

CHERRY MALTA LIMITED

Fiscal Unit Audited Accounts
31 December 2022

	Pages
Independent auditor's report	1 - 3
Consolidated statement of financial position	4 - 5
Consolidated statement of comprehensive income	6
Consolidated statement of changes in equity	7 - 8
Notes to the accounts	9 - 34



Independent auditor's report

To the Shareholders of Cherry Malta Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the consolidated financial statements of the Fiscal Unit for the year ended 31 December 2022 of which Cherry Malta Limited is the principal taxpayer (the "Fiscal Unit") are prepared, in all material aspects, in accordance with the L.N. 110 of 2019 and the Guidelines in relation to the Consolidated Group (Income Tax) Rules as described in Note 1 to these financial statements.

Cherry Limited's financial statements, set out on pages 4 to 34, comprise:

- the Consolidated statement of financial position as at 31 December 2022;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended; and
- the notes to the Consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Emphasis of matter – Basis of accounting and restriction on distribution

We draw attention to Note 1.1 to the consolidated financial statements, which describes the basis of accounting. The accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards as adopted by the EU. The consolidated financial statements are prepared for the Fiscal Unit as defined in Note 1.1 for the purposes of the Income Tax Act to comply with the financial reporting requirements of L.N 110 of 2019 and the Guidelines in relation to the Consolidated Group (Income Tax) Rules. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the directors of Cherry Malta Limited and for the purposes described above, and should not be distributed to parties other than those for whom the financial reporting framework is designed and any other previously agreed recipients. Our opinion is not modified in respect to this matter.

Independent auditor's report - continued

To the Shareholders of Cherry Malta Limited

Other matter

Cherry Malta Limited has prepared separate financial statements for the year ended 31 December 2022 for statutory purposes in accordance with the provisions of the Maltese Companies Act (Cap. 386), on which we issued an auditor's report to the shareholders of Cherry Malta Limited dated 21 December 2023.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Consolidated Group (Income Tax) Rules, 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 Fiscal Unit'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 Fiscal Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fiscal Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fiscal Units's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fiscal Unit to cease to continue as a going concern.



Independent auditor's report - continued

To the Shareholders of Cherry Malta Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that complies with the Guidelines in relation to L.N. 110 of 2019.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fiscal Unit to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

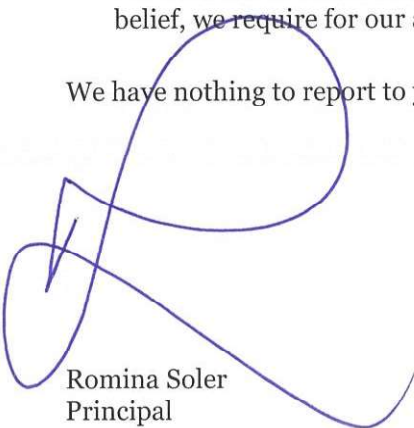
Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

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

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

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



Romina Soler
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

27 March 2024

Consolidated statement of financial position

		As at 31 December	
	Notes	2022 €	2021 €
ASSETS			
Non-current assets			
Intangible assets	2	253,102,763	255,413,128
Property, plant and equipment	3	1,054,162	1,197,868
Right-of-use assets	4	1,853,864	2,867,676
Investments in subsidiaries that are not members of the fiscal unit and associates	5	14,072,238	71,938
Loans receivable		1,220,000	-
Trade and other receivables		61,251	-
Total non-current assets		271,364,278	259,550,610
Current assets			
Current tax assets		531	8,370
Trade and other receivables		172,063,840	129,321,983
Cash at bank and other intermediaries		21,391,522	29,515,900
Total current assets		193,455,893	158,846,253
Total assets		464,820,171	418,396,863

Consolidated statement of financial position - continued

		As at 31 December	
	Notes	2022 €	2021 €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	1,200	1,200
Share premium	7	114,728	114,728
Capital contribution reserve	7	118,235,242	118,235,242
Revaluation and other reserves		(7,235,740)	(7,235,740)
Retained earnings		96,714,667	69,948,160
Total equity		207,830,097	181,063,590
LIABILITIES			
Non-current liabilities			
Borrowings	8	873,594	73,512,548
Contingent consideration	9	11,000,000	-
Deferred tax liabilities	6	429,863	630,851
Total non-current liabilities		12,303,457	74,143,399
Current liabilities			
Borrowings	8	45,213,197	2,299,970
Provisions for other liabilities and charges		1,466,926	1,097,131
Trade and other payables		195,429,278	157,518,360
Current tax liabilities		2,577,216	2,274,413
Total current liabilities		244,686,617	163,189,874
Total liabilities		256,990,074	237,333,273
Total equity and liabilities		464,820,171	418,396,863

The notes on pages 9 to 34 are an integral part of these consolidated accounts.

