GAMING REALMS
PLAYING A NEW GAME

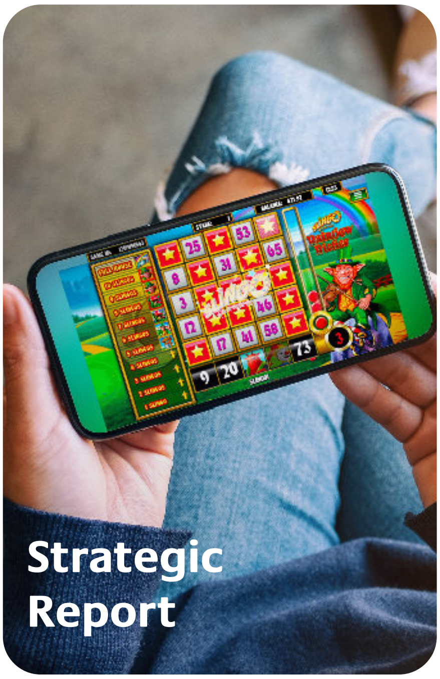
A platform **for growth**

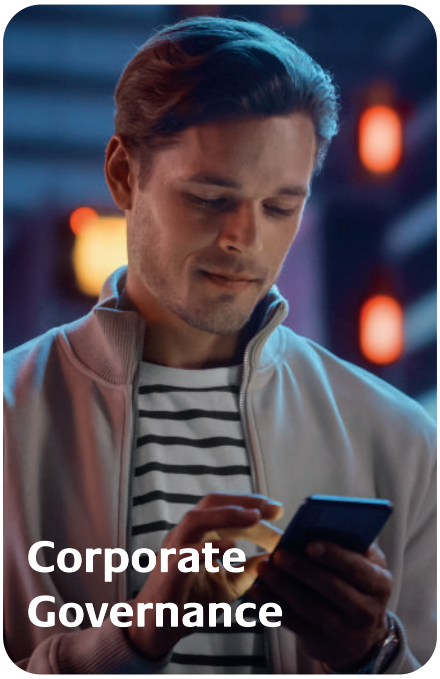
Annual Report
& Accounts **2022**

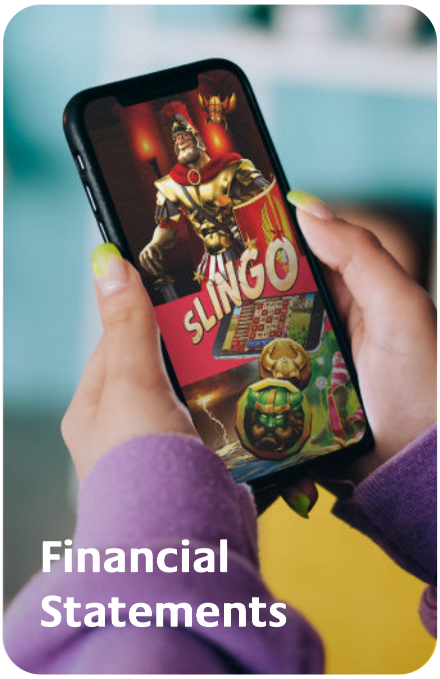
Gaming Realms is an international developer, publisher and licensor of mobile games, building a portfolio of highly popular gaming content and brands.

Through its unique IP and brands, Gaming Realms is bringing together media, entertainment and gaming assets in new game formats. The Gaming Realms management team includes accomplished entrepreneurs and experienced executives from a wide range of leading gaming and media companies.

Contents



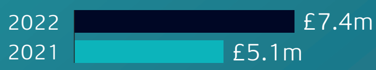




2022 Financial Highlights:

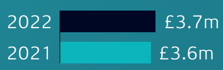
Revenue
increased by 27% to £18.7m (2021: £14.7m)

EBITDA[1]
of £7.4m (2021: £5.1m), with operating margins increasing with scale



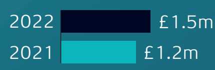
Licensing revenue increased by 35% to £14.9m (2021: £11.1m)

Social publishing revenue increased by 3% to £3.7m (2021: £3.6m)



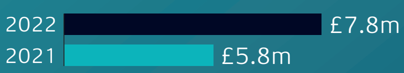
Licensing segment generated £8.0m EBITDA (2021: £6.4m)

Social publishing segment generated £1.5m EBITDA (2021: £1.2m)

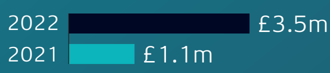


Head office costs were £2.0m (2021: £2.5m)

EBITDA
before share option and related charges increased 34% to £7.8m (2021: £5.8m)



Profit before tax for the year
increased 224% to £3.5m (2021: £1.1m)



Year-end cash balance
of £2.9m (2021: £4.4m) after making a repayment to Gamesys Group of £3.4m resulting in the Group ending the year debt free

2022 Operational Highlights:

Portfolio of proprietary games on the Group's remote game server ("RGS") grew to 65 (2021: 53)

Launched in 3 newly regulated iGaming markets in North America; Ontario, Quebec and Connecticut

Launched in 3 further European regulated iGaming markets; Spain, Denmark and Belgium

Launched with 56 new partners for Slingo Originals content including Pokerstars, Betway, Loto Quebec, Lottomatica and Snaitech

Signed licensing deals with Konami Gaming and Taito Corporation

Increased unique players in licensing business by 19%

Phase one of the migration to a more dynamically scalable next-gen RGS platform

Launched the first 3 games in Europe and North America for 4ThePlayer on our distribution network

[1] EBITDA is profit before interest, tax, depreciation, amortisation and impairment expenses and is a non-GAAP measure. The Group uses EBITDA to comment on its financial performance. EBITDA before share option and related charges is also discussed above which is EBITDA with the share option and related charge in the income statement added back on the basis it is a material non-cash charge.

At a Glance

Innovation

Gaming Realms develops, publishes and licenses mobile gaming content

Integrated Game Development, Licensing and Publishing

As the creator of a variety of Slingo™, bingo, slots and other casual games, we use our proprietary content to create a "Slingo" genre of games for our partners internationally. Gaming Realms has partnered with some of the most successful and popular global platforms and operators.

Game development

2 Mobile Games Studios

- London, United Kingdom
- Victoria, Canada

Brand licensing

IP Licensor

- North American Lottery Printed Scratch Games – Scientific Games
- Global Electronic Gaming Machines – Scientific Games
- Global Lottery Mobile Instant Games – IWG
- Social Slot Games – Zynga Inc.

Game licensing

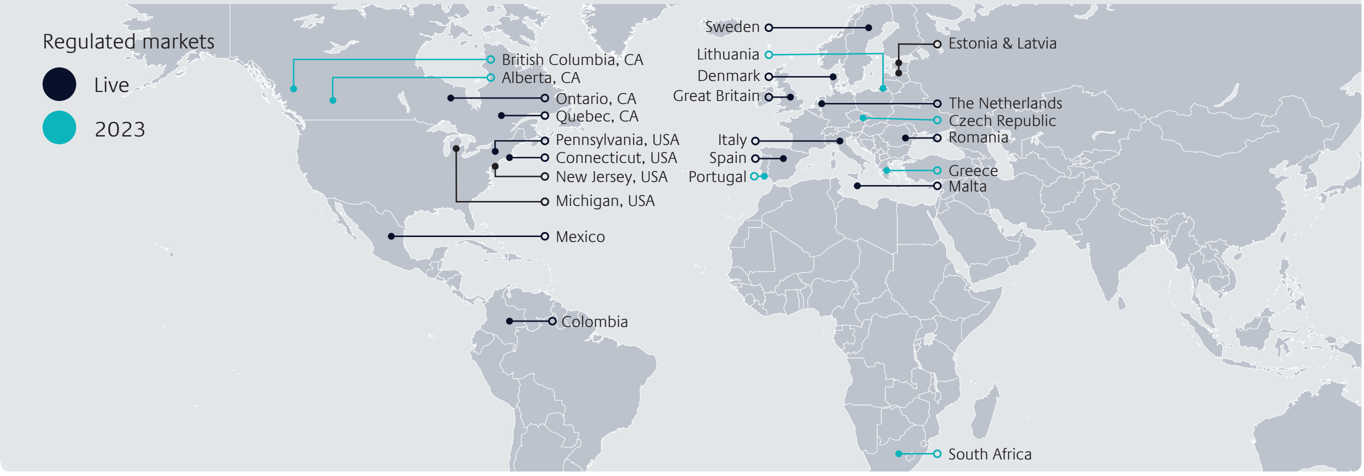
- iGaming Library – US, UK and EU
  - **US** – BetMGM, DraftKings, RSi, Golden Nugget, Betfair/Fanduel, Caesars Interactive, Resorts, Hardrock, Ocean Resorts, Bally's, Boyd Interactive, PointsBet and Kindred
  - **Europe** – Bally's, Entain, Sky Betting & Gaming, Paddy Power Betfair, 888, Skill On Net, Rank, 32 Red, William Hill, Kindred, Buzz Bingo, Jumpman, Whitehat, Leo Vegas, Betsson, Pokerstars, Betway, Sisal, Goldbet, Lottomatica, Snaitech

Brand partnerships

- Banijay - Deal or No Deal
- Fremantle - Britain's Got Talent, The X Factor, The Price Is Right
- Sony – Who Wants to Be a Millionaire
- Scientific Games – Rainbow Riches
- Inspired Entertainment – Centurion, Reel King
- NetEnt – Starburst
- King Show Games – Lucky Larry Lobstermania, Stinkin' Rich
- Playtech – Fluffy Favourites
- Everi – Shark Week
- IGT – Da Vinci Diamonds, Cleopatra
- Pragmatic Play – Sweet Bonanza
- Warner Discovery – Deadliest Catch
- Tetris – Tetris
- Relax Gaming – Money Train

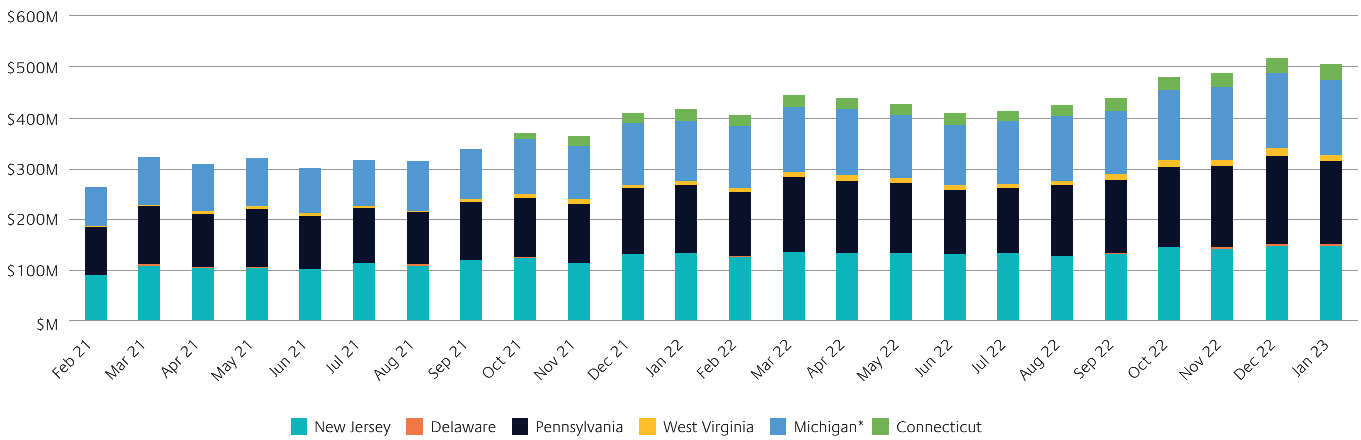
Growing international partners

International growth in regulated markets



Growing US iGaming Market

We are focusing on the growing North American market.



Source: Eilers&Krejcik All States Casino report – Jan 2023 *Michigan online casino values are estimated

Key focus areas

Original Game Content & IP Development

We build original content from our London and Vancouver Island game studios incorporating social meta games and real money mechanics with Slingo and other well-known brands.

Advanced Mobile Gaming Platform

We have invested significantly in our Remote Gaming Server “RGS”, which hosts and distributes our game portfolio. The scalable platform facilitates future growth through existing infrastructure for new games and distribution.

Highly Experienced Team

As we have transitioned our core focus to the licensing business, we have built up a high-quality management team of sector specialists to drive the implementation of our strategy.

Strategic Partners and Licensing

Partners include Banijay, Zynga, IWG, Inspired Entertainment, IGT, King Show Games and Scientific Games.

Not only do we leverage our own IP across multiple brands, but we also license Slingo into markets adjacent to the Group’s core mobile gaming business.

Data and Algorithmic Optimisation

“It’s all about the data” – we put the customer first, developing engaging content and using data to enhance the development feedback loop.

Responsible Gambling

Gaming Realms is committed to providing an environment for customers to play responsibly and securely. Since commencing operations, we have had measures in place to encourage responsible play – to keep it fun – and have provided tools to help keep customers’ gaming and spending within their control.

In addition, we fund research, education and treatment of problem gambling through donations to GambleAware.

We always ensure that Responsible Gambling is at the heart of our game design process and have built a tool for both our partners and players to set their own limits on stakes and features within games. We only contract with licensed partners, ensuring that the players are given a high level of protection through these operators. As our games are certified in highly regulated markets such as the US, UK and Sweden, the standards we have to provide for our games and RGS systems in terms of player protection is already set to an incredibly high level.

Executive Chairman's Statement

The Company continues to deliver on its proven strategy

I am delighted to report that 2022 was another year of profitable growth for the Company, with reported EBITDA growing by 34% to £7.8m (2021: £5.8m) before share option and related charges. The distribution of our content has continued to expand on a global level, strengthening our position as a leading supplier of games to the international regulated iGaming market. Slingo has also cemented its position as a category in its own right, allowing us to partner with leading games and entertainment brands and immerse them into the Slingo format.

North America remains Gaming Realms' largest territory for content licensing, with revenues increasing 112% on the prior year, bolstered by launching in the newly regulated markets of Ontario and Connecticut. This now sees us represented in all five of the key iGaming jurisdictions in the region. Importantly, we continued to grow in New Jersey, the first state we entered back in 2017, as well as build further market share in Michigan and Pennsylvania. We now have contracts in place with operators in the U.S. that represent 95% of the market.

Like North America, Europe is still seeing new countries open to the regulated iGaming market. During 2022, we launched in Spain, Denmark and Belgium through our operating partners and are encouraged by the early success we are experiencing. Despite the UK being one of the more mature markets, we have continued to grow, with our new games proving very popular, whilst in Italy we have taken further market share.

During the year we strengthened the Company's board with the appointment of Anna Massion as a Non-Executive Director. Anna brings extensive experience as an investor and advisor to gaming companies and has also joined the Audit and Remuneration Committees. Since the year end, Mark Segal has become CEO (having previously been CFO), whilst Geoff Green has joined the Board and become CFO (having previously been Finance Director). Mark and Geoff have developed a strong working partnership in recent years, and we look forward to this continuing as the Company's growth continues.

It is important to highlight that the success we have achieved would not have happened without our fantastic staff. The Gaming Realms team has continued to demonstrate their outstanding commitment and creativity, and on behalf of the shareholders and the Board I would like to thank everyone for their endeavours throughout the year.

With a strong pipeline of new partnerships and games set to launch, the outlook for 2023 is encouraging as the Company continues to deliver on its proven strategy. It is highly likely that additional states within America will commence the process to regulate iGaming within the next two years.

With a strong pipeline of new partnerships and games set to launch, the outlook for 2023 is encouraging as the Company continues to deliver on its proven strategy.

This process, coupled with the development of other new markets, will lead to increased distribution of group products. Your Board views the future of the Company with optimism and confidence.

Michael Buckley
Executive Chairman

31 March 2023

Slingo has also cemented its position as a category in its own right, allowing us to partner with leading games and entertainment brands and immerse them into the Slingo format.

Chief Executive's Review

An increased international demand for Slingo Originals portfolio

The Group made strong progress during 2022, increasing revenues by 27% to £18.7m (2021: £14.7m), and EBITDA before share option and related charges by 34% to £7.8m (2021: £5.8m). We invested heavily in our proprietary Remote Game Server "RGS" platform and expanded into multiple regulated markets. We also increased our Slingo Originals game portfolio to 65 with the addition of 12 new games, as well as a series of bespoke branded games for our partners.

