year end.

Part 3 – Key Market and Competitor Data

3.1 General Market Conditions[7]

The gambling industry is divided into two main segments being the landbased gaming and the online gaming (also referred to as the iGaming). The online gambling industry comprises of remote gaming activities by means of the internet. The principal gambling activities include online sports betting, casino games, and online poker. This market is typically valued in terms of Gross Gaming Revenue, which is defined as total wagers or bets, less total winnings (or provision thereof) before the payment of any gaming related taxes.

Global Total Gambling Gross Win by Channel (US$bn)



Source: H2 Gambling Capital August 2020

As can be analysed, landbased gaming represents the majority of the GGR generated by the gaming industry, currently at circa 90% of the total GGR. However, the iGaming industry is growing rapidly. In 2019, the iGaming industry generated $60b, an increase of 11% over 2018 ($54b). The industry has expanded mainly as a result of technological innovation, ease of access to the internet and broadband data as well as the widespread use of smartphones and portable devices. All of these factors have contributed significantly to online gambling being more accessible worldwide and thus attracting an increased number of players.

Going forward, the industry is expected to grow at 5% in 2020, to around a GGR of $63b. In 2021, the industry is expected to grow by 13%, to circa $71b, thereafter grow at a compound annual growth rate ("CAGR") of around 8% per annum until 2025 where it is forecasted to generate around $97b in GGR.

Increasing adoption of smartphones with improved internet accessibility is driving the online gambling market. Globally, the average use of mobile devices compared to desktop computers or laptops is significantly greater. In most countries, the mobile users account for about 80% of all users in the online gambling industry. According to the study published on the Rub90 portal, the share of gamblers preferring smartphones to participate in gambling grew by 117% between 2012 and 2018. The significant growth can be attributed to the availability of smartphones with online gambling apps coupled with high-speed mobile internet coverage. The users need not attend computer clubs to play video slots or bet on sports events, but can obtain access to a gambling platform at any convenient place. According to Cisco company annual report, globally, the total number of internet users is projected to grow from 3.9b in 2018 to 5.3b by 2023 at a CAGR of 6%, and Smartphones will grow at a 7% CAGR. This in turn is expected to drive online gambling market.

European iGaming Market[8]

[7] H2 Gambling Capital - Global Gambling Data / Regulatory Intelligence 2020 Industry Comment, and Online Gambling Market Global Report 2020-30: Covid 19 Growth And Change

[8] https://www.egba.eu/eu-market/

The EU market is the largest and most competitive for online gambling. In 2018, the EU had 49.2% share of the global online gambling market and this is forecast to remain relatively stable until at least 2020. With sports betting now legalised in some US states European companies are now beginning to get a foothold in the US market, increasing their influence and bring their expertise to new markets.

Technological innovation means that consumers can now enjoy online gambling and betting anywhere, anytime, across the EU. Because of this technological change, Europe's online gambling market is growing at about 10% per year, faster than land-based gambling, such as casinos or bookmaker shops. The economic size (or gross gaming revenue) of the EU online sector is expected to rise from €22.2b in 2018 to €29.3b in 2022. The growth in online gambling is also being driven by changing regulatory landscapes in EU countries, most of which now have dedicated regulation for online gambling activities. In 2018, sports betting was the most popular form of online gambling (42.5% of gross gaming revenue), followed by casino games (32.4%), lottery (12.6%), poker (5%), bingo (4.3%), and other games (3.2%).

General iGaming Market

The United States is expected to obtain a larger market share in the coming years, due to the increasing number of states legalising online gambling activity, as an initiative to boost the economy through the taxation of online gambling. Consequently, contributing further to the growth of the global iGaming industry.

The online gaming industry is highly regulated, and has only recently been regulated in many jurisdictions, including several of the Issuer's key source markets. The pace of regulatory development varies from one jurisdiction to another, with different approaches to regulation adopted among jurisdictions, but continuing and increased regulation of the global iGaming market is a strong trend. Regulation can have both positive and negative consequences for the iGaming market. While increased regulation places more of a burden on operators and affiliates (for example, through the imposition of licensing requirements or operational restrictions, as well as the taxation of gaming activities), it also reduces the stigma around iGaming. If gambling becomes more socially accepted in general, this could in turn lead to increased growth, which is why the Issuer therefore expects the net effect of regulation of the iGaming market to be positive.