The consolidated audited accounts on pages 4 to 34 were authorised for issue on 27 March 2024 and were signed by:


Daniela Vella
Director


Raffaele Amodio
Director

Consolidated statement of comprehensive income

		Year ended 31 December	
	Notes	2022 €	2021 €
Net revenue	10	182,377,330	145,241,508
Direct costs	11	(105,390,301)	(96,707,964)
Gross profit		76,987,029	48,533,544
Administrative expenses	11	(29,602,765)	(28,599,575)
Net impairment losses on financial and contract assets		(2,023,870)	3,324,091
Other operating gains – net	12	(12,876,676)	(885,175)
Operating profit		32,483,718	22,370,444
Investment and other related income	4	341,726	85,432
Other income	13	9,050	813,748
Finance income	15	4,659	2,781
Finance costs	16	(4,496,093)	(6,607,032)
Profit before tax		28,343,060	16,665,373
Tax income	17	(1,576,553)	(211,160)
Profit for the year - total comprehensive income		26,766,507	16,454,213
Profit is attributable to:			
Owners of the parent		26,766,507	16,454,213

The notes on pages 9 to 34 are an integral part of these consolidated accounts.

Consolidated statement of changes in equity

	Notes	Share capital €	Share premium €	Capital contribution reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2021		1,200	114,728	118,235,242	(7,314,989)	53,493,947	164,530,128
Comprehensive income							
Profit for the year - total comprehensive income		-	-	-	-	16,454,213	16,454,213
Total comprehensive income, net of tax		-	-	-	-	16,454,213	16,454,213
Transactions with owners							
Capital contribution	7	-	-	-	79,249	-	79,249
Total transactions with owners		-	-	-	79,249	-	79,249
Balance at 31 December 2021		1,200	114,728	118,235,242	(7,235,740)	69,948,160	181,063,590

Consolidated statement of changes in equity - continued

	Notes	Share capital €	Share premium €	Capital contribution reserve €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2022		1,200	114,728	118,235,242	(7,235,740)	69,948,160	181,063,590
Comprehensive income							
Profit for the year - total comprehensive income		-	-	-	-	26,766,507	26,766,507
Balance at 31 December 2022		1,200	114,728	118,235,242	(7,235,740)	96,714,667	207,830,097

The notes on pages 9 to 34 are an integral part of these consolidated accounts.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below.

1.1 Basis of preparation

These consolidated accounts have been prepared by the Directors of Cherry Malta Limited as the principal tax payer of the Fiscal Unit registered with the Tax Authorities as set out in note 16 to the financial statements to comply with the financial reporting requirements of the Consolidated Group (Income Tax) Rules (L.N. 110 of 2019).

The financial statements comply with the recognition and measurement criteria set out in International Financial Reporting Standards (IFRSs) as adopted by the EU, with the exception that only the subsidiaries forming part of the 'fiscal unit' as set out in note 5 have been consolidated. The interests in subsidiaries that are not consolidated are treated as investments measured in line with measurement rules applicable to an investor's separate financial statements, as set out in IAS 27. The presentation and disclosures are in line with the Guidelines in relation to L.N. 110 of 2019 as issued by the Commissioner for Revenue.

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from its financial statements.

No goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity as a separate reserve.

These accounting policies, which are highlighted in detail below, are deemed to be an acceptable special purpose framework in the circumstances and constitute a compliance framework.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Group has adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies impacting financial performance and position.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new accounting standards and interpretations have been published that are mandatory for the Group's accounting period beginning after 1 January 2022 and have not been early adopted by the Group. The Group's directors are of the opinion that there are no requirements that will possibly have a significant impact on the Group's consolidated accounts in the period of initial application.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group consolidates subsidiaries that form part of its fiscal tax unit in accordance with the Income Tax Rules. A subsidiary may form part of the fiscal tax unit only if the subsidiary is incorporated in Malta, and any two of the following conditions are met:

- the Group holds at least 95% of the voting rights in the subsidiary;
- the Group is beneficially entitled to at least 95% of any profits available for distribution; and
- the Group is beneficially entitled to at least 95% of any assets of the subsidiary company available for distribution.

A subsidiary that forms part of the fiscal unit is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(a) Subsidiaries - continued

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared. When the controlling party does not prepare consolidated financial statements because it is not a parent company, the financial statement amounts of the acquired entity are used.

No new goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity, is included directly in equity. The consolidated accounts incorporate the acquired entity's results retrospectively as if the acquired entity had always been combined.

Intra-group transactions, balances and unrealised gains on transactions between group companies forming part of the fiscal tax unit are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries that do not form part of the fiscal tax unit are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of these subsidiaries are reflected in the Group's consolidated accounts only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a consolidated subsidiary has no impact on its membership within the fiscal tax unit, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When a subsidiary ceases to form part of the fiscal tax unit, any retained interest in the entity is remeasured to its fair value at the date when the entity ceases to form part of the fiscal tax unit, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. Summary of significant accounting policies - continued

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement and presented within 'Other operating gains - net'.