This strong performance resulted in revenue growth of 35% in our licensing business to £14.9m (2021: £11.1m) and we are continuing to see good momentum with increased international demand for our Slingo Originals portfolio. The combination of growing the distribution of our games via our RGS, close control of overheads and the operational leverage of the Group led to the licensing business achieving a 54% EBITDA margin.

Licensing business

The focus of the Group remains to deliver growth in its content licensing business. The continued expansion of our Slingo portfolio and growth in distribution through more operators in Europe and North America underpinned our performance throughout 2022. Content licensing revenues grew 57% in 2022 and we increased unique player numbers in the year by 19% to 4 million (2021: 3.36 million).

During the year, our library of proprietary games increased to 65 and we went live with 56 new partners, all of whom licensed the Company's Slingo Originals content. This illustrates the strong demand for our gaming content and our ability to offer something different to the rest of the market with our unique Slingo format.

Some of the most notable games released during the period included Slingo Shark Week with the Discovery Channel, a partnership which was later extended through the creation of Slingo Deadliest Catch, a tribute to one of Discovery's most successful TV productions. We also helped to capture the excitement of the World Cup with Slingoooal, which initially went live exclusively with its operator partners at Flutter Entertainment via Sky Betting & Gaming Vegas in November.

Slingo Rainbow Riches, based on the popular Rainbow Riches franchise, has been a substantial hit across our markets, and we were delighted to receive a nomination at the SBC CasinoBeats Game Developer Awards for this game. Later in the year, we were the proud winners of the 'Mobile Supplier of the Year' award at the Global B2B EGR Awards.

North America

As previously announced, we made further significant inroads into the regulated North American iGaming market, adding Connecticut, Quebec and Ontario to territories we distribute our content. In Connecticut, which has only two operators, we entered the market with our partner DraftKings Inc., and our content will launch on FanDuel later this year.

With the Slingo brand already present in the Quebec lottery market, in March we launched on Loto-Québec, on its iGaming platform, whilst in April we expanded our reach into Canada by going live in Ontario with Rush Street Interactive, Kindred and BetMGM.

Our performance in New Jersey, Michigan and Pennsylvania continues to be strong as we launch new exciting Slingo content and go live with new partners. In particular we have strong growth potential in Michigan and Pennsylvania, where we have 22 and 14 games live respectively, compared to the 59 games live in New Jersey.

Europe

At the start of the year, the Group entered the regulated Spanish market with long-term strategic partner Gamesys (now part of Bally's Corporation) under its Monopoly and Botamania brands and later launched with Yo Bingo (part of Rank Group).

In the first half of the year, the Slingo games portfolio went live with Lottomatica which is Italy's largest operator, and subsequently with Snaitech in the second half of the year. There was further progress in the Italian market with Slingo Davinci Diamonds going exclusively live with Sisal, one of the country's largest betting companies, whilst in the Netherlands we launched with partners Bingoal and Betnation. Other European expansion came in Denmark via Betsson, an existing partner, and in Belgium through a partnership deal with Napoleon.

In November, we successfully obtained our full gaming licence from the National Gambling Office in Romania. With this in place, we are now looking forward to launching more Slingo content in the country with additional operators whilst continuing to work with our current aggregation partners.

Social

Our social business remains an important way to bring the Slingo Games to a wider audience. Revenue from social increased by 3% to £3.7m (2021: £3.6m) whilst EBITDA grew to £1.5m (2021: £1.2m). Importantly, our social business continued to provide a positive cash contribution to the Group.

Post Period End and Outlook

We continue to deliver on the clear strategy set out and Gaming Realms continues to focus on the following areas:

- International expansion – particularly in the US and European regulated markets
- Adding new distributors, operators and licensors
- Further penetration with existing distributors and operators driven by new games

Gaming Realms has seen this momentum continue into 2023, with excellent growth in the year to date, with revenues 53% up in the two months post year-end compared with the same period in 2022. Content licensing revenues have increased 59% in the same period. We have launched 3 games so far this year, including Slingo Cleopatra and have gone live with 13 new partners.

The Group has a strong pipeline of new opportunities in our current markets, in particular where we have recently launched. As a result, the Board expects to have another strong year in 2023.

Mark Segal
Chief Executive Officer

31 March 2023

Financial Review

Scaled growth in new and existing regulated markets

Overview

Overall, Gaming Realms had a very strong 2022. The Group's financial results for the year demonstrate the continued delivery of the Group's core strategy; scaling the licensing business through entry into new regulated jurisdictions and enhancing the unique Slingo games portfolio.

By the end of the year, the Group became debt free following the full repayment of the outstanding convertible loan balance to Gamesys Group (part of Bally's Corporation).

Performance

Group revenues increased 27% to £18.7m (2021: £14.7m), principally as a result of the continued growth in the licensing segment and in particular the content licensing business, supported by modest growth in social publishing revenues.

The Group generated EBITDA of £7.4m (2021: £5.1m) and £7.8m before share option and related charges (2021: £5.8m).

The £2.3m growth in EBITDA generated compared with the prior year has seen the Group record a profit before tax of £3.5m (2021: £1.1m), an increase of £2.4m on the prior year.

Operating expenses are largely revenue related costs including license fees, hosting costs and platform provider fees. Total Group operating expenses were £3.9m, a 32% increase over the £2.9m in the prior year, driven by the growth in licensing segment revenues.

Administrative expenses increased to £6.9m (2021: £5.7m) predominantly due to increased staff costs in the licensing segment required to deliver the segments growth, along with other incremental business expansion costs.

Share option and related charges were £0.4m in 2022 (2021: £0.7m).

The following table sets out the split of revenue, EBITDA and profit before tax by segment, which is discussed further below.

↑ 27%

£18.7m
Group revenues
(2021: £14.7m)

↑ 46%

£7.4m
EBITDA
(2021: £5.1m)

2022	Licensing £	Social Publishing £	Head office £	Total £
Revenue	14,937,036	3,690,485	23,000	18,650,521
Other income	-	112,147	-	112,147
Marketing expense	(38,391)	(17,164)	(78,244)	(133,799)
Operating expense	(2,579,127)	(1,308,520)	-	(3,887,647)
Administrative expense	(4,176,964)	(1,001,569)	(1,764,925)	(6,943,458)
Share option and related charges	(149,753)	(1,666)	(200,307)	(351,726)
EBITDA	7,992,801	1,473,713	(2,020,476)	7,446,038
Amortisation of intangible assets	(1,996,909)	(943,384)	(731,086)	(3,671,379)
Depreciation of property, plant and equipment	(60,215)	(59,822)	(138,478)	(258,515)
Finance expense	(10,087)	(11,239)	(372,716)	(394,042)
Finance income	26,658	-	375,000	401,658
Profit before tax	5,952,248	459,268	(2,887,756)	3,523,760

2021	Licensing £	Social Publishing £	Head office £	Total £
Revenue	11,100,085	3,567,616	-	14,667,701
Other income	-	130,878	-	130,878
Marketing expense	(20,348)	(282,579)	(76,303)	(379,230)
Operating expense	(1,645,538)	(1,301,320)	-	(2,946,858)
Administrative expense	(2,889,706)	(920,178)	(1,856,570)	(5,666,454)
Share option and related charges	(170,062)	(7,441)	(521,691)	(699,194)
EBITDA	6,374,431	1,186,976	(2,454,564)	5,106,843
Amortisation of intangible assets	(1,357,625)	(987,286)	(719,388)	(3,064,299)
Depreciation of property, plant and equipment	(26,475)	(47,717)	(142,642)	(216,834)
Impairment of goodwill	-	(73,677)	-	(73,677)
Finance expense	(7,353)	(20,005)	(662,577)	(689,935)
Finance income	26,496	-	-	26,496
Profit before tax	5,009,474	58,291	(3,979,171)	1,088,594

The core focus of the Group continues to be growing the content licensing business by way of expanding into new regulated territories, growing our unique Slingo games portfolio and developing deeper relationships with existing partners to maximise value and engagement.

↑ 35%

£14.9m
Licensing segment revenues
(2021: £11.1m)

Licensing

Licensing segment revenues in total increased 35% to £14.9m (2021: £11.1m), which can be broken down as follows:

- Content licensing revenue growth of 57% to £14.3m (2021: £9.1m); and
- Brand licensing revenue falling 68% to £0.6m (2021: £2.0m).

The segment contributed £8.0m EBITDA in 2022 (2021: £6.4m).

The amortisation charge for the year increased to £2.0m (2021: £1.4m), reflecting the increased investment in development spend in the segment in recent years. The impact of the segments increase in EBITDA offset by the increase in amortisation, means the segment delivered a profit before tax of £6.0m (2021: £5.0m).

Content licensing

The core focus of the Group continues to be growing the content licensing business by way of expanding into new regulated territories, growing our unique Slingo games portfolio and developing deeper relationships with existing partners to maximise value and engagement.

During the year, the Group entered a further 6 regulated markets globally. In North America, the Group launched its content in the Canadian provinces of Ontario following the market opening, and Quebec in the first half of 2022, while launching in the U.S. state of Connecticut in the second half of the year, making it the fourth U.S. state where the Group is licensed. In Europe, the Group launched in the regulated markets of Spain, Denmark and Belgium during the year.

In total the Group went live with a further 56 partners during 2022. Of this, 17 of these new partners were within these newly entered regulated markets and 39 in existing markets in Europe and North America. A further 13 partners have gone live in 2023 to date.

The Group released 12 new Slingo games to the market during 2022, including Slingo Deadliest Catch and Slingo Da Vinci Diamonds, along with a series of bespoke Slingo branded games for our partners. Slingo continues to prove highly popular with our partners and players. Slingo is a unique genre of game in the market, which is driving engagement with partners.

The Group continues to identify and partner with leading brands in the industry that will complement the Slingo format and engage players. During the year we released new Slingo collaborations with key partners including Everi, Warner Discovery and IGT. A number of further agreements have been entered into to bring new Slingo collaborations to market in 2023, including Tetris and Money Train.

Revenues from North America continue to grow in prominence for the content licensing business. Revenue from these markets in 2022 was £6.4m, a 112% increase on the £3.0m in the prior year. The region now represents 45% of total content licensing revenues (2021: 33%). We anticipate this will increase further in 2023 with a full year of trading in Ontario, Quebec and Connecticut, along with further penetration in existing North American markets.

The operational leverage of the content licensing business has meant that total segmental expenses (excluding share option and related charges) increased by 49% to £6.8m (2021: £4.6m), a lower rate than the 57% which content licensing revenues increased over the prior year.

Brand licensing

The fall in brand licensing revenues in 2022 compared with the prior year is predominantly the result of a significant deal completed in the prior year.

The Group's Slingo brand is well-known by consumers, which allows us to license this brand into adjacent markets where the right opportunities arise, such as physical and digital lottery scratch games.

Social publishing

The Group's social publishing business reported a 3% increase in revenues to £3.7m (2021: £3.6m), despite a 94% reduction in segmental marketing expenses in the year to £0.02m (2021: £0.3m).

Operational costs, which are largely driven by revenues, increased by 1% from the previous year to £1.3m (2021: £1.3m).

The 9% increase in segmental administrative expenses is due to continued investment in the development and operational team, with the segment continuing to have a stable underlying fixed cost base. Excluding staff costs, segmental administrative expenses remained stable with the prior year, increasing by 1%.

As a result, the segment delivered £1.5m EBITDA for the year, a 24% increase on the £1.2m in 2021.

The amortisation charge related to the social publishing segment for the year was £0.9m, a 4% reduction on the prior year (2021: £1.0m). The growth in the segment's EBITDA has therefore seen the social publishing business deliver profit before tax of £0.5m (2021: 0.1m).

Financial Review

Scaled growth in new and existing regulated markets

Cashflow and Balance Sheet

The Group's cash balance decreased by £1.5m in 2022 (2021: increased by £2.3m) to £2.9m at 31 December 2022 (2021: £4.4m).

In December 2022, the Group paid Gamesys Group £3.4m as full repayment of the convertible loan and related charges (see Note 21), leaving the Group debt free. Excluding this debt repayment, the Group would have reported a £1.9m increase in its cash balance in 2022.

The Group capitalised £4.0m (2021: £3.4m) into intangible assets as development costs during the year. This £0.6m increase over the prior year represents an increase in investment in both the licensing and social publishing segments. This investment is to both expand the Group's unique game portfolio across both segments and develop the Group's proprietary RGS platform with enhanced capabilities, scale and features.

Aside from the £3.4m debt repayment and £4.0m development costs capitalised in the year discussed above, the remaining movement in cash is substantially explained by the £6.5m (2021: £5.0m) cash inflow from operating activities. A reconciliation between profit for the year and cash from operating activities is provided below.

Net assets totaled £17.9m (2021: £13.1m).

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	**3,614,115**	1,254,152
Adjustments for:		
Depreciation of property, plant and equipment	**258,515**	216,834
Loss on disposal of property, plant and equipment	-	2,125
Loss on disposal of intangible assets	-	(2,004)
Impairment of goodwill	-	73,677
Amortisation of intangible fixed assets	**3,671,379**	3,064,299
Other income	**(112,147)**	(130,878)
Other income received during the year	**121,962**	117,591
Finance income	**(401,658)**	(26,496)
Finance expense	**394,042**	689,935
Tax credit	**(90,355)**	(165,558)
Exchange differences	**54,013**	22,374
Share based payment expense	**438,868**	466,254
Increase in trade and other receivables	**(1,973,278)**	(745,778)
Increase in trade and other payables	**607,560**	208,400
Decrease in other assets	**11,848**	-
Net cash flows from operating activities before taxation	**6,594,864**	5,044,927
Net tax paid in the year	**(45,213)**	(77,152)
Net cash flows from operating activities	**6,549,651**	4,967,775

There has been a £2.1m increase in the trade and other receivables balance, which is a result of the £2.1m increase in trade receivables (see Note 18). This increase is a result of the revenue growth from the prior year along with the timing of invoicing and cash collection around the year-end. As discussed in Note 18, no impairment provision has been recorded from the Group's expected credit loss assessment on these receivables.

Going concern

In adopting the going concern basis of preparation in the financial statements, the Directors have performed both qualitative and quantitative assessments of the associated risks facing the business and its ability to meet its short and medium-term forecasts. The forecasts were subject to stress testing to analyse the reduction in forecast cash flows required to bring about insolvency of the Company unless capital was raised. In such cases it is anticipated that mitigation actions, such as reduction in overheads could be implemented to stall such an outcome.

The Directors confirm their view that they have carried out a robust assessment of the emerging and principal risks facing the business. As a result of the assessment performed, the Directors consider that the Group has adequate resources to continue its normal course of operations for the foreseeable future.

Dividend

During the year, Gaming Realms did not pay an interim or final dividend. The Board of Directors are not proposing a final dividend for the current year as we continue to execute our strategy and invest in the growth of the business.

Corporation and deferred taxation

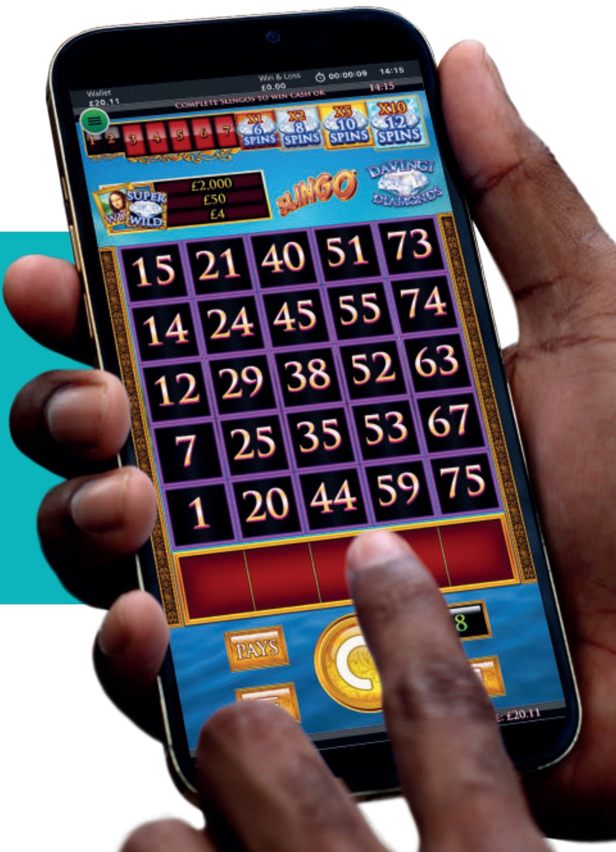
The current year tax credit of £0.1m (2021: £0.2m) largely relates to the recognition of a £0.3m deferred tax asset (see Note 12), £0.3m corporation tax charge in overseas jurisdictions (2021: £0.05m) and the unwind of deferred tax of £0.1m (2021: £0.1m) which arose on prior year business combinations.