Established operators within the online gaming industry may benefit from a fragmented and regulated market. New entrants demand strong financial presence and branding, together with having sufficient and adequate resources to endure complex regulations, rigid fees and operating in a price sensitive environment. In light of this, White Label Operators generally aim to partner with established companies, already owning the necessary licences and technology in order avoid all necessary barriers to entry. These partnerships benefit existing gaming operators by generating additional volume through their website, increasing their negotiating power, and obtaining new information on potential new markets. In fact, this is the niche market that the Issuer (and the Group) is targeting through its online gaming offering.

COVID-19 Impact on the iGaming Market

H2 Gambling Capital expects an increase in online activity, with the online gambling sector moving from 13.2% to a 15.7% share of global gambling revenue. However, the unprecedented shutdown of major sports events across the globe has hit overall revenues across the entire gambling sector (both offline and online).

During H1 2020, major sports events were suspended or cancelled due to the pandemic including the Premier League, Spain's la Liga, Germany's Bundesliga and the European Champions League, as well as The Masters golf major, and the UK's Grand National horserace, which all are major events for European bookmakers.

3.2 Comparative Analysis

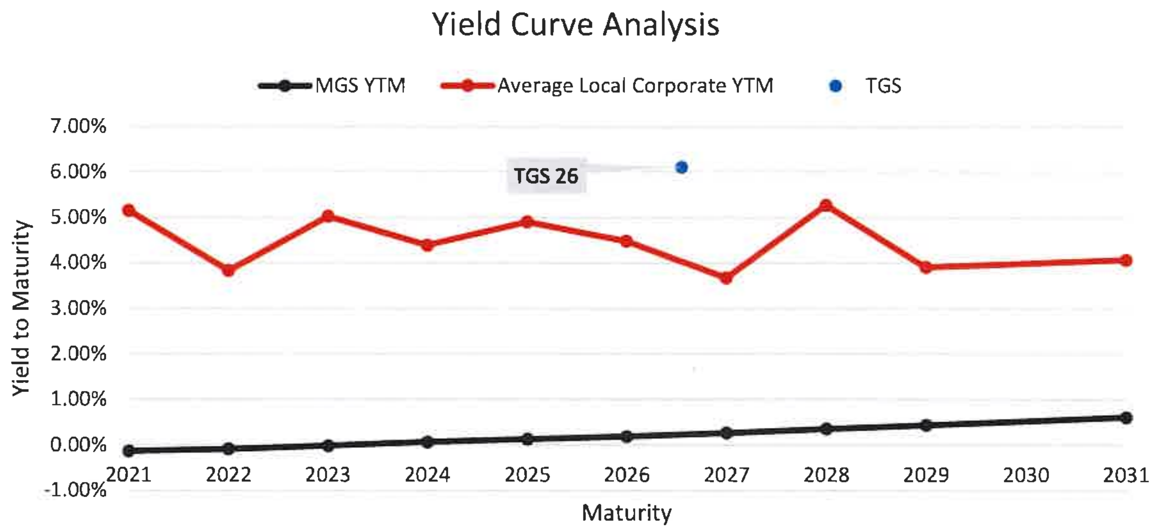
The purpose of the below table is to compare the bond of the Company to other debt instruments with similar maturity. One must note that given the material differences in profiles and industries, the risks associated with the Company's business and that of other issuers is therefore also different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.67%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.27
5.1% 6PM Holdings plc Unsecured € 2025	13,000	4.86%	3.9x	4.1	(18.9)	564.4%	-143.3%	4.2x	0.3x	-8.1%	21.2%	-20.2%	101.00
4.5% Hili Properties plc Unsecured € 2025	37,000	4.23%	1.8x	150.5	57.6	61.7%	57.7%	12.7x	1.1x	9.9%	62.4%	20.0%	101.20
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	4.82%	1.9x	29.5	16.6	44.0%	41.4%	13.2x	0.5x	3.0%	45.6%	205.0%	102.00
4.5% Medserv plc Unsecured € 2026	21,982	5.58%	3.6x	154.7	14.1	90.9%	85.8%	6.8x	1.5x	-20.3%	-4.8%	109.4%	95.00
5.75% Medserv plc Unsecured USD 2026	9,148	5.90%	3.6x	154.7	14.1	90.9%	85.8%	6.8x	1.5x	-20.3%	-4.8%	109.4%	99.30
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.35%	3.6x	48.0	6.4	86.7%	81.1%	6.1x	1.3x	8.3%	1.2%	0.9%	100.00
5.9% Together Gaming Solutions plc Unsec Call Bds €2024-2026	**20,000**	**6.10%**	**1.4x**	**55.1**	**20.0**	**63.8%**	**48.8%**	**21.5x**	**1.0x**	**-3.9%**	**-11.4%**	**n/a**	**99.00**
4% MIDI plc Secured € 2026	50,000	3.27%	6.1x	234.6	104.0	55.7%	33.0%	4.2x	3.0x	8.2%	29.6%	-47.2%	103.84
4% International Hotel Investments plc Secured € 2026	55,000	3.98%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.10