1.4 Intangible assets

The Group's intangibles are analysed between domains, gaming software and software development costs, licences, trademarks and technology platform.

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Costs associated with maintaining the gaming software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- the expenditure attributable to the software product during its development can be reliably measured; and
- adequate technical, financial and other resources to complete the development and to use or sell the software are available.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

1. Summary of significant accounting policies - continued

1.4 Intangible assets - continued

Other development expenditure that does not meet the criteria above is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are presented within 'Other operating gains - net' in the statement of comprehensive income in the period of derecognition.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The estimated useful lives of intangible assets are as follows:

Gaming software	3 - 4 years
Domains	Indefinite / 3 years
Licences	5 years
Trademarks	5 / 10 years
Technology platform	5 years

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortised systematically over its useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.7).

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. All property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

1. Summary of significant accounting policies - continued

1.5 Property, plant and equipment - continued

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with carrying amount and are presented within 'Other operating gains - net' in the statement of comprehensive income in the period of derecognition.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Computer and electrical equipment	25
Leasehold improvements	10
Fixtures and fittings	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.7).

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

1.6 Leases

1.6.1 The group is the lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

1. Summary of significant accounting policies - continued

1.6 Leases - continued

1.6.1 The group is the lessee - continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for the Group's leases, the Group's incremental borrowing rate is used, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, where there is no third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate);
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

1. Summary of significant accounting policies - continued

1.6 Leases - continued

1.6.2. The group is the lessor

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. Assets leased out under operating leases are included in property, plant and equipment or as right-of-use assets in the statement of financial position and are respectively accounted for in accordance with notes 1.5 and 1.6.1.

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.8 Financial assets

1.8.1 Classification

The Group classifies its financial assets as financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

1.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

1. Summary of significant accounting policies - continued

1.8 Financial assets - continued

1.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

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

1.8.4 Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group's main financial assets that are subject to IFRS 9's expected credit loss model comprise cash and cash equivalents, receivables from payment providers and amounts owed by group companies.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.9 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a loss allowance for expected credit losses. Details about the Group's impairment policies and the calculation of loss allowance are provided in note 1.8.4.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1. Summary of significant accounting policies - continued

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents comprise deposits held at call with banks and e-wallets.

Cash and cash equivalents exclude balances held on behalf of customers, which are held separately and distinct from the funds of the Group, and whose use is restricted.

1.11 Share capital, share premium and other contributed equity

Ordinary shares are classified as equity. Any excess of the issue price over the par value on shares issued is recognised as share premium. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Contributions received gratuitously from shareholders, for which the company has no obligation to return the proceeds to the shareholders, are considered to be equity contributions and are recognised in the capital contribution reserve.

1.12 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.13 Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. On derecognition, any difference between the carrying amount and the redemption or settlement amounts, is recognised in profit or loss.

1.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

1. Summary of significant accounting policies - continued

1.15 Current and deferred tax - continued

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16 Revenue recognition

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

With casino wagers, the Group takes a position against its players. Transactions in which the Group takes a position against its players, (and as such the value of the individual bet (contract) is contingent on the outcome of a specified event and the group is not, therefore, normally guaranteed a specific commission or return) are classified as derivative financial instruments and recognised and measured at fair value in accordance with IFRS 9, 'Financial Instruments'.

Revenue from gaming transactions that are deemed to be financial instruments are recognised as a net fair value gain or loss after the deduction of players' winnings, bonuses and gaming taxes. The revenue recognised in this manner relates to casino.

Related payouts, bonuses, jackpots and amounts due to other parties under the shared business agreements are deducted therefrom. This revenue is recognised when the outcome of an event is known.

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

Interest income is recognised in profit or loss for all interest-bearing instruments on a time-proportion basis using the effective interest method.

1.17 Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the group's shareholders.

2. Intangible assets

	Goodwill €	Gaming software €	Domains €	Licences €	Trademarks €	Technology platform €	Total €
As at 1 January 2021							
Cost	231,876,848	7,186,325	797,439	13,746,352	41,578,005	4,365,451	299,550,420
Accumulated amortisation	-	(1,610,579)	(711,866)	(13,746,352)	(21,113,923)	(4,365,451)	(41,548,171)
Net book amount	231,876,848	5,575,746	85,573	-	20,464,082	-	258,002,249
Year ended 31 December 2021							
Opening net book amount	231,876,848	5,575,746	85,573	-	20,464,082	-	258,002,249
Additions	-	4,430,566	33,668	-	-	-	4,464,234
Disposals	-	(1,126,093)	-	(455,000)	(682,500)	-	(2,263,593)
Amortisation charge	-	(1,653,147)	(59,856)	-	(4,222,880)	-	(5,935,883)
Amortisation released on disposals	-	1,123,219	-	455,000	682,500	-	2,260,719
Impairment loss	-	(1,114,598)	-	-	-	-	(1,114,598)
Closing net book amount	231,876,848	7,235,693	59,385	-	16,241,202	-	255,413,128
As at 31 December 2021							
Cost	231,876,848	10,499,419	831,107	13,291,352	40,895,505	4,365,451	301,759,682
Accumulated amortisation	-	(3,263,726)	(771,722)	(13,291,352)	(24,654,303)	(4,365,451)	(46,346,554)
Net book amount	231,876,848	7,235,693	59,385	-	16,241,202	-	255,413,128