Geoff Green
Chief Financial Officer

31 March 2023

The Group's Slingo brand is well-known by consumers, which allows us to license this brand into adjacent markets where the right opportunities arise, such as physical and digital lottery scratch games.

The Group continues to identify and partner with leading brands in the industry that will complement the Slingo format and engage players. During the year we released new Slingo collaborations with key partners including Everi, Warner Discovery and IGT.



Engaging with Stakeholders

The Board recognises that Gaming Realms has a number of stakeholders, including shareholders, customers, employees, suppliers and regulators. The Board is cognizant of its responsibility to understand each of their views and does this through a variety of methods, which are continually reviewed to remain effective. Updates are provided and discussed at Board and relevant Committee meetings. Throughout this Annual Report, we have provided information on some of the initiatives and approaches undertaken in relation to stakeholder engagement by the Group during 2022.

Section 172 statement

The Board of Directors, in line with their duties under section 172 ("s172") of the Companies Act 2016, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this Annual Report, and below, how the Board engages with stakeholders.

The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

Shareholders

The Board is committed to maintaining constructive dialogue with shareholders and ensuring that it has a deep understanding of their views. It also recognises that shareholders consider a range of environmental, social and governance matters. The Chair and Chief Executive Officer, on behalf of the Board, meet shareholders regularly and report to the Board on these discussions. All Directors are also available to meet institutional investors on request.

Some of the activities undertaken during 2022 are summarised below:

- The Company has engaged with an Investor Relations consultant.
- The Chair engaged with key shareholders on corporate governance matters.
- The Non-Executive Directors have engaged with stakeholders during the year.
- Private individual shareholders were communicated with via the Company Secretary.
- The Chairman and Chief Executive Officer have conducted a number of "online" presentations and interviews in order to have greater transparency with shareholders.
- The Board determined that the repayment of the loan during the year to Gamesys Group (see Note 21) as opposed to actively pursing a conversion was more value accretive to shareholders and prevented against dilution.

AGM

Due to COVID-19 restrictions only two of our Directors attended the 2022 AGM and an average of 32% of the total issued share capital was voted across all resolutions. Shareholders were given the opportunity to send in questions in advance to be answered by the directors at the 2022 AGM on the Group's strategy and future outlook.

The 2023 AGM will be held on 31 May 2023. Separate resolutions are proposed on each item of business.

Website and shareholder communications

Further details on the Group, our business and key financial dates can be found on our corporate website: www.gamingrealms.com

Players

We always ensure that Responsible Gambling is at the heart of our game design process and have recently built a tool for operators to configure stakes within games in order to manage their players responsibly. We only contract with licensed partners, ensuring that the players are given a high level of protection through these operators. As our games are certified in highly regulated markets such as the UK, USA and Sweden, the standards we have to provide for our games and RGS systems in terms of player protection is already set to an incredibly high level.

Customers We are providing our customers with an increasing portfolio of unique games each year. We are making significant improvements to our platform in order to prepare for large scale growth. We ensure our games and platform are fully tested before each new launch and adhere to any regulations required for them. Trust is important to our customers and their end users, and our competitive customer offering is maintained through our unique Slingo IP, together with constant communication and emphasis on accounts management. We have invested in account managers who work closely with our B2B partners to ensure good relationships and that we get maximum exposure for our content.
Employees Employee engagement is critical to our future success. In a year of hybrid remote working, our employees have worked hard to support the business and sustain our culture. Empowerment, career development, health and well-being and social responsibility are all areas our employees have told us they consider important in the workplace. The Board gains an understanding of the views of our employees and the culture of the organisation through visits to our offices, one-to-one meetings, Board presentations and via assessment of office wide engagement scores and views. We continue to monitor and develop our approach to performance management, to promote a culture of continuous improvement. As a method of retaining its Executive Team, senior management and key employees, the Group issues share options linked to future service periods. During the year the Group granted 3.9 million such options (see Note 24) to its Executive Directors and certain employees.
Suppliers We have established long-term partnerships that complement our in-house expertise and have built a network of specialised partners within the industry and beyond. We have an open, constructive and effective relationship with all suppliers through regular meetings which provide both parties the ability to feedback on successes, challenges and the future roadmap. Our procurement policy includes a commitment to sustainable procurement and mitigation against the risk of modern slavery, anti-bribery and corruption, and data protection/privacy breaches across our supply chain. We aim to operate to the highest professional standards, treating our suppliers in a fair and reasonable manner and settling invoices promptly. We regularly monitor the relationship and engagement approach with our third-party suppliers.
Regulators We have an open and transparent dialogue with the regulatory and industry bodies that we work with. The Group has a compliance team to ensure that all regulatory guidelines are met in its gambling operations. The Group also maintains close legal counsel to advise on any changes to the regulatory framework, as well as updates on territories currently outside the Group's activities. We have spent 2022 working with the Regulators on our successful applications for supplier licenses in Romania, Ontario and Connecticut.

Principal Risks and Uncertainties

The Board constantly monitors and assesses risks and uncertainties within the Group's trading activities. There will always be a level of risk that needs to be evaluated against the Group's potential returns in any activity.

Risk	How this Risk is managed
Regulatory and Legislation Online gambling and gaming are subject to a dynamic and complex regulatory regime. The Group now holds supplier licences from the following regulators; the UK Gambling Commission, the New Jersey Division for Gaming Enforcement, the Michigan Gaming Control Board, the Pennsylvania Gaming Control Board, the Connecticut Department of Consumer Protection, the Alcohol and Gaming Commission of Ontario, the National Gambling Office of Romania and the Malta Gaming Authority. The Group is in the process of applying for supplier licenses in both Greece and British Columbia, and will be pursuing further licenses in regulated markets in 2023. In December 2020, the UK Government launched a review of the Gambling Act 2005, with the aim to ensure it is "fit for the digital age". This review is still ongoing, with new guidance yet to be released. It is key to the Group to maintain compliance with all licences and any new ones that are required. These are critical to the continuing operation of the Group's gambling activities and also the production and supply of its unique content into both its operations and other third parties. The Board considers this to be a greater risk than the previous year due to the Group operating in more regulated territories and the soon to be published UK Government white paper on gambling reform.	The Group has a compliance team to ensure that all regulatory guidelines are met in its gambling operations, including any potential changes arising from the UK Government's review of the Gambling Act 2005. The Group also maintains close legal counsel to advise on any changes to the regulatory framework, as well as updates on territories currently outside the Group's activities.
Taxation Risk From the end of 2014, the gaming industry has been subject to point of consumption tax in relation to gambling activities within the UK. The rate increased to 21% in April 2019. There is a risk that increased gaming duty or taxes in the UK or other significant jurisdictions for the Group impacts revenues generated. The Board considers this risk to remain static with the previous year.	The licensing business operates in multiple jurisdictions reducing the impact of individual jurisdiction specific tax changes. The tax liability is borne by the operator.
Residency The Group has legal entities in several jurisdictions, including US, Canada, Malta and the UK. The Board considers this risk to remain static with the previous year.	The Group has undertaken a detailed transfer pricing exercise to ensure that revenue and profits are attributed correctly between the operating locations and continues to monitor taxation policies in all jurisdictions.
Competition The online and free to play gaming markets are highly competitive in North America and the UK. Failure to be able to hold a competitive advantage would result in attracting less players and have lower engagement on our apps and sites. The Board considers this risk to remain static with the previous year.	In following the Group's strategy of developing new unique IP and content, the Group feels well placed to be able to compete in the markets it operates in. It invests significant resource to be able to improve its development and operations. We have protected the Slingo mark and game mechanics through various registered marks and patents that the Group owns. Diverse products and geographies also help to diversify the risk.

Risk	How this Risk is managed
Time to Market The Group invests highly in technology and bringing new products and games to market. A delay in time to market will result in a loss of competitive advantage, a loss in potential revenue and also increasing cost of development. The Board considers this risk to remain static with the previous year.	The Group has invested highly in having a dual product track to allow its products and games to be ready for both licensing and publishing exploitation in the same release. Extensive work is undergone on the planning stage to ensure that timeframes can be met, and products go live at the highest standard.
Dependence on technology As a provider of online gambling services, the Group's business is reliant on technology and advanced information systems. If the Group does not invest in the maintenance and further development of its technology systems, there is a risk that these systems may not cope with the needs of the business and may fail. The Group is reliant on the Internet and is vulnerable to activities such as distributed denial of service attacks, other forms of cyber-crime and a wide range of malicious viruses. The Board considers this risk to remain static with the previous year.	The Group continues to invest in its proprietary platform to ensure the necessary features and functionality meet partner needs. In addition, it has adopted industry standard protections to detect intrusions or other security breaches and implements preventative measures to protect against sabotage, hackers, viruses and other cyber-crime. The Group also holds relevant insurance to cover against this.
Dependence on third-party service providers The Group engages with a number of providers for cloud-based technology and remote deployment, as well as other important service providers. In the event that there is any interruption to the products or services provided by third parties, problems in supplying the products, one or more ceased to be provided or are provided on onerous terms to the Group, this may have an adverse effect on the Group's business and performance. The Board considers this risk to remain static with the previous year.	The Group uses reliable and well-known suppliers and ensures that contractual agreements with key partners offer adequate protection.
The Team The ability to carry out the Group's strategy is dependent on the engagement of its senior management team, its technology, commercial and operations teams. The Group operates with a small team across 2 main locations. If key employees leave, there is a risk of loss of knowledge. The Board considers this risk to remain static with the previous year.	The Group continues to invest in its employees to ensure that it can attract, recruit and maintain a high-quality team. During the year, The Group has made a number of hires in key positions to ensure the team is appropriate for the next phase of the Company's growth.
Business disruption Business disruptions may occur where the Group's workforce is unable to work or communicate, including due to pandemics such as COVID-19. Such disruptions affect the global economy and therefore our B2B operators and end users, if spending and confidence are significantly affected. The Board considers this risk to remain static with the previous year.	The Group actively monitors developments which may affect its operations and the Directors have taken practical steps to mitigate disruption this is causing to the business. The Group's workforce is predominantly based in the UK, Canada and the US. We have successfully migrated to a home working model during the pandemic. Our colleagues' mental and physical well-being is being closely monitored and managed with training and support for all employees.

The 2022 Strategic Report on pages 1 to 13 has been approved by the Board of Directors.

On behalf of the Board:

Michael Buckley
Executive Chairman
31 March 2023

Board and Executive Management

Michael Buckley
Executive Chairman

Michael Buckley was Chairman of Cashcade, founded in 2000. Cashcade became a leading UK-based online gaming company prior to its sale to PartyGaming plc in 2009 for an aggregate sale consideration of £96m for shareholders.

Michael has invested in and been Chairman of a number of public companies. These include SelecTV plc, a producer of comedy and comedy drama series for television such as Lovejoy, Birds of a Feather and The New Statesman. SelecTV invested in a consortium which in 1991 won the franchise to create Meridian Television of which Michael was a founding Director. He was also Chairman of Pacific Media plc, which invested in a number of internet backbone companies in Asia during the 1990s as well as creating a chain of movie theatres in South East Asia in partnership with United Artists Theatre Circuit Inc. Michael has held other public and private company directorships, having obtained a professional qualification as a chartered accountant in the UK.

Mark Segal
Chief Executive Officer

Mark Segal joined Gaming Realms in May 2013 having left bwin.party as Finance Director for the bingo vertical. Previous to that Mark was Finance Director of Cashcade until it was acquired by PartyGaming plc in July 2009. Mark was responsible for the full finance function, including commercial negotiations, business intelligence and operational support in the business, and was involved in the sale to PartyGaming plc and acquisition by Cashcade of Independent Technology Ventures in July 2007. Prior to joining Cashcade, in May 2005, Mark spent five years at the accountancy firm Martin Greene Ravden, where he qualified as a chartered accountant in 2003.

Geoff Green
Chief Financial Officer

Geoff Green was appointed as Gaming Realms' Chief Financial Officer after the year end, on 1 February 2023, having joined the Group in July 2019 and was previously Finance Director in support of the CFO. Prior to Gaming Realms, Geoff spent 8 years at BDO LLP, where he qualified as a chartered accountant in 2013.

JR

Jim Ryan

Non-executive Director

Jim Ryan is the CEO of Pala Interactive, LLC a real money gambling operator and B2B platform provider focused on the US regulated online gaming market. Prior to Pala Interactive, Jim was the Co-CEO of bwin.party digital entertainment plc. He has spent the last 22 years of his career in leadership roles within the online gaming sector. Jim has led a number of the industry's largest merger and acquisition transactions which include the merger of PartyGaming plc and bwin, the acquisitions of Cashcade (Foxy Bingo) and the World Poker Tour and the sale of St Minver Limited to GTECH. Jim held senior posts at four publicly listed companies. In addition to his role of CEO of PartyGaming plc and Co-CEO of bwin.party digital entertainment plc he was President and Chief Executive Officer of Excapsa Software Inc. and as Chief Financial Officer of CryptoLogic Inc. and Chief Financial Officer of SXC Health Solutions Corp and was CEO of St. Minver Limited. Jim also held senior management posts at Procuron Inc., Metcan Information Technologies Inc. and Epson Canada Limited. Educated at Brock University (Goodman School of Business) in Ontario, Canada, where he obtained a business degree with first class honours, Jim obtained professional qualifications as a chartered accountant and certified public accountant from the Canadian Institute of Chartered Accountants.

MW

Mark Wilson

Non-executive Director

Mark Wilson is a strategic adviser and investor in media, gaming and real estate. Mark has held multiple senior leadership positions, serving as CEO of Television Games Network, Executive Chairman of Music Choice International, President of Hubbard Enterprises, Managing Member of New Mexico Gaming LLC, and General Counsel and Corporate Secretary of Churchill Downs. He received a Juris Doctorate from the University of Louisville.

MB

Mark Blandford

Non-executive Director

Mark was the owner of a traditional 'bricks and mortar' bookmaker's chain for over 15 years, then recognised the potential of the internet in the mid 1990's. In 1998 he founded Sportingbet.com, and in 2001 floated the company on AIM. Mark stepped down from the Board of Sportingbet in 2007 before its eventual sale in 2013 for £485m, with the assets being split between William Hill and GVC. In 2002, Mark was awarded AIM Entrepreneur of the Year.

After stepping down from the board of Sportingbet, Mark has become an active, successful and widely followed investor in the digital pay2play entertainment space.

AM

Anna Massion

Non-executive Director

On November 1, 2022 Anna Massion was appointed as a member of the board of the Company. Ms. Massion currently serves as an Independent Non-Executive Director on several boards including Playtech PLC, PlayAGS, Betmakers AU and Artemis Strategic Investment Corp. Previously, Ms. Massion was a Senior Analyst for PAR Capital Management from February 2014 through June 2019. Ms. Massion has also served as a Director of Gaming, Lodging and Leisure Research at Hedgeye Risk Management, LLC from November 2008 through February 2014, Vice President/Senior Research Analyst at Marathon Asset Management from April 2008 through October 2008 and at JP Morgan from September 2001 through March 2008 as a Vice President on the Proprietary Trading Desk from 2004. Ms. Massion holds a Bachelor of Science in Economics, Concentration in Finance, Minor in Russian and a Master of Business Administration in Finance, Major in Finance from The Wharton School at the University of Pennsylvania.

Directors' Report

The Directors present their Annual Report together with the audited financial statements for the year ended 31 December 2022.

Principal activities
The Group's principal activities during the year were that of content development and licensing to real money and social gaming customers in Europe and North America.

These financial statements present the results of the Group for the year ended 31 December 2022.

Names of Directors and dates of any changes
The Directors who served during the year and to the date of this report were:

- Michael Buckley
- Mark Segal
- Jim Ryan
- Mark Wilson
- Mark Blandford
- Anna Massion (appointed 1 November 2022)
- Geoff Green (appointed 1 February 2023)

Directors' and Officers' liability insurance
The Group has purchased and maintains appropriate insurance cover in respect of Directors' and Officers liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Results and dividends
The results for the year are set out on page 28. The Company will not be paying a dividend this year (2021: none).

Post balance sheet events
There were no significant events impacting the Company that occurred after 31 December 2022.