3.9% Plaza Centres plc Unsecured € 2026 (xd)	8,500	3.81%	5.2x	48.8	31.5	35.5%	26.3%	3.9x	7.7x	4.6%	38.3%	8.6%	100.50
5% Dizz Finance plc Unsecured € 2026	8,000	5.19%	8.8x	316.6	132.6	58.1%	32.0%	3.0x	1.0x	10.9%	19.1%	11.7%	99.00
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.80%	2.5x	36.8	4.4	88.1%	82.8%	8.2x	0.7x	14.0%	3.3%	19.9%	99.98
3.75% Premier Capital plc Unsecured € 2026	65,000	3.73%	8.0x	273.2	57.1	79.1%	71.3%	2.5x	0.9x	48.6%	7.5%	16.2%	100.10
4% International Hotel Investments plc Unsecured € 2026	60,000	4.00%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.00
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.25%	5.5x	342.4	226.1	34.0%	18.9%	3.2x	0.9x	2.2%	9.4%	-8.1%	100.00
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.40%	0.4x	62.2	(.6)	101.0%	101.9%	82.9x	1.0x	236.9%	-15.9%	125.6%	101.99
4.35% SD Finance plc Unsecured € 2027	65,000	4.52%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%	99.00
4% Eden Finance plc Unsecured € 2027	40,000	3.84%	6.6x	199.3	113.1	43.2%	29.0%	3.4x	1.1x	11.7%	28.1%	9.7%	100.90
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	1.9x	29.5	16.6	44.0%	41.4%	13.2x	0.5x	3.0%	45.6%	205.0%	100.00
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.42%	9.1x	244.6	131.5	46.2%	16.5%	1.0x	2.2x	8.6%	20.6%	-52.6%	101.99
4.5% Grand Harbour Marina plc Unsecured € 2027	15,000	3.84%	2.5x	28.5	3.5	87.6%	82.6%	9.8x	1.7x	6.5%	5.4%	-12.9%	104.00
3.5% Simonds Farsons Cisk plc Unsecured € 2027 (xd)	20,000	2.55%	16.7x	187.9	116.2	38.2%	25.9%	1.8x	1.6x	10.6%	11.5%	3.7%	106.00
4% Stivala Group Finance plc Secured € 2027	45,000	3.92%	4.0x	225.3	123.1	45.4%	40.6%	7.4x	0.7x	5.0%	26.0%	19.5%	100.50
3.75% Virtu Finance plc Unsecured € 2027	25,000	3.24%	6.0x	202.1	82.1	59.4%	50.7%	3.9x	1.0x	14.9%	29.6%	31.0%	103.21
3.75% Bortex Group Finance plc Unsecured € 2027	12,750	3.59%	2.6x	60.3	27.9	53.7%	43.3%	9.1x	2.1x	2.0%	2.7%	13.9%	101.00
Average**		4.17%	4.8x	336.8	163.5	80.2%	42.4%	9.4x	1.5x	14.8%	16.3%	31.5%	

Source: Latest available audited financial statements

* Last price as at 09/09/2020

** Average figures do not capture the financial analysis of the Company



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield of the 5.9% Together Gaming Solutions plc bond.

As at 9 September 2020, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 5-7 years was 396 basis points. The 5.9% Together Gaming Solutions 2024-2026 bond is currently trading at a YTM of 6.10%, meaning a spread of 592 basis points over the equivalent MGS. This means that this bond is trading at a significant premium of 196 basis points in comparison to corporates identified. It is pertinent to note that the above analysis is based on a maturity matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year

Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio Gearing Ratio Level 1 Gearing Ratio Level 2	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets. Is calculated by dividing Net Debt by Net Debt and Total Equity. Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.