2. Intangible assets - continued

	Goodwill €	Gaming software €	Domains €	Licences €	Trademarks €	Technology platform €	Total €
As at 1 January 2022							
Cost	231,876,848	10,499,419	831,107	13,291,352	40,895,505	4,365,451	301,759,682
Accumulated amortisation	-	(3,263,726)	(771,722)	(13,291,352)	(24,654,303)	(4,365,451)	(46,346,554)
Net book amount	231,876,848	7,235,693	59,385	-	16,241,202	-	255,413,128
Year ended 31 December 2022							
Opening net book amount	231,876,848	7,235,693	59,385	-	16,241,202	-	255,413,128
Additions	-	5,455,433	37,017	-	-	-	5,492,450
Disposals	-	(56,534)	(188,187)	-	-	-	(244,721)
Amortisation charge	-	(3,471,502)	(60,522)	-	(4,222,878)	-	(7,754,902)
Amortisation released on disposals	-	56,534	188,187	-	-	-	244,721
Impairment loss	-	(47,913)	-	-	-	-	(47,913)
Closing net book amount	231,876,848	9,171,711	35,880	-	12,018,324	-	253,102,763
As at 31 December 2022							
Cost	231,876,848	15,898,318	679,937	13,291,352	40,895,505	4,365,451	307,007,411
Accumulated amortisation	-	(6,726,607)	(644,057)	(13,291,352)	(28,877,181)	(4,365,451)	(53,904,648)
Net book amount	231,876,848	9,171,711	35,880	-	12,018,324	-	253,102,763

The amortisation charge is presented within 'Administrative expenses' in the statement of comprehensive income.

2. Intangible assets - continued

During the year ended 31 December 2022, the Group has recognised an impairment amounting to €47,913 (2021: €1,114,598) relating to gaming software, which is no longer in use. This has been presented within 'Administrative expenses'.

Goodwill mainly arises from the acquisition of the ComeOn Group. Since goodwill is not amortised, an impairment test has been made in accordance with IAS 36 at the end of 2022 by comparing future discounted cash flows with the reported value. The test did not indicate any impairment requirement.

The recoverable amount is based on cash flow forecasts based on a five-year forecast from 2023 – 2027. Overall, ComeOn Group is expected to grow by 11.3% over the five-year forecast period. The forecasted cash flow has been discounted with an interest rate of 12.1 percent before taxes.

3. Property, plant and equipment

	Leasehold improvements €	Furniture and fittings €	Computer and electronic equipment €	Total €
As at 1 January 2021				
Cost	39,492	1,313,588	1,677,563	3,030,643
Accumulated depreciation	(15,802)	(467,637)	(1,424,369)	(1,907,808)
Net book amount	23,690	845,951	253,194	1,122,835
Year ended 31 December 2021				
Opening net book amount	23,690	845,951	253,194	1,122,835
Additions	159,066	527,315	845,143	1,531,524
Disposals	(23,355)	(1,223,588)	(490,492)	(1,737,435)
Depreciation charge	(33,428)	(136,110)	(288,948)	(458,486)
Depreciation released on disposals	11,678	551,151	176,601	739,430
Closing net book amount	137,651	564,719	495,498	1,197,868
As at 31 December 2021				
Cost	186,881	1,131,714	2,189,206	3,507,801
Accumulated depreciation	(49,230)	(566,995)	(1,693,708)	(2,309,933)
Net book amount	137,651	564,719	495,498	1,197,868
Year ended 31 December 2022				
Opening net book amount	137,651	564,719	495,498	1,197,868
Additions	16,023	42,840	202,117	260,980
Disposals	(11,678)	(514,399)	(156,992)	(683,069)
Depreciation charge	(36,357)	(117,078)	(251,251)	(404,686)
Depreciation released on disposals	11,678	514,399	156,992	683,069
Closing net book amount	117,317	490,481	446,364	1,054,162

3. Property, plant and equipment - continued

	Leasehold improvements €	Furniture and fittings €	Computer and electronic equipment €	Total €
As at 31 December 2022				
Cost	191,226	660,155	2,234,331	3,085,712
Accumulated depreciation	(73,909)	(169,674)	(1,787,967)	(2,031,550)
Net book amount	117,317	490,481	446,364	1,054,162

The depreciation charge is presented within 'Administrative expenses' in the statement of comprehensive income.