Going concern
Under Company law, the Company's Directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Group and Company are a going concern.

The Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources.

As disclosed further in Note 1 of the financial statements, whilst there are a number of risks to the Group's trading performance as summarised on page 12, the Group is confident of its ability to continue to meet its liabilities as they fall due. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available resources. After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the Annual report and Accounts.

Disclosure to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Financial instruments
Details of the Group's financial risk management objectives and policies are included in Note 22 to the financial statements.

Research and development
The Group maintains its level of investment in software development activities. In the opinion of the Directors, continued investment in this area is essential to strengthen the Group's market position for future growth. During the year, the Group capitalised £4.0m (2021: £3.4m) of development costs (see Note 14).

During the year, the Group claimed Research and Development relief as per Notes 4 and 12 to the financial statements.

Future developments
Future developments are discussed in the Executive Chairman's Statement on page 4.

The Directors report was approved on behalf of the Board on 31 March 2023 and signed on its behalf by

Michael Buckley
Executive Chairman

31 March 2023

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market (‘AIM’).

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They 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.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

Chairman's Introduction

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Group is not in compliance with all aspects of the Code due to the size and relative stage of development of the business, but remains committed to developing its compliance position over time as the business grows and matures. To see how the Company addresses the key governance principles defined in the QCA Code please refer to the Company's website and the below table. (The Company has not prepared an official Chairman's corporate governance statement).

The principles of the Quoted Company Alliance (QCA) Code

QCA Code Principle	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The Company develops, publishes and licenses mobile real money and social games. Through its market leading mobile platform and unique IP and brands, Gaming Realms is bringing together media, entertainment and gaming assets in new game formats. Our goal is to try to beat the market by investing in unique content and relationships with partners. We do that through: • Investing in unique mobile content and features on our gaming platform • Investing with discipline, because we are able to test new opportunities before we roll them out • Using data and technology to continuously improve. We are able to AB test all developments in games and platform and able to deploy only the best • We generate revenue by licensing our unique gaming content and Slingo brand to online real money gaming operators, social publishing operators, lotteries and land-based gambling games manufacturers Key Challenges in implementing the strategy: • Regulatory framework is continually changing for Gambling which requires constant updates and development work per territory • Continuing to create best in class Games to licence to operators • Having technical resource to integrate the games onto Client sites
2. Seek to understand and meet shareholder needs and expectations	Please refer to our website for further details on how we comply with this requirement of the QCA code: https://www.gamingrealms.com/wp-content/uploads/Statement-of-Compliance-with-the-QCA-Corporate-Governance-Code-2020-02.pdf
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Please refer to our website for further details on how we comply with this requirement of the QCA code: https://www.gamingrealms.com/wp-content/uploads/Statement-of-Compliance-with-the-QCA-Corporate-Governance-Code-2020-02.pdf
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plan. To continue the improvement in this area we are adding to our existing controls department, expanding the remit of the compliance teams, and engaging with external advisors to ensure we remain compliant with regulations in all territories we will be working in and continued tight control on investment as we continue to develop the platform and the games content. Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.

5. Maintain the board as a well- functioning, balanced team led by the chair	The Board comprises the Executive Chairman, one Executive Director (two after the year-end) and four Non-Executive Directors. Michael Buckley, the Executive Chairman, is responsible for the running of the Board and is supported by Mark Segal, the Chief Executive Officer. Michael has executive responsibility for running the Group's business and implementing Group strategy. The Board has 4 Non-Executive Directors and is able to govern on an effective basis. The Directors considered to be independent are Jim Ryan, Mark Wilson, Mark Blandford and Anna Massion. Key Board activities this year included: • Input into the accelerating growth plan • Considered our financial and non-financial policies • Discussed strategic priorities, including expansion into new territories • Discussed the Group's capital structure and financial strategy • Reviewed the Group risk register, including Compliance • Reviewed feedback from shareholders post full and half year results The Board is supported by the Audit and Remuneration Committees. The Committees' roles and members are available on the Company's website. During the year there were 11 board meetings. Attendance records were:

Board Member	Meetings Attended
Michael Buckley	11
Mark Segal	11
Jim Ryan	11
Mark Wilson	11
Mark Blandford	11
Anna Massion*	2

* Anna Massion, appointed on 1 November 2022

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of international online gambling, international licensing, finance, innovation, and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. Full details of the Board members and their experience and skills can be found on page 14 of the 2022 Annual Report or via the Investor link on Gaming Realms plc's website. The Board has not sought external advice on any significant matter, apart from advice sought in the normal course of business from our lawyers and tax compliance and other advisors. No external advisors have been engaged by the Board of Directors, except as noted above.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	A Board evaluation process will be carried out annually going forward as part of a wider strategy review and future planning discussion. The process will be led by the Chairman and every three years with the help of an external facilitator, the Board will be challenged to review its performance and effectiveness objectively. During this process the Board will consider: • Performance of the Board against the current strategy; • Effectiveness of the Board in areas such as supervision, leadership and management of personnel and risk areas; • Areas of weakness either at Board level or executive management level for which recruitment may be required; and • Succession planning.

Corporate Governance continued

8. Promote a culture that is based on ethical values and behaviours	Our long-term growth is underpinned by our corporate culture and core beliefs. As part of a new starter pack all new employees are provided with the core values in which the Group operates. At Gaming Realm's we take pride in our work ethic, creativity and cooperative team dynamic. It is important to us to keep moving forward as a company, producing innovative work, reflecting on mistakes, and striving to improve with each new project. None of this is achievable without strong relationships and a collaborative working environment, which is at the core of our company ethos and success. The culture of the Company is to ensure we operate in an environmentally friendly way, with an energy efficient approach. The Group has policies in the following areas to help promote ethical values and behaviour: whistleblowing, antibribery, anti-slavery, fraud, equal opportunities, disciplinary and grievance procedures, health and safety. These policies form part of a globally applicable Group Policy Handbook and Code of Conduct.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Please refer to our website for further details on how we comply with this requirement of the QCA code: https://www.gamingrealms.com/wp-content/uploads/Statement-of-Compliance-with-the-QCA-Corporate-Governance-Code-2020-02.pdf
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. The Board receives regular updates on the views of shareholders through briefings and reports from the Executive Chairman, Chief Financial Officer and the Company's brokers. The Company communicates with institutional investors through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. The Company completes regular employee surveys to maintain an open dialogue with employees. There is a requirement to prepare both an Audit Committee report and a Remuneration report. These have not been done in this report but we will look to publish such reports in the future.

Roles of the Board, Chairman, Chief Executive Officer and Chief Financial Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chairman, Chief Executive Officer and Chief Financial Officer are responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level maybe invited to attend Board meetings where appropriate to present business updates. Board meetings throughout the year are held at the Company's Head Office in London.

Executive Team

The Executive Team consists of Michael Buckley, Mark Segal and Geoff Green with input from the vertical directors and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Executive team reports to the plc Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board committees

The Board is supported by the Audit and Remuneration committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties.

The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The Audit Committee is chaired by Jim Ryan and also comprises Mark Blandford and Anna Massion.

The Remuneration Committee reviews the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when necessary. In exercising this role, the directors shall have regard to the recommendations put forward in the QCA Guidelines. The Remuneration Committee is chaired by Mark Wilson and comprises Jim Ryan and Anna Massion.

The Company will continue to review the corporate governance framework as the business grows.

Independent auditor's report to the members of Gaming Realms plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gaming Realms plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. 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 remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

A critical evaluation of Directors' assessment of the entity's ability to continue as a going concern by:

- Evaluating the process the Directors followed in making their assessment, including confirming that the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the entities markets, strategies and risks.
- Understanding, challenging and corroborating the key assumptions included by the Directors in their cash flow forecasts against prior year, our knowledge of the business and industry, and other areas of the audit.
- Enquiry with Directors, review of board minutes and review of external resources to identify any key future events that may have been omitted from cash flow forecasts which would impact future cash flows and cash reserves.
- Assessing the appropriateness of assumptions made in the Directors' stress testing, scenario modelling and sensitivity analysis, and the appropriateness of the mitigating actions including challenging whether other reasonably possible scenarios could occur.
- Considering the adequacy of the disclosures relating to Going Concern included within the annual report against the requirements of the accounting standards and consistency of the disclosure against the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 99% (2021: 99%) of Group total assets		
Key audit matters		**2022**	**2021**
	Revenue Recognition (Licensing revenue)	☐	☐
	Capitalisation of Development costs	☐	☐
Materiality	*Group financial statements as a whole* £225k (2021: £175k) based on 1.2% (2021: 1.2%) of Group revenue.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole. We tailored the extent of the work to be performed on each component based on our assessment of the risk of material misstatement at each component.

The Group consists of the Parent Company and eight subsidiaries. Two of the subsidiaries and the Parent Company were considered to be significant components and were subject to a full scope audit by the Group audit team. The financial information of other components not considered significant were subject to analytical review procedures by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Gaming Realms plc continued

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Licencing Revenue (with reference to notes 1 and 3)	Licencing revenues include a number of significant transactions where contracts entered during the current and previous year span multiple accounting periods and include minimum guarantees and/or uncertain future events. There are significant judgements and estimates required by management in determining the performance obligations in these contracts, whether revenue should be recorded at a point in time or over a period of time and the amount of revenue to be recognised. For these reasons, Licensing revenues was considered to be a Key Audit Matter. License revenue for the year was £14.9m (2021: £11.1m).	We assessed whether the revenue recognition policies adopted by the Group was in accordance with applicable accounting standards. For key contracts: • We reviewed the terms to assess whether the revenue had been recognised in accordance with the Group's accounting policy and whether any other terms within the contract had any material accounting or disclosure implications; • We challenged the significant judgements by reviewing the underlying terms of the contracts, identifying the performance obligations, and assessing whether performance obligations had been met in order to recognise revenue; • We inspected supporting documentation of the satisfaction of the performance obligation; and Where revenue recognition included minimum guarantees and/or was based on uncertain future events, we challenged management's forecasts of future revenue to be earned under these contracts based on historical sales data and agreed to supporting documentation where relevant. This included assessing the appropriateness of the discount rate and performing sensitivity analysis on the forecasts. **Key observations** Based on the work performed we did not identify any instances which may suggest that revenue has not been recognised appropriately and in accordance with the Group's revenue recognition accounting policy.

Capitalisation of development costs (with reference to notes 1 and 14)	The Group incurs material expenditure on the internal development of intangible software assets. Such expenditure should only be capitalised when it meets the criteria of applicable accounting standards.
	
	Due to judgement being required by management in determining costs that meet the criteria for capitalisation, this was considered to be an area of focus for our audit, and hence a Key Audit Matter.
	
	Capitalised development costs in the year were £4.0m (2021: £3.4m).
		Our procedures included the following:
		
		- We assessed whether the capitalisation policies adopted by the Group comply with applicable accounting standards.
		- We challenged management's project analysis to check that the projects capitalised met the criteria of applicable accounting standards. This included:
		  • Agreeing a sample of costs capitalised in the year to source documentation;
		  • Agreeing the accuracy of time capitalised to related timecards and payroll records; and
		  • Inspecting evidence of the projects subsequent launch or intention to launch.
		
		Key observations
		Based on the work performed, we consider management's judgements to be appropriate and adequate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £	2021 £	**2022** £	2021 £
Materiality	**£225k**	£175k	**£63k**	£94k
Basis for determining materiality	Based on 1.2% of Group revenue (2021 – 1.2%)		Based on 1% of total assets of Parent Company.	Based on 0.45% of total assets of Parent Company.
Rationale for the benchmark applied	Revenue is a fundamental KPI and a key focus area for investors.		Total assets was considered to be the most appropriate benchmark as the principal activity of the Parent Company is a holding company.	
Performance materiality	**£169k**	£131k	**£47k**	£70k
Basis for determining performance materiality	75% of Group materiality based on history of minimal adjustments, with few accounts subject to estimation and management's attitude to adjustments.		75% of Parent Company materiality based on history of minimal adjustments, few accounts subject to estimation and management's attitude to adjustments.	

Component materiality

We set materiality for each significant component of the Group based on a percentage of between 50% and 98% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £112k to £220k (2021: £81k to £170k). In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10.6k (2021: £8.7k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report to the members of Gaming Realms plc continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the Parent 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 Group or the Parent 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 (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and determined that the most significant laws and regulations are the Companies Act 2006, applicable accounting frameworks and AIM Rules. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with management and those charged with governance.
- We assessed compliance with these laws and regulations through enquiry with management, the Audit Committee and the Legal and Compliance Director and through review of board meeting minutes.
- We confirmed that the Group held gaming licenses for the various territories of operation.
- We reviewed the financial statement disclosures against the requirements of the applicable accounting framework and underlying supporting documentation.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Group to understand where they considered there was a susceptibility to fraud. Our audit planning identified fraud risks in relation to management override of controls and revenue recognition, with the consideration of the risk around revenue recognition and our response expanded upon as a Key Audit Matter above;

- We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls;
- In response to the risk of fraud in relation to management override of controls, our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business, by agreeing to supporting documentation;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

31 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £	2021* £
Revenue	3	**18,650,521**	14,667,701
Other income	4	**112,147**	130,878
Marketing expenses		**(133,799)**	(379,230)
Operating expenses		**(3,887,647)**	(2,946,858)
Administrative expenses		**(6,943,458)**	(5,666,454)
Share option and related charges	24	**(351,726)**	(699,194)
EBITDA	10	**7,446,038**	5,106,843
Amortisation of intangible assets	14	**(3,671,379)**	(3,064,299)
Depreciation of property, plant and equipment	15	**(258,515)**	(216,834)
Impairment of goodwill	14	**-**	(73,677)
Finance expense	11	**(394,042)**	(689,935)
Finance income	11	**401,658**	26,496
Profit before tax		**3,523,760**	1,088,594
Tax credit	12	**90,355**	165,558
Profit for the financial year		**3,614,115**	1,254,152
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange gain arising on translation of foreign operations		**131,432**	39,153
Total other comprehensive income		**131,432**	39,153
Total comprehensive income		**3,745,547**	1,293,305
Profit attributable to:			
Owners of the parent		**3,614,115**	1,257,698
Non-controlling interest		**-**	(3,546)
		3,614,115	1,254,152
Total comprehensive income attributable to:			
Owners of the parent		**3,745,547**	1,296,851
Non-controlling interest		**-**	(3,546)
		3,745,547	1,293,305
Earnings per share		**Pence**	Pence
Basic	13	**1.24**	0.44
Diluted	13	**1.21**	0.42

* Comparative numbers for the year ended 31 December 2021 have been restated. See Note 1 for further details.
** EBITDA is a non-GAAP measure used to represent the trading performance and results of the Group. EBITDA is defined as profit before tax adjusted for finance income and expense, depreciation and amortisation.