4. Leases

(a) The Group's leasing activities

The Group is the lessee

The Group leases immovable properties. Rental contracts are typically made for periods of up to 2 years but may have termination options to renew the lease after the original period as described below. Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in the majority of property leases. These terms are used to maximise operational flexibility in respect of managing contracts. The extension and termination options held are exercisable only by the Group and not by the respective lessor. The extension periods have been included in determining lease term for the respective arrangement.

The Group is the lessor

The immovable properties are leased to tenants under operating leases with rentals payable yearly or quarterly. Lease payments do not include variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of immovable properties are as follows:

	2022 €	2021 €
Within 1 year	159,189	149,089

4. Leases - continued

(b) Amounts recognised in the statement of financial position and in profit and loss

The following amounts relate to the recognised leases:

	2022 €	2021 €
At 31 December		
Right-of-use assets		
- immovable properties	1,853,864	2,867,676
Lease liabilities		
- non-current (note 8)	873,594	1,672,490
- current (note 8)	1,074,545	-
	1,948,139	1,672,490
Year ended 31 December		
Depreciation charge on right-of-use assets		
- immovable properties	1,013,812	1,437,391
Interest expense on lease liabilities (note 16)	112,263	60,197
Income from subleasing of right-of-use assets	341,726	85,432

There were no additions to the rights-of-use assets during the year ended (2021: €3,178,053).

The depreciation charge is presented within 'Administrative expenses' in the statement of comprehensive income. Income from subleasing of right-of-use assets is presented within 'Other income' in the statement of comprehensive income. The total cash outflow for leases in 2022 was €644,838 (2021: €1,468,521).

5. Investments in subsidiaries and associates

Investments in subsidiaries that do not form part of the fiscal unit

	2022 €	2021 €
Year ended 31 December		
Opening balance	71,938	58,354
Additions	14,000,000	16,025
Disposals	-	(2,441)
	14,071,938	71,938
At 31 December		
Cost and carrying amount	14,071,938	71,938

5. Investments in subsidiaries and associates - continued

Investments in subsidiaries that do not form part of the fiscal unit - continued

The subsidiaries that are not members of the fiscal unit at 31 December 2022 and their summarised financial information as per their latest financial statements are shown below:

	Country of incorporation	Capital and reserves €	Profit or (loss) €	Percentage of shares held %
Atalanta01 Limited	Gibraltar	27,797	13,608	100
COE Services Limited	Gibraltar	3,309,458	318,936	100
Come On Curacao N.V.	Curacao	25,936	(2,256,650)	100
Come On London Limited	United Kingdom	3,023,322	773,203	100
Come On Stockholm AB	Sweden	(1,1172,467)	(4,822,079)	100
Demeter01 Limited	Gibraltar	2,278	6,593	100
Arland Gesellschaft fur Informationstechnologie m.b.H	Austria	337,490	289,150	100

The shareholding referred to in the above table refers to ordinary share capital of the subsidiaries.

The registered address of the subsidiaries that do not form part of the fiscal unit is as follows:

- Atalanta01 Limited: 5, Secretary's Lane, Gibraltar
- COE Services Limited: Sovereign Place, 117 Main Street, GX111AA, Gibraltar
- Come On Curacao N.V.: Ecommerce Park, Vredenberg, Curacao.
- Come On London Limited: Part 2nd Floor, The White Chapel Building, 10 Whitechapel High Street, London, United Kingdom, E1 8QS.
- Come On Stockholm AB: Sveavägen 167, 113 46 Stockholm, Sweden.
- Demeter01 Limited: 5, Secretary's Lane, Gibraltar
- Arland Gesellschaft fur Informationstechnologie m.b.H: Elisabethnergasse 22, 8020 Graz, Austria

The financial statements of COE Services Limited have been prepared in accordance with the Gibraltar Accounting Standards, comprising Gibraltar Financial Reporting Standards. Come On London Limited prepares its financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Come On Stockholm AB prepares its financial statements in accordance with the Swedish Accounting Standards Board (BFNAR 2016:10) Annual Reporting in Smaller Companies. The financial statements of Come On Curacao N.V. are prepared in accordance with IFRSs. Arland Gesellschaft fur Informationstechnologie m.b.H prepares its financial statements in accordance with the Austrian generally accepted accounting principles. The summarised financial information of all subsidiaries that are not members of the fiscal unit, except for Come On Curacao N.V. is based on unaudited financial statements.

As disclosed in note 1.2 to these consolidated accounts, subsidiaries that are not fiscal unit members are not consolidated in these accounts as required by the Income Tax Rules.

5. Investments in subsidiaries and associates - continued

Fiscal unit members

The subsidiaries that are members of the fiscal unit at 31 December 2022 and their summarised financial information as per their latest financial statements are shown below:

	Accounting framework	Capital and reserves €	Profit or (loss) €	Percentage of shares held %
Almor Entertainment Limited	GAPSME	3,989,668	261,145	100
Almor Holding Ltd	GAPSME	14,934,122	(12,386)	100
Aqua Vitae Limited (formerly Cherry Casino Sweden Ltd)	IFRS	(404,090)	(640,704)	100
Athena01 Ltd	IFRS	(43,153)	(43,823)	100
Cabot Cove 03 Limited	IFRS	2,084,436	2,083,236	100
Casinostugan Ltd	IFRS	7,735,874	6,410,706	100
Cherry Limited	GAPSME	2,516,417	(76,044)	100
Cherry Gaming Limited	GAPSME	26,200,730	(499,096)	100
Co-Gaming Limited	IFRS	38,049,827	6,996,318	100
Come On Malta Limited	GAPSME	42,041,972	(872,400)	100
ComeOn Sweden Ltd	IFRS	10,839,891	7,505,222	100
Diomedes Limited	IFRS	(839,577)	(840,777)	100
Friston Limited	IFRS	1,201,147	1,199,947	100
ESProm Limited	GAPSME	37,800	9,478	100
Get Lucky Ltd	IFRS	203,310	175,791	100
Hajper Ltd.	IFRS	11,003,414	12,622,826	100
Heliopsis Limited (formerly Tulipa Limited)	IFRS	(4,220)	(5,420)	100
Hera01 Ltd	GAPSME	(779,082)	(318,884)	100
MOA Gaming Sweden Ltd	IFRS	1,429,158	929,792	100
Online Marketing Solutions Ltd	GAPSME	4,064,736	(10,774)	100
Pay Off Limited	GAPSME	(258,522)	(137,742)	100
Pay On Limited	GAPSME	(1,377,660)	(1,206,898)	100
Playcherry Ltd	IFRS	332,333	(8,690)	100
PlayOff Limited	GAPSME	(402,955)	(363,027)	100
Procella Limited (formerly Co-Gaming Sweden Ltd)	IFRS	(1,640)	(128,317)	100
Roundtable Limited	GAPSME	22,090	(8,349)	100
Snabbare Ltd	IFRS	13,388,891	14,701,835	100

The shareholding referred to in the above table refers to ordinary share capital of the subsidiaries.

All fiscal unit members are registered in Malta and have their registered address at 3rd floor, Spinola Park, Triq Mikiel Ang Borg, St. Julian's, Malta. The summarised financial information of all subsidiaries that are members of the fiscal unit is based on audited financial statements.

During the prior year, the Group acquired the entire share capital of Roundtable Limited from a group entity.

5. Investments in subsidiaries and associates - continued

Investment in associate

	2022 €	2021 €
Year ended 31 December		
Additions	300	-
	300	-
At 31 December		
Cost and carrying amount	300	-

The associates at 31 December 2022 and 2021 are shown below:

	Country of incorporation	Class of shares held	Percentage of shares held	
			2022 %	2021 %
Tulipa Holding Limited	Malta	Ordinary shares	20	-
Tulipa Ent Limited	Malta	Ordinary shares	20	-

On 17 March 2022, Tulipa Holding Limited and Tulipa Ent Limited were incorporated in terms of the Maltese Companies Act (Cap. 386). The associates have their registered address at 3rd floor, Spinola Park, Triq Mikiel Ang Borg, St. Julian's, Malta.

The summarised financial information of the associates as per their latest financial statements are shown below:

	Accounting framework	Capital and reserves €	Profit or (loss) €	Percentage of shares held %
Tulipa Holding Limited	GAPSME	(3,145)	(4,645)	100
Tulipa Ent Limited	IFRS	(311,780)	(313,280)	100

6. Deferred taxation

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

The following amounts determined after appropriate offsetting are shown in the statement of financial position:

	2022 €	2021 €
Deferred tax assets:		
- to be recovered after more than twelve months	167,930	167,930
Deferred tax liabilities:		
- to be recovered after more than twelve months	396,805	597,793
- to be recovered within twelve months	200,988	200,988
Net deferred tax (liability)	(429,863)	(630,851)
	2022 €	2021 €
Deferred tax assets:		
Temporary differences on provision for impairment of receivables		
At 1 January	167,930	
Recognised in profit or loss	-	167,930
	167,930	167,930
Deferred tax liabilities:		
Temporary differences on amortisation of intangible assets		
At 1 January	(798,781)	(999,769)
Recognised in profit or loss	200,988	200,988
	(597,793)	(798,781)
At 31 December	(429,863)	(630,851)

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 5%, which is the effective tax rate in which the Group is subject to in Malta.

7. Share capital, share premium and capital contribution

Capital contribution

The capital contribution reserve consists of contributions from the parent company in excess of initial share capital. These contributions are interest free and repayable only at the discretion of the Group, and are accordingly presented directly within equity.