The notes on pages 32 to 62 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Intangible assets	14	**12,422,852**	11,815,598
Property, plant and equipment	15	**535,409**	484,578
Deferred tax asset	12	**287,407**	-
Other assets	17	**138,798**	150,646
		13,384,466	12,450,822
Current assets			
Trade and other receivables	18	**5,336,330**	3,260,687
Cash and cash equivalents		**2,922,775**	4,412,375
		8,259,105	7,673,062
Total assets		**21,643,571**	20,123,884
Current liabilities			
Trade and other payables	19	**3,270,319**	2,241,114
Lease liabilities	20	**217,731**	172,887
Other Creditors	21	**-**	3,489,278
Derivative liabilities	21	**-**	744,000
		3,488,050	6,647,279
Non-current liabilities			
Deferred tax liability	12	**75,592**	199,876
Lease liabilities	20	**167,680**	168,227
		243,272	368,103
Total liabilities		**3,731,322**	7,015,382
Net assets		**17,912,249**	13,108,502
Equity			
Share capital	23	**29,200,676**	28,970,262
Share premium	23	**87,653,774**	87,370,856
Merger reserve		**(67,673,657)**	(67,673,657)
Foreign exchange reserve		**1,549,701**	1,418,269
Retained earnings		**(32,818,245)**	(36,977,228)
Total equity		**17,912,249**	13,108,502

The notes on pages 32 to 62 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023 and were signed on its behalf by:

Michael Buckley
Executive Chairman

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the financial year		**3,614,115**	1,254,152
Adjustments for:			
Depreciation of property, plant and equipment	15	**258,515**	216,834
Loss on disposal of property, plant and equipment	15	-	2,125
Loss on disposal of intangible assets	14	-	(2,004)
Impairment of goodwill	14	-	73,677
Amortisation of intangible fixed assets	14	**3,671,379**	3,064,299
Other income	4	**(112,147)**	(130,878)
Other income received during the year		**121,962**	117,591
Finance income	11	**(401,658)**	(26,496)
Finance expense	11	**394,042**	689,935
Tax credit	12	**(90,355)**	(165,558)
Exchange differences		**54,013**	22,374
Share based payment expense	24	**438,868**	466,254
Increase in trade and other receivables		**(1,973,278)**	(745,778)
Increase in trade and other payables		**607,560**	208,400
Decrease in other assets		**11,848**	-
Net cash flows from operating activities before taxation		**6,594,864**	5,044,927
Net tax paid in the year		**(45,213)**	(77,152)
Net cash flows from operating activities		**6,549,651**	4,967,775
Investing activities			
Acquisition of property, plant and equipment	15	**(124,104)**	(141,546)
Acquisition of intangible assets	14	**(125,684)**	(323,608)
Capitalised development costs	14	**(4,009,171)**	(3,435,308)
Disposal of other investments	16	-	362,436
Interest received	11	-	145
Finance lease asset - sublease receipts		-	146,505
Net cash used in investing activities		**(4,258,959)**	(3,391,376)
Financing activities			
Receipt of deferred consideration		-	972,554
Repayment of convertible loan and additional charges	21	**(3,375,000)**	-
Principal paid on lease liability	20	**(163,638)**	(388,494)
Issue of share capital on exercise of options	23	**13,332**	418,221
Interest paid		**(186,880)**	(215,169)
Net cash (used in) / from financing activities		**(3,712,186)**	787,112
Net (decrease) / increase in cash and cash equivalents		**(1,421,494)**	2,363,511
Cash and cash equivalents at beginning of year		**4,412,375**	2,086,785
Exchange loss on cash and cash equivalents		**(68,106)**	(37,921)
Cash and cash equivalents at end of year		**2,922,775**	4,412,375

The notes on pages 32 to 62 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £	Share premium £	Merger reserve £	Foreign Exchange Reserve £	Retained earnings £	Total to equity holders of parents £	Non–controlling interest £	Total equity £
1 January 2021	**28,664,731**	**87,258,166**	**(67,673,657)**	**1,379,116**	**(38,768,257)**	**10,860,099**	**70,623**	**10,930,722**
Profit for the year	-	-	-	-	1,257,698	1,257,698	(3,546)	1,254,152
Other comprehensive income	-	-	-	39,153	-	39,153	-	39,153
Total comprehensive income for the year	-	-	-	39,153	1,257,698	1,296,851	(3,546)	1,293,305
Contributions by and distributions to owners								
Share-based payment on share options (Note 24)	-	-	-	-	466,254	466,254	-	466,254
Exercise of options (Note 23)	305,531	112,690	-	-	-	418,221	-	418,221
Recycling of non-controlling interest	-	-	-	-	67,077	67,077	(67,077)	-
31 December 2021	**28,970,262**	**87,370,856**	**(67,673,657)**	**1,418,269**	**(36,977,228)**	**13,108,502**	**-**	**13,108,502**
1 January 2022	**28,970,262**	**87,370,856**	**(67,673,657)**	**1,418,269**	**(36,977,228)**	**13,108,502**	**-**	**13,108,502**
Profit for the year	-	-	-	-	3,614,115	3,614,115	-	3,614,115
Other comprehensive income	-	-	-	131,432	-	131,432	-	131,432
Total comprehensive income for the year	-	-	-	131,432	3,614,115	3,745,547	-	3,745,547
Contributions by and distributions to owners								
Share-based payment on share options (Note 24)	-	-	-	-	438,868	438,868	-	438,868
Exercise of options (Note 23)	13,332	-	-	-	-	13,332	-	13,332
Conversion of loan (Note 21)	217,082	282,918	-	-	106,000	606,000	-	606,000
31 December 2022	**29,200,676**	**87,653,774**	**(67,673,657)**	**1,549,701**	**(32,818,245)**	**17,912,249**	**-**	**17,912,249**

The notes on pages 32 to 62 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. Accounting policies

General information

Gaming Realms Plc (the "Company") and its subsidiaries (together the "Group").

The Company is admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange. It is incorporated and domiciled in the UK. The address of its registered office is Two Valentine Place, London, SE1 8QH.

The consolidated financial statements are presented in British Pounds Sterling.

Basis of preparation

The Group financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the accounting policies below.

Restatement of comparatives

Management have reviewed the classification of certain items included the comparative statement of comprehensive income for the year ended 31 December 2021 and made the following restatements:

» Management believes the presentation of hosting costs as an operating expense rather than an administrative expense more accurately reflects the function of the expense. Therefore £744,539 of hosting costs incurred in the comparative year have been reclassified from administrative expenses to operating expenses. This reclassification has no impact on reported EBITDA, profit before tax or net assets for the comparative year.

» The Group receives a research and development tax credit in the Canadian province of British Columbia, in respect of its social segment development activities performed there. In the comparative year, the research and development tax credit of £130,878 was presented within the tax credit in the consolidated statement of comprehensive income, which has been reclassified and presented as other income. This restatement increases the comparative years EBITDA from £4,975,965 as previously reported, to £5,106,843, and increases profit before tax from £957,716 as previously reported to £1,088,594. There is no change in profit for the year or net assets as a result of this reclassification.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources.

The Group prepares cash flow forecasts and re-forecasts at least bi-annually as part of the business planning process. The Directors have reviewed forecast cash flows for the period to December 2025 and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due for at least the forthcoming 12 months from the date of the approval of the financial statements.

Given the various macro-economic uncertainties such as inflation, recession fears and the war in Ukraine, these cash flow forecasts have been subject to short- and medium-term stress testing, scenario modelling and sensitivity analysis through to June 2024, which the Directors consider sufficiently robust. Scenarios considered include but are not limited to; failure to expand into planned new regulated jurisdictions during the forecast period and a significant reduction in trading cash flows compared to Group forecasts. The Directors note that in an extreme scenario, the Group also has the option to rationalise its cost base including cuts to discretionary capital, marketing and overhead expenditure. The Directors consider that the required level of change to the Group's forecast cash flows to give a rise to a material risk over going concern are sufficiently remote.

Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Management has carried out an assessment of the going concern assumption and has concluded that the Group and the Company will generate sufficient cash and cash equivalents to continue operating for the next 12 months.

Adoption of new and revised standards

The following amendments are effective for the year beginning 1 January 2022:

» Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
» Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
» Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
» References to Conceptual Framework (Amendments to IFRS 3).

These amendments did not have a material impact on the Group.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

» Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
» Definition of Accounting Estimates (Amendments to IAS 8); and
» Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

» IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
» IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
» IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any of the standards or amendments issued by the IASB, but not yet effective, to have a material impact on the Group.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired, including separately identifiable intangible assets, is recognised as goodwill. Any discount on acquisition, i.e. where the cost of acquisition is below the fair value of the identifiable net assets acquired, is credited to the Statement of Comprehensive Income in the period of acquisition.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Contingent consideration is initially recognised at fair value on the date of acquisition and subsequently remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

EBITDA

EBITDA is a non-GAAP Company specific measure defined as profit or loss before tax adjusted for finance income and expense, depreciation and amortisation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. Accounting policies (continued)

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Performance obligations and timing of revenue recognition

Revenue comprises licensing of content and IP, and social publishing.

The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue. For more detailed information about reportable segments see Note 10.

The Group accounts for revenue as principal where it is the licenced entity in the provision of gaming services to end users and controls the service provision. Where the Group is considered to be acting as agent in the service provision, revenues are recognised net.

Licensing revenue

Licensing revenue derives from contractual relationships for the right to use of intellectual property and the amount of consideration receivable is dependent upon the value of sales the customer makes using the IP.

For content licensing, revenue is sales-based dependent on the activity of the Group's customers. Revenue is recognised as the usage occurs by the customer (under the IFRS 15 royalty exception).

Any minimum guarantees are recognised at a point in time when the control of the licence is passed to the customer.

For brand licensing, revenue is recognised at a point in time when there are no further monetary or financial obligations to be fulfilled by the licensor. However, where the Group has ongoing obligations, licensing fees are further analysed for the contractual service provision and recognised either at point in time or over time, applying the royalty exception as applicable.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices and rates.

Contracts where the transaction price is not fixed are royalties which are accounted for in accordance with the usage-based royalty exception in IFRS 15.

Allocating amounts to performance obligations

For most contracts, there is a fixed amount for each wager or credit purchased and only one performance obligation, being the honouring of the outcome of the wager/purchase. Therefore, there is no judgement involved in allocating the contract price.

Licensing contracts work on a sales-based royalty. Therefore, there is no judgement involved in allocating the contract price.

Social publishing revenue

Social publishing revenue derives from the purchase of credits and awards on social gaming sites. In addition, revenue is generated from in app advertisements.

Revenue is recognised at a point in time when the user credit has been purchased as there is no further service to be delivered and credits are non-refundable. In app advertising revenue is recognised at a point in time when the advertisement is displayed, or offer has been completed by the customer and confirmed by third-party reports.

Other income

The Group receives government grants in respect of its research and development activities performed. This is presented as other income in the consolidated statement of comprehensive income and is recognised in the same period as the expenses incurred in performing the applicable activities.

Leases

Group as a lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Foreign currency

The financial information of the Group is prepared in British Pounds Sterling, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group. The Group has subsidiaries with functional currencies of British Pounds Sterling, U.S. Dollars, Euros and Canadian Dollars.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income. Foreign exchange differences arising from financing transactions are recognised in finance income/loss, differences arising from trading balances are recognised in administration costs.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised as profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Parent company's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in the income statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within trade and other payables in current liabilities on the consolidated statement of financial position.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The fair value of share options issued without market-based vesting conditions is measured by the application of the Black-Scholes option pricing model by reference to the grant date of the options. The fair value of share options issued with market-based vesting conditions is measured by use of the Monte Carlo method.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life
Customer databases	1–2 years
Development costs	3-5 years
Intellectual property	8 years
Domain names	2-3 years
Software	3-5 years

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Office, furniture and equipment	20% per annum straight-line
Computer equipment	33% per annum straight-line
Leasehold improvements	Over the life of the lease

Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of shares subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Adjustments arising on the reverse transaction and the excess of the fair value over nominal value for shares issued in business combinations qualifying for merger relief under the Companies Act 2006.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

» The initial recognition of goodwill
» The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit
» Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

(a) Impairment of goodwill and other intangible assets

Goodwill and other intangible assets are reviewed for impairment and their values are written down on the basis of the Group's expectations of future economic benefits expected to be received. Any process which attempts to estimate future outcomes to determine the recoverable amount is subject to uncertainty. The recoverable amount is determined based on the lower of value in use calculations, which require the estimate of future cash flows and the choice of discount rate to calculate the present value of the cash flows. Calculations are based on management's forecasts for the period, and past experience of the same or similar assets. Where it is believed that the estimation uncertainty can give rise to material differences in asset carrying values, this will be stated in the relevant notes to the financial statements. For both CGU's impairment reviews were performed over, a reasonably possible change to an input to the impairment review calculation (such as WACC, long term growth rate, reduction in medium term cash flows) would not result in an impairment. See Note 14.

(b) Amortisation of development costs

Capitalised development costs are subject to amortisation over the estimated useful life and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The estimated useful life of these assets is based on management's estimates of the period over which the assets are expected to generate revenue and are periodically reviewed to confirm they are still appropriate.

(c) Fair Value Measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

» Level 1: Quoted prices in active markets for identical items (unadjusted)
» Level 2: Observable direct or indirect inputs other than Level 1 inputs
» Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

» Other investments (Note 16)
» Financial instruments (Note 22)

For more detailed information in relation to the fair value measurement and sensitivities of the items above, please refer to the applicable notes.

(d) Arrangement with Gamesys Group plc

The arrangements entered into with Gamesys Group plc in 2017 are complex. The initial recognition involves estimating the fair value of the derivative liability, and estimating the initial carrying value of the loan liability using a suitable discount rate. The values computed reflected the directors' expectations of the timing and quantum of expected cash outflows on the loan and the probability of the conversion option being exercised. Had these estimates changed, it would have impacted the carrying amounts of the conversion option and the loan. In December 2022, the convertible loan was repaid in full therefore bringing the loan and conversion option balances to £Nil. See Note 21 for further detail.

(e) Impairment of financial assets and expected credit losses

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. See Note 18 for further detail.

(f) Recognition of deferred tax assets
The Group has material unused tax losses carried forward at the balance sheet date. A deferred tax asset of £0.3m has been recognised in respect of the Group's historic UK trading losses which are being carried forward (see Note 12). The utilisation of these losses is dependent on the existence of future taxable profits, to which the tax losses can be applied against.

In assessing the quantum and probability of recovery of tax losses carried forward, the Directors have reviewed the Group's three-year forecasts used for both the going concern assessment and annual impairment testing, which have been approved by the Board. The process of forecasting future performance is inherently subject to estimation uncertainty. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as the amounts recognised in income in the period in which the change occurs.

Taxation information, including deferred tax assets, is presented in Note 12.

Judgements

(a) Revenue recognition
Certain brand licensing agreements involve judgement over the nature, timing and extent of the Group's activities in fulfilling contractual performance obligations. This judgement therefore impacts the timing of revenues recognised for such agreements. On a contract-by-contract basis, the Group assesses its expected ongoing commitments to fulfil its contractual obligations. Where an agreement provides the right for a customer to use the Group's intellectual property and there are no significant ongoing commitments for the Group to satisfy, the performance obligation is considered to be satisfied at a point in time, when the associated revenues are recognised. However, where there is expected to be significant ongoing commitment for the Group, revenues are recognised over time with the satisfaction of the performance obligations.

(b) Capitalisation of development costs
The identification of development costs that meet the criteria for capitalisation is dependent on management's judgement and knowledge of the work done. Development costs of gaming software platforms are separately identified. Key judgements relate to the separately identified projects, the expected future benefits and the useful economic life and are based on the information available at each period end. Economic success of any development is assessed on a reasonable basis but remains uncertain at the time of recognition. Development costs capitalised total £4.0m (2021: £3.4m). See Note 14.

(c) Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences and for tax losses carried forward to the extent they are considered recoverable. The assessment of temporary differences and tax losses carried forward is based on management's estimates of future taxable profits against which the temporary differences and losses carried forward may be utilised.

Given the Group's recent record of profitability, along with recently prepared Group forecasts which have been approved by the Board, the Directors judged it appropriate to recognise a deferred tax asset of £0.3m (2021: £Nil). This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. See Note 12.

(d) Arrangement with Gamesys Group plc
The agreement with Gamesys Group plc allows for early settlement of the loan if a change of control occurs. The directors' have used their judgement in order to determine that the probability of a change in control is low. Had this judgement been different, the Group may be liable, if the option is exercised, to make an additional cash payment to Gamesys Group plc earlier than the end of the term. See Note 21 for more detail.

(e) Taxes
Judgement is required to interpret international tax laws relating to e-commerce in order to identify and value provisions in relation to indirect taxes. The principal risks relating to the Group's tax liabilities arise from domestic and international tax laws and practices in the e-commerce environment which continues to evolve. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received, where necessary, from provisional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group monitors changes in legislation and updates its tax liabilities accordingly, However, due to different interpretations and evolving practice there is a risk that additional liabilities could arise.
To the extent that the final outcome of such matters differs to management's assessment at any reporting dates, such differences may impact the financial results or contingent liabilities disclosed in the period in which such determination is made. Further details can be found in Note 26 to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

3. Revenue from contracts with customers

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

» depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and

» enable users to understand the relationship with revenue segment information provided in Note 10.

B2B licensing revenue by primary geographical market is split according to the location of the operator.

In 2022 there was one customer (2021: one customer) who individually accounted for more than 10% of total revenue of the Group. Total revenue from this customer in 2022 was £2,672,153 (2021: £1,635,877).