8. Borrowings

	2022 €	2021 €
Non-current		
Loan due to the intermediate parent	-	71,840,058
Lease liabilities (note 4)	873,594	1,672,490
	873,594	73,512,548
Current		
Loan due to the intermediate parent	44,113,706	-
Lease liabilities (note 4)	1,074,545	-
	45,188,251	-

The loan due to the intermediate parent is unsecured, bears an interest rate based on IBOR plus a base rate of 7.08% p.a. and is repayable on 31 December 2023. Other related party borrowings are unsecured, interest free and repayable on demand.

9. Contingent consideration

The Group has the following non-current financial liabilities that are measured at fair value through profit or loss:

	2022 €
Contingent consideration	11,000,000

During the year ended 31 December 2022, the Group acquired the entire share capital of Arland Gesellschaft für Informationstechnologie m.b.H. ("Arland Tech") and under the share purchase agreement, the Group is required to pay additional cash consideration equivalent to €5million and €6million, which may be payable in cash on 22 March 2025 and 22 September 2026 respectively in the event that certain pre-determined sales volumes are achieved by Arland Tech by each respective dates.

The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 5% and assumed probability-adjusted turnover of between €4.6 million and €5.2 million. Fair value movements are recognised in profit or loss.

10. Net revenue

	2022 €	2021 €
Net gaming revenue	182,377,330	138,406,005
Affiliate commission	-	6,835,503
	182,377,330	145,241,508

11. Direct costs and administrative expenses

	2022 €	2021 €
Fees payable to platform and payment providers	57,200,107	55,626,318
Gaming tax	38,272,354	32,686,104
Website maintenance	6,563,461	4,597,189
Depreciation of property, plant and equipment (note 3)	404,686	458,486
Depreciation of right-of-use assets (note 4)	1,013,812	1,437,391
Amortisation of intangible assets (note 2)	7,754,902	5,935,883
Impairment of intangible assets	47,913	1,114,598
Employee benefit expense (note 14)	12,246,458	11,655,479
Other staff-related costs	722,356	482,861
Marketing expenses	2,546,355	2,888,227
Management fee	891,735	945,790
Legal and professional fees	1,387,168	1,814,171
Consultancy services	196,200	352,130
Affiliate commission	-	670,365
Fines and penalties	8,415	11,356
Short-term leases	120,755	142,255
Travel and entertainment expenses	327,642	88,547
Other expenses	5,288,747	4,400,389
Total direct costs and administrative expenses	134,993,066	125,307,539

Auditor's remuneration

Fees charged by the auditor for services rendered during the financial year ended 31 December 2022 relate to the following (excluding VAT):

	2022 €	2021 €
Annual statutory audit	185,390	174,225
Tax compliance services	22,100	18,075
Non-assurance services	19,220	13,715
	226,710	206,015

12. Other operating gains - net

Other operating gains - net includes:

	2022 €	2021 €
Exchange differences	(12,892,676)	(886,700)
Profit on disposal of intangible assets	16,000	-
Profit on disposal of property, plant and equipment	-	1,525
	(12,876,676)	(885,175)

13. Other income

Other income includes:

	2022 €	2021 €
Other items	9,050	813,748

14. Employee benefit expense

	2022 €	2021 €
Wages and salaries	11,656,787	11,085,446
Social security costs	589,671	570,033
	12,246,458	11,655,479

The average number of persons employed by the Group during the period:

	2022	2021
Administrative	228	248

15. Finance income

	2022 €	2021 €
Bank interest income	4,659	2,321
Other finance income	-	460
	4,659	2,781

16. Finance cost

	2022 €	2021 €
Interest on amounts due to related parties	4,383,830	6,546,835
Interest on lease liabilities	112,263	60,197
	4,496,093	6,607,032

17. Taxation

	2022 €	2021 €
Current tax expense	1,777,541	899,092
Over provision of current tax of prior period	-	(476,944)
Deferred tax credit	(200,988)	(200,988)
	1,576,553	211,160

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

	2022 €	2021 €
Profit before tax	28,343,060	16,665,373
Tax on profit at 5%	1,417,153	833,269
Tax effect of:		
Expenses not deductible for tax purposes	430,664	174,358
Income not chargeable to tax	-	(227,453)
Over provision of tax of prior period	-	(476,944)
Other differences	(271,264)	(92,070)
Tax expense	1,576,553	211,160

During 2019, the Group agreed to form a Fiscal Unit for Maltese income tax purposes in terms of the Consolidated Group (Income Tax) Rules ('Consolidated Group tax rules'). These Rules allow a group of companies to elect to be treated as one single taxpayer and to compute their chargeable income or losses on a consolidated basis.

17. Taxation - continued

In terms of the agreement, Cherry Malta Limited, the parent group, is considered as the 'principal taxpayer' of the fiscal unit and assumes the rights, duties and obligations under the Maltese Income Tax Act relative to entities forming part of the fiscal unit.

The principal tax rate used is 5%, which is the effective tax rate in which the Group is subject to in Malta.

As part of this process, the principal taxpayer, Cherry Malta Limited has entered into a tax sharing and funding agreement with the other companies that form part of the Fiscal Unit, that provides for the allocation of income taxes to the fiscal unit members.

The allocation of tax within the Fiscal Unit is calculated as if each member entity was an individual entity for tax purposes, with taxes allocated by reference to the chargeable income/losses of each member entity and recognised fully in each member entity's own financial statements.

In addition, under the terms of this agreement, the parent, as principal taxpayer, assumes the obligation to remit taxes to the Maltese Inland Revenue, and the member entities compensate Cherry Malta Limited for their share of tax payable assumed by the parent or conversely be compensated for their share of any tax receivable.

Since the tax consolidation regime allows for a full integration of the tax position of its members, during 2022 and 2021, each entity within the Fiscal Unit including the Group, has applied an equivalent effective tax rate of 5% for the computation of current and deferred tax.

18. Contingent liabilities

Snabbare Ltd, Hajper Ltd., Casinostugan Ltd and ComeOn Sweden Ltd received a warning and a sanction fee in the total sum of SEK 165 million from the Swedish Gambling Authority (SGA) for offering customers financial incentives which, in the opinion of the regulator, are in breach of the legislation.

The underlying issue is the interpretation of the term "bonus" under the Swedish Gambling regulations. Commencing on 1 January 2019, the new Swedish Gambling Act (the "Act") came into effect and, as is often the case with new regulations, there were aspects of the regulations that were uncertain as to their application and interpretation, which would require clarification and regulator guidance. The gambling industry requested the SGA to give a meaningful definition of the term "bonus" since the early stage of the new regulation.

Based on the then prevailing industry understanding of the term "bonus", the mentioned companies, in the first part of 2019, gifted one/some customer(s) limited amounts of money and in some cases provided free spins. In July 2019, the SGA however issued a decision clarifying how it interpreted the term "bonus", and thereafter the mentioned companies ceased this practice.

18. Contingent liabilities - continued

Notwithstanding the fact that each Company had voluntarily ceased the gift practice, the SGA issued sanction decisions in February 2021 following a very lengthy investigation. Each Company strongly denies any violations of the Gaming Act and has appealed the decisions with the Administrative Court of Linköping. In April 2022, the Administrative Court of Linköping affirmed the position of the SGA. In May 2022, the Company re-appealed the decision in the Administrative Court of Appeal of Linköping ("Court of Appeal"). The right to re-appeal was granted in May 2023, and hence the case remains open.

On 9 May 2023, the Swedish Supreme Administrative Court decided on another case where a third party operator had failed to consult the National Self-Exclusion Register (Spelpaus) before allowing players to log on to their gambling accounts. The Supreme Administrative Court found that the definition of turnover at law was not clear, and that in the absence of clear guidance, and contrary to SGA and lower courts, that turnover as included in the said operator's income statement (player contributions (stakes) minus winnings paid out to the winner) should be the relevant factor in determining the basis for the sanction. On this basis, the case has been referred back to SGA for a re-calculation of the sanction fee based on the net turnover. This decision may lead to a substantial reduction of the quantum of the fine.

It is the opinion of the board, supported by robust legal advice and considering the above recent decision as reference, that the Court of Appeal will overturn the SGA decision, and that consequently the sanction is likely to be reduced. At the same time, the board acknowledged that the position remains uncertain. In view of this, the board has concluded that there is no reasonable basis at this point in time to arrive at a reliable estimate of the quantum of the reduced penalty and has therefore not recognised any provision in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

19. Events after the reporting period

As disclosed in note 17 to these consolidated financial statements, on 9 May 2023, Snabbare Ltd, Hajper Ltd., Casinostugan Ltd and ComeOn Sweden Ltd have been granted the right to re-appeal in the Administrative Court of Appeal of Linköping, in relation to the warning and the sanction fee issued by the Swedish Gambling Authority in 2021 as previously referred to. The Companies continue to strongly deny any violations of the Swedish Gambling Act.

Subsequent to the financial year-end, Playcherry Limited has been granted a slots license in Germany.

20. Statutory information

Cherry Malta Limited is a limited liability company and is incorporated in Malta.

The immediate parent company is European Entertainment Intressenter Sweden AB (formerly known as Cherry AB), a company registered in Sweden, with its registered address at Stureplan 19, Stockholm 111 45, Sweden. European Entertainment S.à r.l. is the group's ultimate parent, a group registered in Luxembourg, with its registered address at 2, Avenue Charles de Gaulle, L-1653 Luxembourg. The financial statements of Cherry Malta Limited have been included in the consolidated financial statements of the Group's intermediate parent European Entertainment Intressenter Topco AB.