2022 revenue	Licensing £	Social publishing £	Other £	Total £
Primary geographical markets				
UK (including Channel Islands)	831,518	-	23,000	854,518
USA	6,480,346	3,690,485	-	10,170,831
Isle of Man	672,098	-	-	672,098
Malta	2,838,486	-	-	2,838,486
Gibraltar	3,079,594	-	-	3,079,594
Rest of the World	1,034,994	-	-	1,034,994
	14,937,036	**3,690,485**	**23,000**	**18,650,521**
Contract counterparties				
Direct to consumers (B2C)	-	3,690,485	-	3,690,485
B2B	14,937,036	-	23,000	14,960,036
	14,937,036	**3,690,485**	**23,000**	**18,650,521**
Timing of transfer of goods and services				
Point in time	14,937,036	3,690,485	23,000	18,650,521
Over time	-	-	-	-
	14,937,036	**3,690,485**	**23,000**	**18,650,521**

2021 revenue	Licensing £	Social publishing £	Other £	Total £
Primary geographical markets				
UK (including Channel Islands)	764,759	-	-	764,759
USA	4,460,407	3,567,616	-	8,028,023
Isle of Man	2,390,623	-	-	2,390,623
Malta	2,055,937	-	-	2,055,937
Gibraltar	533,251	-	-	533,251
Rest of the World	895,108	-	-	895,108
	11,100,085	**3,567,616**	**-**	**14,667,701**
Contract counterparties				
Direct to consumers (B2C)	-	3,567,616	-	3,567,616
B2B	11,100,085	-	-	11,100,085
	11,100,085	**3,567,616**	**-**	**14,667,701**
Timing of transfer of goods and services				
Point in time	11,019,931	3,567,616	-	14,587,547
Over time	80,154	-	-	80,154
	11,100,085	**3,567,616**	**-**	**14,667,701**

Remaining performance Obligations

The vast majority of the Group's contracts are for services that will be provided within the next 12 months. Certain licence contracts have been entered into for which both:

- » the original contractual period was greater than 12 months; and
- » the Group's right to consideration does not correspond directly with the performance.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is:

	2022 £	2021 £
Next 12 months	**600,000**	-
	600,000	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

4. Other income

The Group receives government grants in respect of its research and development activities performed in certain jurisdictions in which the Group operates. Amounts recognised in the income statement are summarised below.

	2022 £	2021 £
Other income	**112,147**	130,878
	112,147	130,878

5. Expenses by nature

Profit before interest and tax has been arrived at after charging/(crediting):

	Note	2022 £	2021 £
Employee benefit expenses (excluding share option and related charges)	9	**4,596,796**	3,626,086
License and platform fees		**2,582,636**	2,184,605
IT software and hosting costs		**1,528,098**	899,653
Legal, professional and consulting		**738,919**	748,697
Share option and related charges	24	**351,726**	699,194
Marketing expenses		**133,799**	379,230
Depreciation of property, plant and equipment	15	**258,515**	216,834
Amortisation of intangible assets	14	**3,671,379**	3,064,299
Foreign exchange (gain) / loss		**(111,557)**	43,247

6. Auditor's remuneration

During the year the Group obtained the following services from the Company's auditor:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Group's annual accounts	**30,000**	25,000
Fees payable to the Company's auditor for the audit of the subsidiary financial statements	**90,750**	65,000
Fees payable to the Company's auditor for the review of the interim statement	**3,000**	3,000
Fees payable to the Company's auditor for other services:		
- Tax compliance services	**50,785**	31,000
- Research and development tax credit services	**54,850**	-
- Tax advisory services	**-**	18,853
- Other	**4,713**	37,945
	234,098	180,798

7. Key management personnel remuneration

During the year the Group paid the following remuneration to the key management personnel (which include directors) of the consolidated entity:

	2022 £	2021 £
Short-term benefits of key management personnel	**1,914,893**	1,572,932
Post-employment benefits of key management personnel	**40,162**	29,813
Share-based benefits of key management personnel	**394,149**	384,598
	2,349,204	1,987,343

8. Directors' remuneration

The following table presents the Directors' remuneration of the Company for the year ended 31 December 2022.

	Salary and fees £	Bonus £	Benefits £	2022 Total £	2021 Total £
Michael Buckley	**275,000**	**82,500**	-	**357,500**	375,000
Mark Segal	**275,000**	**82,500**	**15,396**	**372,896**	389,891
Jim Ryan	**50,000**	-	-	**50,000**	40,000
Mark Wilson	**50,000**	-	-	**50,000**	40,000
Mark Blandford	**50,000**	-	-	**50,000**	40,000
Anna Massion	**8,333**	-	-	**8,333**	-
Chris Ash	-	-	-	-	30,000
	708,333	**165,000**	**15,396**	**888,729**	914,891

The Directors' ordinary shares in the Company, were as follows:

	2022 No. of shares	2021 No. of shares
Michael Buckley	**25,700,000**	26,500,000
Mark Segal	**740,761**	740,761
Jim Ryan	**1,153,845**	1,153,845
Mark Wilson	**1,153,845**	1,153,845
Mark Blandford	**11,730,000**	10,380,000
	40,478,451	39,928,451

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

8. Directors' remuneration (continued)

Directors' interests in long-term incentive plans

The Directors' interests in share options, over ordinary shares in the Company, were as follows:

		Options at 1 Jan 2022	Options granted	Options exercised	Options lapsed	Options at 31 Dec 2022	Exercise price	Date of grant
Michael Buckley	1	2,000,000	-	-	-	2,000,000	£0.10	02-Jun-20
	2	5,769,229	-	-	-	5,769,229	£0.20	28-Jul-20
	3	-	1,000,000	-	-	1,000,000	£0.325	06-Jan-22
	4	-	500,000	-	-	500,000	£0.325	06-Jan-22
Mark Segal	1	3,000,000	-	-	-	3,000,000	£0.10	02-Jun-20
	2	3,076,923	-	-	-	3,076,923	£0.20	28-Jul-20
	3	-	1,000,000	-	-	1,000,000	£0.325	06-Jan-22
	4	-	500,000	-	-	500,000	£0.325	06-Jan-22

1 On 2 June 2020, the Company granted these equity settled awards to certain Directors, which vest in three equal tranches on 3 February 2021, 2022 and 2023 subject to certain performance criteria.

2 On 28 July 2020, the Company granted these equity settled awards to certain Directors, which vest in two equal tranches 12 and 24 months from the date of grant.

3 On 6 January 2022, the Company granted these equity settled awards to certain Directors. The options vest immediately on certain non-market-based conditions occurring and lapse on the third anniversary of grant if the conditions do not occur.

4 On 6 January 2022, the Company granted these equity settled awards to certain Directors, which vest in three equal tranches on 15 October 2022, 2023 and 2024.

9. Employee benefit expenses

	2022 £	2021 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**5,615,054**	4,518,267
Share option and related charges (Note 24)	**351,726**	699,194
Social security contributions and similar taxes	**585,604**	448,778
Pension contributions	**179,845**	136,046
	6,732,229	5,802,285
Staff costs capitalised in respect of internally generated intangible assets	**(1,783,707)**	(1,484,505)
	4,948,522	4,317,780

The Group makes contributions to defined contribution plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. The assets of the individual schemes are held separately from those of the Group in independently administered funds. Unpaid contributions at 31 December 2022 were £20,600 (2021: £27,321).

The average number of employees was 67 (2021: 60).

10. Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Group has 2 reportable operating segments:

» Licensing - brand and content licensing to partners in Europe and the US
» Social Publishing - providing freemium games to the US

2022	Licensing £	Social Publishing £	Head office £	Total £
Revenue	**14,937,036**	**3,690,485**	**23,000**	**18,650,521**
Other income	-	**112,147**	-	**112,147**
Marketing expense	**(38,391)**	**(17,164)**	**(78,244)**	**(133,799)**
Operating expense	**(2,579,127)**	**(1,308,520)**	-	**(3,887,647)**
Administrative expense	**(4,176,964)**	**(1,001,569)**	**(1,764,925)**	**(6,943,458)**
Share option and related charges	**(149,753)**	**(1,666)**	**(200,307)**	**(351,726)**
EBITDA	**7,992,801**	**1,473,713**	**(2,020,476)**	**7,446,038**
Amortisation of intangible assets	**(1,996,909)**	**(943,384)**	**(731,086)**	**(3,671,379)**
Depreciation of property, plant and equipment	**(60,215)**	**(59,822)**	**(138,478)**	**(258,515)**
Finance expense	**(10,087)**	**(11,239)**	**(372,716)**	**(394,042)**
Finance income	**26,658**	-	**375,000**	**401,658**
Profit before tax	**5,952,248**	**459,268**	**(2,887,756)**	**3,523,760**

2021	Licensing £	Social Publishing £	Head office £	Total £
Revenue	11,100,085	3,567,616	-	14,667,701
Other income	-	130,878	-	130,878
Marketing expense	(20,348)	(282,579)	(76,303)	(379,230)
Operating expense	(1,645,538)	(1,301,320)	-	(2,946,858)
Administrative expense	(2,889,706)	(920,178)	(1,856,570)	(5,666,454)
Share option and related charges	(170,062)	(7,441)	(521,691)	(699,194)
EBITDA	6,374,431	1,186,976	(2,454,564)	5,106,843
Amortisation of intangible assets	(1,357,625)	(987,286)	(719,388)	(3,064,299)
Depreciation of property, plant and equipment	(26,475)	(47,717)	(142,642)	(216,834)
Impairment of goodwill	-	(73,677)	-	(73,677)
Finance expense	(7,353)	(20,005)	(662,577)	(689,935)
Finance income	26,496	-	-	26,496
Profit before tax	5,009,474	58,291	(3,979,171)	1,088,594

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

10. Segment information (continued)

The Group's non-current assets (excluding deferred tax assets) by geographical area are detailed below.

	2022 £	2021 £
UK	**12,038,678**	11,869,577
USA	**1,040**	821
Canada	**1,043,871**	567,648
Malta	**13,470**	12,776
	13,097,059	12,450,822

11. Finance income and expense

		2022 £	2021 £
Finance income			
Interest received		-	145
Net release of derivative liability on non-conversion of loan	21	**375,000**	-
Interest income on unwind of deferred income		**26,658**	19,087
Interest income on unwind of finance lease asset		-	7,264
Total finance income		**401,658**	26,496

		2022 £	2021 £
Finance expense			
Bank interest paid		**20,445**	20,238
Fair value loss on other investments		-	38,855
Fair value movement on derivative liability	21	**112,000**	117,000
Effective interest on other creditor	21	**237,157**	468,339
Interest expense on lease liability	20	**24,440**	45,503
Total finance expense		**394,042**	689,935

12. Taxation

	2022 £	2021 £
Current tax		
Current tax (charge) / credit	**(312,922)**	38,310
Adjustment for current tax of prior periods	**(8,414)**	4,952
Total current tax	**(321,336)**	43,262
Deferred tax		
Recognition of deferred tax asset	**287,407**	-
Unwind of deferred tax	**124,284**	122,296
Total deferred tax credit	**411,691**	122,296
Total tax credit	**90,355**	165,558

The reasons for the difference between the actual tax credit for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2022 £	2021 £
Profit before tax for the year	**3,523,760**	1,088,594
Expected tax at effective rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**669,514**	206,833
Expenses not deductible for tax purposes	**141,812**	274,425
Income not chargeable for tax purposes	**(71,278)**	(24,867)
Effects of overseas taxation	**(93,850)**	(38,310)
Adjustment for tax in respect of prior periods	**8,414**	(4,952)
Research and development tax credit	**(131,100)**	-
Movement in deferred tax not previously recognised	**(326,460)**	(578,687)
Recognition of deferred tax asset	**(287,407)**	-
	(90,355)	(165,558)

The Group's corporation tax payable at the balance sheet date is £256,123 (2021: receivable of £112,133) being the £321,336 current tax charge for the year, less £65,213 payments made during the year.

Deferred Tax Asset

The Group has unused UK tax losses carried forward as at the balance sheet date of £30.6m (2021: £32.4m) and US tax losses carried forward of $3.9m (2021: $3.9m). Given the Group recorded a pre-tax profit in both the current and prior year, along with expected future profitability levels, the Directors have recognised a deferred tax asset of £0.3m (2021: £Nil) relating to unused tax losses that are expected to be offset against the Group's taxable profits generated in the following accounting period. Management have based their assessment on the latest Group forecasts approved by the Board.

The amount of the asset is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax assets are recovered. From April 2023, there is no longer a single Corporation Tax rate for non-ring fence profits. At the Spring Budget 2021, the UK government announced that the Corporation Tax main rate for non-ring fence profits would increase to 25% for profits above £250,000.

Deferred Tax Liability

	2022 £	2021 £
At 1 January 2022	**199,876**	320,913
Unwind of deferred tax recognised on business acquisitions	**(124,284)**	(122,296)
Exchange differences	**-**	1,259
At 31 December 2022	**75,592**	199,876

The Group's closing overall deferred tax asset at the balance sheet date is £211,815 (2021: deferred tax liability of £199,876), comprises the deferred tax asset on unused tax losses of £287,407 (2021: £Nil) and the deferred tax liability of £75,592 (2021: £199,876).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

13. Earnings per share

Basic earnings per share is calculated by dividing the result attributable to ordinary shareholders by the weighted average number of shares in issue during the year. The calculation of diluted EPS is based on the result attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options (see Note 24) and a convertible loan (see Note 21). The convertible loan was anti-dilutive in both the current and prior years and so was ignored in calculating diluted EPS.

	2022 £	2021 £
Profit after tax attributable to the owners of the parent Company	**3,614,115**	1,257,698

	Number	Number
Denominator - basic		
Weighted average number of ordinary shares	**291,655,659**	288,496,688
Denominator - diluted		
Weighted average number of ordinary shares	**291,655,659**	288,496,688
Weighted average number of option shares	**7,057,892**	13,140,665
Weighted average number of shares	**298,713,551**	301,637,353

	Pence	Pence
Basic earnings per share	**1.24**	0.44
Diluted earnings per share	**1.21**	0.42

14. Intangible assets

	Goodwill £	Customer database £	Software £	Development costs £	Licenses £	Domain names £	Intellectual Property £	Total £
Cost								
At 1 January 2021	6,697,219	1,475,650	1,384,223	14,232,892	-	8,785	5,786,179	29,584,948
Additions	-	-	76,286	3,435,308	247,322	-	-	3,758,916
Disposals	(73,677)	-	(212,215)	(198,043)	-	-	-	(483,935)
Exchange differences	50,382	14,886	14,122	-	-	89	58,568	138,047
At 31 December 2021	6,673,924	1,490,536	1,262,416	17,470,157	247,322	8,874	5,844,747	32,997,976
Additions	-	-	54,229	4,009,171	71,455	-	-	4,134,855
Disposals	-	-	-	-	-	-	-	-
Exchange differences	125,326	-	-	14,086	694	-	-	140,106
At 31 December 2022	**6,799,250**	**1,490,536**	**1,316,645**	**21,493,414**	**319,471**	**8,874**	**5,844,747**	**37,272,937**
Accumulated amortisation and impairment								
At 1 January 2021	1,650,000	1,475,650	1,384,223	10,030,745	-	8,785	3,898,422	18,447,825
Amortisation charge	-	-	31,978	2,269,464	43,469	-	719,388	3,064,299
Impairment	73,677	-	-	-	-	-	-	73,677
Disposals	(73,677)	-	(212,215)	(200,047)	-	-	-	(485,939)
Exchange differences	-	14,886	14,122	2,227	-	89	51,192	82,516
At 31 December 2021	1,650,000	1,490,536	1,218,108	12,102,389	43,469	8,874	4,669,002	21,182,378
Amortisation charge	-	-	73,177	2,781,155	85,961	-	731,086	3,671,379
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	(3,672)	-	-	-	(3,672)
At 31 December 2022	**1,650,000**	**1,490,536**	**1,291,285**	**14,879,872**	**129,430**	**8,874**	**5,400,088**	**24,850,085**
Net book value								
At 31 December 2021	5,023,924	-	44,308	5,367,768	203,853	-	1,175,745	11,815,598
At 31 December 2022	**5,149,250**	**-**	**25,360**	**6,613,542**	**190,041**	**-**	**444,659**	**12,422,852**

The Group has no contractual commitments for development costs (2021: none).

Goodwill

The Group has 2 Cash Generating Units ("CGUs") (2021: 2) for which the carrying amount of goodwill is allocated as follows:

	2022 £	2021 £
Licensing	**4,975,634**	4,867,609
Social Publishing	**173,616**	156,315
	5,149,250	5,023,924

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

14. Intangible assets (continued)

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. A detailed impairment test was undertaken at 31 December 2022 to assess whether the carrying value of assets was supported by its recoverable amount.

The recoverable amount is the higher of fair value less costs of disposal, and value in use. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. No indicators of impairment arose as a result of this review.

The recoverable amounts of both CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets. Cash flow projections have been prepared by management for a three-year period to 31 December 2025, which have been presented and approved by the Board. These projections have been extended by a further 2 years using estimated growth rates to give 5-year projections. Other major assumptions are as follows:

	Discount rate	Long-term growth rate *
2022		
Licensing	**19.0%**	**2%**
Social Publishing	**19.0%**	**2%**
2021		
Licensing	16.0%	2%
Social Publishing	16.0%	2%

* The growth rate assumptions apply only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year 5.

The discount rates used in discounting the projected cash flows are based on the Group's Weighted Average Cost of Capital, after considering the specific risks of the different CGU's.

The discount rates used have been considered based on the risks involved in each of the underlying business units and terminal growth rates and reflect the expected growth in underlying EBITDA expected from these units. These CGUs have been considered for impairment and sensitivities have been calculated around the terminal growth rates and discount factors used together with specific scenarios including the loss of revenue where those revenues might be considered to be at risk.

No indicators of impairment have arisen as a result as the impact of all sensitivities were judged to be within tolerable levels.

The £73,677 impairment charge in the prior year related to goodwill held in Hullabu Inc., which was dissolved on 31 December 2021.

15. Property, plant and equipment

	ROU lease assets* £	Leasehold improvements £	Computers and related equipment £	Office furniture and equipment £	Total £
Cost					
At 1 January 2021	769,613	76,059	206,367	77,209	1,129,248
Additions	-	-	139,219	2,327	141,546
Disposals	-	(13,474)	(35,530)	(16,682)	(65,686)
Exchange differences	2,077	250	1,269	755	4,351
At 31 December 2021	771,690	62,835	311,325	63,609	1,209,459
Additions	181,228	-	121,306	2,798	305,332
Disposals	(121,966)	-	-	-	(121,966)
Exchange differences	5,021	278	4,036	1,824	11,159
At 31 December 2022	**835,973**	**63,113**	**436,667**	**68,231**	**1,403,984**
Accumulated deprecation					
At 1 January 2021	304,667	29,717	172,932	61,139	568,455
Depreciation charge	151,613	16,084	40,590	8,547	216,834
Disposals	-	(13,474)	(34,859)	(15,228)	(63,561)
Exchange differences	1,294	228	993	638	3,153
At 31 December 2021	457,574	32,555	179,656	55,096	724,881
Depreciation charge	154,349	13,579	84,605	5,982	258,515
Disposals	(121,966)	-	-	-	(121,966)
Exchange differences	3,211	192	2,195	1,547	7,145
At 31 December 2022	**493,168**	**46,326**	**266,456**	**62,625**	**868,575**
Net book value					
At 31 December 2021	314,116	30,280	131,669	8,513	484,578
At 31 December 2022	**342,805**	**16,787**	**170,211**	**5,606**	**535,409**

* See Note 20 for further analysis by lease category.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

16. Other investments

	Other investments £
At 1 January 2021	401,291
Change in fair value	(38,855)
Disposal	(362,436)
At 31 December 2021 and 31 December 2022	-

The other investment balance comprised a 6.6% interest in Ayima Group AB ("Ayima"). The shares of Ayima are quoted on AktieTorget, a Nordic stock exchange (www.aktietorget.se). The investment was remeasured each reporting period to fair value based on the quoted share price.

During the prior year the Group disposed of its entire shareholding in Ayima, generating cash proceeds of £362,436 bringing the investment balance to £Nil.

17. Other assets

	2022 £	2021 £
Other assets	**138,798**	150,646

Other assets represent the rental deposit on operating leases and deposits held with third-party suppliers.

18. Trade and other receivables

	2022 £	2021 £
Trade receivables	**3,497,710**	1,372,749
Other receivables	**145,506**	41,957
Tax and social security	**280,912**	394,749
Prepayments and accrued income	**1,412,202**	1,451,232
	5,336,330	3,260,687

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

All amounts shown fall due for payment within one year.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

Management have assessed the expected loss rate based on the Group's historical credit losses experienced over the five-year period ended 31 December 2022. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. On the basis of this review, no impairment has been recorded (2021: None).

19. Trade and other payables

	2022 £	2021 £
Trade payables	**669,024**	531,939
Other payables	**118,777**	158,726
Tax and social security	**464,557**	236,491
Accruals and deferred income	**2,017,961**	1,313,958
	3,270,319	2,241,114

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

20. Leases

Group as a lessee

Set out below, are the carrying amount of the Group's right-of-use asset and lease liability, along with the movements during the year.

Right-of-use assets

	Land and buildings £	Motor vehicles £	Total £
At 1 January 2021	455,359	9,587	464,946
Amortisation	(148,125)	(3,488)	(151,613)
Exchange differences	783	-	783
At 31 December 2021	308,017	6,099	314,116
Additions	181,228	-	181,228
Amortisation	(150,861)	(3,488)	(154,349)
Exchange differences	1,810	-	1,810
At 31 December 2022	**340,194**	**2,611**	**342,805**

Lease liabilities

	Land and buildings £	Motor vehicles £	Total £
At 1 January 2021	674,927	9,107	684,034
Lease payments	(384,942)	(3,552)	(388,494)
Interest expense	45,120	383	45,503
Exchange differences	71	-	71
At 31 December 2021	335,176	5,938	341,114
Additions	181,228	-	181,228
Lease payments	(160,071)	(3,567)	(163,638)
Interest expense	24,219	221	24,440
Exchange differences	2,267	-	2,267
At 31 December 2022	**382,819**	**2,592**	**385,411**

	2022 £	2021 £
Current	**217,731**	172,887
Non-current	**167,680**	168,227
	385,411	341,114

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

21. Arrangement with Gamesys Group plc

In December 2017 the Group entered into a complex transaction with Gamesys Group plc and group companies (together "Gamesys Group"). The transaction included a £3.5m secured convertible loan agreement alongside a 10-year framework services agreement for the supply of various real money services. Under the framework services agreement the first £3.5m of services were provided free-of-charge within the first 5 years.

The convertible loan had a duration of 5 years and carried interest at 3-month LIBOR plus 5.5%, which was later updated to a fixed 5.75% following the cessation of LIBOR on 31 December 2021. It was secured over the Group's Slingo assets and business. At any time after the first year, Gamesys Group plc could have elected to convert all or part of the principal amount into ordinary shares of Gaming Realms plc at a discount of 20% to the share price prevailing at the time of conversion. To the extent that the price per share at conversion was lower than 10p (nominal value), then the shares could have been converted at nominal value with a cash payment equal to the aggregate value of the convertible loan outstanding multiplied by the shortfall on nominal value payable to Gamesys Group plc. Under this arrangement, the maximum dilution to Gaming Realms shareholders would have been approximately 11%, assuming the convertible loan is converted in full.

The option violated the fixed-for-fixed criteria for equity classification as the number of shares is variable and as a result is classified as a liability.

The fair value of the conversion feature was determined at each reporting date with changes recognised in profit or loss. The initial fair value was £0.6m based on a probability assessment of conversion and future share price. This is a level 3 valuation as defined by IFRS 13.

The initial fair value of the host debt was calculated as £2.7m, being the present value of expected future cash outflows. The initial rate used to discount future cashflows was 14.1%, being the Group's incremental borrowing rate. This rate was calculated by reference to the Group's cost of equity in the absence of reliable alternative evidence of the Group's cost of borrowing given it is predominantly equity funded. Expected cashflows are based on directors' judgement that a change in control event would not occur. Subsequently the loan is carried at amortised cost. The residual £0.2m of proceeds were allocated to the obligation to provide free services.

On 23 February 2022, Bally's Corporation (owner of Gamesys Group) exercised their option to convert £500,000 of the £3,500,000 convertible loan into Gaming Realms plc ordinary shares. The issue of 2,170,817 new ordinary shares to satisfy the conversion resulted in an increase in share capital of £217,082 and share premium of £282,918 (see Note 23). As a result of the conversion, a £106,000 reclassification from the derivative liability into retained earnings was made, being 14.29% (the portion of the total loan converted) of the derivative liability held at the time of conversion.

On 9 December 2022, the Group paid Gamesys Group a sum of £3,375,000 as full repayment of the remaining £3,000,000 principal loan balance plus related charges.

Prior to repayment, the fair value of the conversion feature was assessed to be £750,000 (31 December 2021: £744,000) based on revised probabilities of when and if the option would be exercised, with the £112,000 increase recorded as a finance expense (see Note 11). The key inputs into the valuation model included timing of exercise by the counterparty (based on a probability assessment) and the share price. Following repayment of the loan, the derivative liability balance held of £750,000, less £375,000 of repayment charges included in the above £3,375,000 final payment was released to the income statement as finance income (see Note 11).

	Fair value of debt host £	Obligation to provide free services £	Fair value of derivative Liability £	Total £
At 1 January 2021	3,155,870	149,000	627,000	3,931,870
Utilisation of free services	-	(89,000)	-	(89,000)
Effective interest	468,339	-	-	468,339
Interest paid	(194,931)	-	-	(194,931)
Change in fair value	-	-	117,000	117,000
At 31 December 2021	3,429,278	60,000	744,000	4,233,278
At 1 January 2022	3,429,278	60,000	744,000	4,233,278
Utilisation of free services	-	(60,000)	-	(60,000)
Effective interest	237,157	-	-	237,157
Interest paid	(166,435)	-	-	(166,435)
Partial conversion of loan	(500,000)	-	(106,000)	(606,000)
Change in fair value	-	-	112,000	112,000
Repayment of loan	(3,000,000)	-	(750,000)	(3,750,000)
At 31 December 2022	**-**	**-**	**-**	**-**

22. Financial instruments and risk management – Group

The Group is exposed through its operations to risks that arise from use of its financial instruments. The Group's financial assets and liabilities are shown on the face of the consolidated statement of financial position and are presented in the table below by category, as defined by IFRS 9 'Financial Instruments'.

	Amortised cost		Fair Value	
	2022 £	2021 £	**2022 £**	2021 £
Financial assets				
Cash and cash equivalents	**2,922,775**	4,412,375	**-**	-
Trade and other receivables	**3,643,216**	1,414,706	**-**	-
Accrued income	**1,101,410**	1,239,634	**-**	-
Other assets	**138,798**	150,646	**-**	-
Financial liabilities				
Trade and other payables	**787,801**	690,665	**-**	-
Accruals	**1,417,961**	1,313,958	**-**	-
Other creditors	**-**	3,489,278	**-**	-
Derivative liability	**-**	-	**-**	744,000
Lease liability	**385,411**	341,114	**-**	-

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial instruments in the following categories:

» Financial assets held at amortised cost;
» Financial assets held at fair value;
» Financial liabilities held at amortised cost; and
» Financial liabilities held at fair value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

22. Financial instruments and risk management – Group (continued)
The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial instruments at initial recognition or in certain circumstances on modification.

In the Directors' opinion, there is no material difference between the book value and the fair value of any of the financial instruments.

The Group has some exposure to credit risk and liquidity risk. There has been no material change to the financial instruments used within the business during the year except for contingent consideration and therefore no material changes to the risk management policies put in place by the Board which are now discussed below.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst acknowledging this responsibility, it has delegated the authority and day to day responsibility for designing and operating systems and controls which meet these risk management objectives to the finance and administration function. The Board regularly reviews the effectiveness of these processes in meeting its objectives and considers any necessary changes in response to changes within the business or the environment in which it operates.

Currency risk
The Group is exposed to currency risk on translation and on sales and purchases that are denominated in a currency other than Pounds Sterling (GBP). The currency in which these transactions are primarily denominated is US Dollars (USD).

The Group's policy is, where possible to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency cash already denominated in that currency will, where possible, be transferred from elsewhere in the Group.

As of 31 December 2022 the Group's net exposure to foreign exchange risk was as follows:

Net foreign currency financial assets	2022 £	2021 £
US Dollar	**1,973,465**	1,043,049
Euro	**996,279**	238,309
Other	**153,892**	69,901
	3,123,636	1,351,259

The effect of a 20% strengthening in Sterling against other currencies, all other variables held constant, have resulted in a increase in profit and an increase in net assets of £624,727 (2021: increase in profit and increase of net assets of £270,252). A 20% weakening in the exchange rates would, on same basis reduce profit after tax and decrease net assets by £624,727. (2021: reduce profit after tax and decrease net assets by £270,252).

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The ongoing lease liabilities are included in the Group's cash flow modelling.

The following table sets out the undiscounted contractual cash flows:

At 31 December 2022	Within 1 year £	1–2 years £	Over 2 years £
Trade and other payables	**787,801**	-	-
Accruals	**1,417,961**	-	-
Other creditors	-	-	-
Lease liability	**232,035**	**61,566**	**120,317**
Total	**2,437,797**	**61,566**	**120,317**

At 31 December 2021	Within 1 year £	1–2 years £	Over 2 years £
Trade and other payables	690,665	-	-
Accruals	1,313,958	-	-
Other creditors	3,489,278	-	-
Lease liability	192,981	154,220	21,368
Total	5,686,882	154,220	21,368

Credit risk

The Group's trading is mainly exposed to credit risk through credit sales in both the Licencing and Social Publishing segments. Generally, receivables are due and collected within 30 days of invoice or contract. See Note 18 for further detail on receivables exposure and expected credit loss analysis.

Management considered the credit risk and the counterparty debt risk and recognised an impairment provision of £Nil (2021: £Nil). In the opinion of management, the credit risk to cash and lease deposits is immaterial.

See further disclosure on results of expected credit losses in Note 18.

Financial liabilities measured at fair value

The fair value hierarchy of financial liabilities measured at fair value is provided.

The fair value of derivative liabilities totalling £Nil (2021: £0.7m) was based on a probability assessment of conversion and future share price. This is a level 3 valuation as defined by IFRS 13.

The fair value measurement hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels, with the highest level (level 1) given to inputs for which there are unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level (level 3) given to unobservable inputs. Level 2 inputs are directly or indirectly observable inputs other than quoted prices.

Capital management

The Group is funded through shareholders' funds. The Group monitors its capital structure, which comprises all components of equity (i.e. share capital, share premium, non-controlling interest and retained earnings) and monitors external debt. The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

22. Financial instruments and risk management – Group (continued)

Changes in liabilities

IAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Group's liabilities arising from financing activities consist of the Gamesys Group plc arrangement (see Note 21), Derivative liability (see Note 21), an obligation to provide free services (see Note 21) and lease liabilities (see Note 20). A reconciliation between the opening and closing balances of these items is provided below.

2022

	Fair value of debt host £	Obligation to provide free services £	Fair value of derivative liability £	Lease liability £
Opening balance	3,429,278	60,000	744,000	341,114
New leases entered into during the year	-	-	-	181,228
Cash paid	(3,166,435)	-	(375,000)	(163,638)
Utilisation of free services	-	(60,000)	-	-
Partial conversion of loan (Note 21)	(500,000)	-	(106,000)	-
Unwind of discount	237,157	-	-	24,440
Exchange differences	-	-	-	2,267
Change in fair value (Note 21)	-	-	112,000	-
Release of liability on non-conversion (Note 21)	-	-	(375,000)	-
Carried forward	**-**	**-**	**-**	**385,411**

2021

	Fair value of debt host £	Obligation to provide free services £	Fair value of derivative liability £	Lease liability £
Opening balance	3,155,870	149,000	627,000	684,034
Cash paid	(194,931)	-	-	(388,494)
Free service utilisation	-	(89,000)	-	-
Unwind of discount	468,339	-	-	45,503
Exchange differences	-	-	-	71
Change in fair value	-	-	117,000	-
Carried forward	3,429,278	60,000	744,000	341,114

23. Share capital

Ordinary shares

	2022 Number	2022 £	2021 Number	2021 £
Ordinary shares of 10 pence each	**292,006,775**	**29,200,676**	289,702,626	28,970,262

The increase of 2,304,149 ordinary shares relates to (i) the exercise of share options during the year (see Note 24), and (ii) the partial conversion of the convertible loan (see Note 21). The changes in share capital and share premium as a result of these events is shown below.

	Share capital £	Share premium £
At 1 January 2021	28,664,731	87,258,166
Exercise of share options	305,531	112,690
At 31 December 2021	28,970,262	87,370,856
Exercise of share options	13,332	-
Conversion of loan	217,082	282,918
At 31 December 2022	**29,200,676**	**87,653,774**

24. Share-based payments

Gaming Realms 2013 EMI Plan

On 1 August 2013 the Company adopted the Gaming Realms 2013 EMI Plan to allow, at the discretion of the Board, eligible employees to be granted EMI or non-EMI options at an exercise price to be determined by the Board not less than the nominal value of a share. Options will vest subject to such time based and share price performance-based conditions as the Board may determine.

Options to acquire ordinary shares under the EMI plan may be granted up to a maximum of £3m (based on the market value of the shares placed under option at the date of the grant).

No consideration is payable for the grant of the option and the options are not transferable or assignable. Cash consideration is paid to the Company by the employee at the point that the share options are exercised.

The following table illustrates the number and weighted average exercise price of share options:

	Number	Weighted average exercise price (pence)
Outstanding at 1 January 2021	27,708,858	15.60
Granted during the year	350,000	22.40
Forfeited during the year	(1,833,335)	10.00
Exercised during the year	(3,055,301)	13.69
Number of options outstanding at 31 December 2021	**23,170,222**	16.39
Granted during the year	3,900,000	32.50
Exercised during the year	(133,332)	10.00
Number of options outstanding at 31 December 2022	**26,936,890**	18.76
Exercisable at 31 December 2022	**21,470,218**	19.06

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

24. Share-based payments (continued)

Options to subscribe under various schemes, including those noted in Directors' interests in Note 8, are shown in the table below:

	Date granted	Exercise price (pence)	Exercisable between	2022 Number of shares	2021 Number of shares
Approved	2 April 2014	23.00	1 April 2017 to 1 April 2024	**992,252**	992,252
Approved	19 February 2015	33.00	19 February 2018 to 19 February 2025	**172,475**	172,475
Approved	15 October 2015	25.13	15 October 2018 to 15 October 2025	**535,000**	535,000
Approved	10 November 2015	25.00	10 November 2018 to 10 November 2025	**560,175**	560,175
Approved	28 July 2016	20.00	28 July 2018 to 28 July 2026	**167,500**	167,500
Unapproved	28 July 2016	20.00	28 July 2018 to 28 July 2026	**30,000**	30,000
Approved	1 May 2020	10.00	3 February 2021 to 1 May 2030	**1,333,336**	1,466,668
Unapproved	1 May 2020	10.00	3 February 2021 to 1 May 2030	**1,300,000**	1,300,000
Unapproved	1 May 2020	10.00	1 May 2020 to 1 May 2030	**750,000**	750,000
Approved	2 June 2020	20.00	3 February 2021 to 2 June 2030	**5,000,000**	5,000,000
Approved	28 July 2020	20.00	1 August 2021 to 28 July 2030	**8,846,152**	8,846,152
Approved	26 November 2020	20.00	26 November 2021 to 26 November 2030	**2,500,000**	2,500,000
Unapproved	26 November 2020	20.00	26 November 2021 to 26 November 2030	**500,000**	500,000
Approved	5 January 2021	22.40	1 January 2022 to 5 January 2031	**350,000**	350,000
Unapproved	6 January 2022	32.50	6 January 2022 to 6 January 2025	**2,000,000**	-
Unapproved	6 January 2022	32.50	15 October 2022 to 6 January 2032	**1,150,000**	-
Approved	6 January 2022	32.50	15 October 2022 to 6 January 2032	**750,000**	-
				26,936,890	23,170,222

During the year 3,900,000 share options were granted to certain employees as follows.

On 6 January 2022, the Group's two Executive Directors were granted 2,000,000 options, which vest upon certain non-market-based conditions. The fair value of options granted were determined using the Black-Scholes model and the following principal assumptions were used in the valuation.

Grant date	6 Jan 2022
No. of options	2,000,000
Vesting date	6 Jan 2022
Model used	Black Scholes
Share price at date of grant (pence)	32.50
Volatility	70%
Expected option life	3 years
Dividend yield	n/a
Risk free investment rate	0.83%
Fair value per option at grant date (pence)	0.15
Exercise price (pence)	32.50
Exercisable to	6 Jan 2025

On 6 January 2022, the Group's two Executive Directors and certain employees were granted 1,900,000 share options. The fair value of options granted were determined using Black-Scholes models and the following principal assumptions were used in the valuation.

Grant date	6 Jan 2022	6 Jan 2022	6 Jan 2022
No. of options	633,332	633,334	633,334
Vesting date	15 Oct 2022	15 Oct 2023	15 Oct 2024
Model used	Black Scholes	Black Scholes	Black Scholes
Share price at date of grant (pence)	32.50	32.50	32.50
Volatility	79%	72%	70%
Expected option life	2 years	3 years	4 years
Dividend yield	n/a	n/a	n/a
Risk free investment rate	0.81%	0.90%	0.90%
Fair value per option at grant date (pence)	0.14	0.15	0.17
Exercise price (pence)	32.50	32.50	32.50
Exercisable to	6 Jan 2032	6 Jan 2032	6 Jan 2032

The share option and related charges income statement expense comprises:

	2022 £	2021 £
IFRS 2 share-based payment charge	**438,868**	466,254
Direct taxes related to share options	**(87,142)**	232,940
	351,726	699,194

IFRS 2 (Share-based payments) requires that the fair value of such equity-settled transactions are calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments was £438,868 (2021: £466,254).

Where individual EMI thresholds are exceeded or when unapproved share options are exercised by overseas employees, the Group is subject to employer taxes payable on the taxable gain on exercise. Since these taxes are directly related to outstanding share options, the income statement charge has been included within share option and related charges. The Group uses its closing share price at the reporting date to calculate such taxes to accrue. The tax related income statement credit for the year was £87,142 (2021: charge of £232,940).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

25. Related party transactions

Jim Ryan is a Non-Executive Director of the Company and the CEO of Pala Interactive, which has a real-money online casino and bingo site in New Jersey and Ontario. During the year, total license fees earned by the Group were $15,697 (2021: $38,937) with $366 due at 31 December 2022 (2021: $4,351). During the year the Group began distributing its content to certain North American partners via Pala's B2B platform distribution network, with platform fees of $1,477 being incurred (2021: $Nil) with $984 unpaid at 31 December 2022 (2021: $Nil).

Jim Ryan was a Director of Bally's Corporation ("Bally's") until his resignation on 16 January 2023, and was previously a Non-Executive Director of Gamesys Group prior to its acquisition by Bally's. Management have assessed that Bally's are not a related party to the Group in the current year. See Note 21 for transactions with this party in the comparative year.

During the year £150,000 (2021: £150,000) of consulting fees were paid to Dawnglen Finance Limited, a company controlled by Michael Buckley, which is included in the remuneration figure of £357,500 (2021: £375,000) shown in Note 8. No amounts were owed at 31 December 2022 (2021: £Nil).

The details of key management compensation are set out in Note 7.

26. Contingent liabilities

Judgement is required to interpret international tax laws relating to e-commerce in order to identify and value provisions in relation to indirect taxes. The principal risks relating to the Group's tax liabilities arise from domestic and international tax laws and practices in the e-commerce environment which continues to evolve. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received, where necessary, from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group monitors changes in legislation and updates its tax liabilities accordingly. However, due to different interpretations and evolving practice there is a risk that additional liabilities could arise.

27. Subsidiaries

The subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

Name	Registered Office	Country of Incorporation	Principal activity	Proportion held by Parent Company	Proportion held by Group
Blastworks Limited	2 Valentine Place, London, SE1 8QH	UK	IP owner	100%	100%
Alchemybet Limited	2 Valentine Place, London, SE1 8QH	UK	Software Developer	100%	100%
Blastworks Inc.	300 Deschutes Way SW, Tumwater, WA 98501	USA	Social publishing operator	100%	100%
Backstage Technologies, Inc.	808 Douglas Street, Victoria, BC, V8W 2B6	Canada	Software Developer	100%	100%
Alchemybet Malta Holdings Limited	MK Business Centre, 115A Floor 2, Valley Road, Birkirkara, BKR 9022	Malta	Holding company	100%	100%
Alchemybet Malta Limited	MK Business Centre, 115A Floor 2, Valley Road, Birkirkara, BKR 9022	Malta	License holder	0%	100%
Blueburra Holdings Limited	49 Victoria Street, Douglas, Isle of Man, IM1 2LD	Isle of Man	Marketing services	100%	100%
Digital Blue Limited	49 Victoria Street, Douglas, Isle of Man, IM1 2LD	Isle of Man	Marketing services	0%	100%

Parent Company Statement of Financial Position

As at 31 December 2022

Company number: 04175777	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Investment in subsidiary undertakings	2	**5,662,961**	5,662,961
Property, plant and equipment	3	**183,773**	319,600
Other assets		**138,798**	138,798
		5,985,532	6,121,359
Current assets			
Trade and other receivables	4	**9,534,411**	14,725,367
Cash and cash equivalents		**96,230**	67,103
		9,630,641	14,792,470
Total assets		**15,616,173**	20,913,829
Current liabilities			
Trade and other payables	5	**8,335,358**	8,526,244
Lease liabilities		**147,305**	141,290
Other Creditors	6	**-**	3,489,278
Derivative liabilities	6	**-**	744,000
		8,482,663	12,900,812
Non-current liabilities			
Lease liabilities		**20,908**	167,856
		20,908	167,856
Total liabilities		**8,503,571**	13,068,668
Net assets		**7,112,602**	7,845,161
Equity			
Share capital	7	**29,200,676**	28,970,262
Share premium		**88,373,774**	88,090,856
Merger reserve		**2,683,702**	2,683,702
Retained earnings		**(113,145,550)**	(111,899,659)
Total equity		**7,112,602**	7,845,161

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account of the Company is not presented. The Company's loss for the financial year was £1,790,759 (2021: £2,350,124).

The notes on pages 65 to 68 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023 and were signed on its behalf by:

Michael Buckley
Executive Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
1 January 2021	**28,664,731**	**87,978,166**	**2,683,702**	**(110,015,789)**	**9,310,810**
Loss for the year	-	-	-	(2,350,124)	(2,350,124)
Share-based payment on share options	-	-	-	466,254	466,254
Exercise of options	305,531	112,690	-	-	418,221
31 December 2021	**28,970,262**	**88,090,856**	**2,683,702**	**(111,899,659)**	**7,845,161**
Loss for the year	-	-	-	(1,790,759)	(1,790,759)
Share-based payment on share options	-	-	-	438,868	438,868
Exercise of options	13,332	-	-	-	13,332
Conversion of loan	217,082	282,918	-	106,000	606,000
31 December 2022	**29,200,676**	**88,373,774**	**2,683,702**	**(113,145,550)**	**7,112,602**

The notes on pages 65 to 68 form part of these financial statements.

Notes to the Parent Company Financial Statements

For the year ended 31 December 2022

1. Principal accounting policies
These financial statements present the results of Gaming Realms plc for the year ended 31 December 2022.

The Company is the ultimate parent company of the Gaming Realms Group and is admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange. It is incorporated and domiciled in the UK. The address of its registered office is Two Valentine Place, London, SE1 8QH.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements are prepared under the historical cost convention. No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

The financial statements are prepared in British Pounds Sterling.

Basis of preparation
The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) IFRS 2 Share-based Payment disclosure, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the Group;

b) IFRS 7 Financial Instruments disclosures, given that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated;

c) IFRS 13 Fair Value Measurement disclosures;

d) Certain disclosures required by IAS 1 Presentation of Financial Statements, including certain comparative information in respect of share capital movements;

e) IAS 7 Statement of Cash Flows and related notes;

f) IAS 24 Related Party Disclosures relating to key management personnel compensation; and

g) IAS 24 Disclosure of related party transactions entered into between two or more members of a group, given that any subsidiary which is party to the transaction is wholly owned by such a member.

Investments
Investments in subsidiaries and associates are stated at cost less provision for impairment in value, except for investments acquired before 1 October 2013 (date of adoption of IFRS) where shares issued to effect business combinations and the conditions of the Companies Act 2006 are met, merger relief was applied and the resulting investment is recorded at the nominal value of the shares issued.

Taxation
Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies
Transactions denominated in foreign currencies are recorded at exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Financial liabilities
Financial liabilities held by the company consist of trade payables, long-term borrowings and other short-term monetary liabilities, which are held at amortised cost, and derivative liabilities which are held at fair value through profit and loss.

Notes to the Parent Company Financial Statements

For the year ended 31 December 2022

2. Investments

	Investment in subsidiary undertakings £	Other investments £
At 1 January 2021	5,129,119	401,291
Change in fair value	-	(38,855)
Additions	533,842	-
Disposals	-	(362,436)
At 31 December 2021	5,662,961	-
Additions	-	-
At 31 December 2022	**5,662,961**	**-**

Details of the Company's investments can be found in Note 27 of the consolidated financial statements.

The other investments balance relates to the Company's interest in Ayima shares. See Note 16 of the consolidated accounts for further information.

3. Property, plant and equipment

	ROU lease assets £	Leasehold improvements £	Computers and related equipment £	Office furniture and equipment £	Total £
Cost					
At 1 January 2022	654,745	60,968	12,435	19,047	747,195
Additions	-	-	2,651	-	2,651
At 31 December 2022	**654,745**	**60,968**	**15,086**	**19,047**	**749,846**
Accumulated deprecation and impairment					
At 1 January 2022	368,079	32,105	10,853	16,558	427,595
Depreciation charge	122,014	12,195	1,475	2,794	138,478
At 31 December 2022	**490,093**	**44,300**	**12,328**	**19,352**	**566,073**
Net book value					
At 31 December 2021	286,666	28,863	1,582	2,489	319,600
At 31 December 2022	**164,652**	**16,668**	**2,758**	**(305)**	**183,773**

4. Trade and other receivables

	2022 £	2021 £
Amounts due from Group companies	**9,304,706**	14,588,109
Tax and social security	**86,992**	-
Other debtors	**-**	92
Prepayments and accrued income	**142,713**	137,166
	9,534,411	14,725,367

The balances due from fellow Group companies are repayable on demand and interest free. Management has assessed its receivables from Group companies using a forward-looking expected credit loss model. The methodology used in determining the amount of provision as at the reporting date is that of lifetime expected credit losses which is defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies). The expected credit loss charge in the year was calculated to be £Nil (2021: £Nil).

5. Trade and other payables

	2022 £	2021 £
Creditors: amounts falling due within one year		
Amounts due to Group companies	**7,546,692**	7,654,870
Trade creditors	**140,687**	35,674
Accruals and deferred income	**618,627**	764,760
Tax and social security	**29,352**	70,940
	8,335,358	8,526,244

6. Other creditors & derivative liability

See Note 21 of the consolidated accounts for further information.

7. Other creditors & derivative liability

Allotted, called up and fully paid

	2022 Number	2022 £	2021 Number	2021 £
Ordinary shares of 10 pence each	**292,006,775**	**29,200,676**	289,702,626	28,970,262

Allotted and fully paid up	**£**
At 1 January 2021	28,664,731
Exercise of options	305,531
At 31 December 2021	28,970,262
Exercise of options	13,332
Conversion of loan	217,082
At 31 December 2022	**29,200,676**

Notes to the Parent Company Financial Statements

For the year ended 31 December 2022

8. Employee information
The Company had an average of 6 (2021: 6) employees during the year.

The employee costs for the Company were £1,201,297 (2021: £1,151,117).

Details of Directors' remuneration can be found in Note 8 of the consolidated financial statements.

9. Related party transactions
During the year £150,000 (2021: £150,000) of consulting fees were paid to Dawnglen Finance Limited, a company controlled by Michael Buckley. No amounts were owed at 31 December 2022 (2021: £Nil).

The details of key management compensation are set out in Note 7 of the consolidated financial statements.

Details of Directors' remuneration can be found in Note 8 of the consolidated financial statements.

Company Information

Directors
Michael Buckley, Executive Chairman

Mark Segal, Chief Executive Officer

Geoff Green, Chief Financial Officer (appointed 1 February 2023)

Jim Ryan, Non-executive Director

Mark Wilson, Non-executive Director

Mark Blandford, Non-executive Director

Anna Massion, Non-executive Director (appointed 1 November 2022)

Company Secretary
Mark Segal

Auditors
BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers
Barclays Bank plc, 1 Churchill Place, London, E14 5HP

Nominated advisors and Joint Brokers
Peel Hunt, 120 London Wall, London, EC2Y 5ET

Joint Brokers
Investec, 30 Gresham Street, London, EC2V 7QN

Solicitors
Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP

Registrars
Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE

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Registered Number
04175777

Notes

GAMING REALMS

PLAYING A NEW GAME

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