

02 April 2024

Gaming Realms plc

(the "Company" or the "Group")

Annual Results 2023

26% increase in Revenue and 29% increase in Adjusted EBITDA¹ in Record Year

Gaming Realms plc (AIM: GMR), the developer and licensor of mobile focused gaming content, announces its annual results for the year ended 31 December 2023 and Q1 highlights for 2024.

Gaming Realms' strategic focus on content licensing has driven strong revenue growth and high margins, expanding in both existing and new markets. With a strong pipeline of upcoming games and operator partnerships, the Company expects continued growth in 2024.

2023 Financial Highlights:

- Revenue increased by 26% to £23.4m (2022: £18.7m)
 - Licensing revenue increased by 33% to £19.9m (2022: £14.9m)
 - Social publishing revenue fell by 5% to £3.5m (2022: £3.7m)
- Adjusted EBITDA increased by 29% to £10.1m (2022: £7.8m)
- EBITDA of £9.2m (2022: £7.4m)
 - Licensing segment generated £11.3m EBITDA (2022: 8.0m)
 - Social publishing segment generated £0.8m EBITDA (2022: £1.5m)
 - Head office costs were £2.9m (2022: £2.0m) and excluding share option and related charges were £2.4m (2022: £1.8m)
- Profit before tax for the year increased by 47% to £5.2m (2022: £3.5m)
- Year-end cash balance increased to £7.5m (2022: £2.9m), with the Group remaining debt free

2023 Operational Highlights:

- Portfolio of proprietary games on the Group's remote game server ("RGS") grew to 75 (2022: 65)
- Granted iGaming Supplier Licenses in West Virginia, Sweden and Greece
- Launched in the regulated market in Portugal
- Launched with 44 new partners for Slingo Originals content including Bet365, Belteclic, OLG (Provincial Lottery in Ontario) and PENN Entertainment in New Jersey, Michigan and Pennsylvania
- Signed licensing deals with Tetris, Relax Gaming for Money Train and WMG for Fowl Play, a leading slot game in the Italian market
- Increased unique players in the licensing business by 24%
- Launched *Slingo Space Invaders* and *Tetris Slingo*, collaborating with two iconic game brands
- Gained ISO27001 certification, an internationally recognised standard for managing information security
- Continued investment in our proprietary RGS platform with the launch of Free Rounds product
- Grew the 4ThePlayer library of games distributed on our network to 7 (2022: 3)

Q1 2024 Highlights:

- A promising start to 2024, with revenue in line with management expectations, driven by our core content

licensing business showing a 20% increase in the first two months of the year compared with the same period in 2023

- Launched with 14 new operators including Livescore and DAZN in the UK, Bet365 in Ontario and Entain in Spain
- Released three new Slingo games, including *China Shores Slingo* and *Slingo Capital Gains*
- Signed distribution agreement with Playtech which will lead to greater distribution and new market launches

1 EBITDA is profit before interest, tax, depreciation and amortisation and is a non-GAAP measure. The Group uses EBITDA and Adjusted EBITDA to comment on its financial performance. Adjusted EBITDA is EBITDA excluding share option and related charges and adjusting items, which are significant, non-recurring items outside the scope of the Group's ordinary activities.

Summary:

In North America, our strategic initiatives yielded a 26% increase in content licensing revenues in 2023, underscoring the popularity of our Slingo games with our partners and their players. This growth mirrors our achievements outside North American markets, where we experienced a 33% growth in content licensing last year, highlighting our global appeal.

Outlook:

Looking forward, the Group is well placed to deliver further growth in new and existing markets. The launch in the regulated Portuguese market in Q3 2023, along with securing licenses for West Virginia and Greece, signifies our ongoing commitment to increasing our distribution and market diversification. With 14 new partners already launched in 2024, together with three new Slingo games, the Board is confident in the Group's strategy and expectations for the rest of the current year.

Commenting on the Group's performance, Mark Segal, CEO, said:

"I am delighted to present another record year for Gaming Realms. Driven by the growing demand for our Slingo portfolio in the international gaming markets, revenue grew by 26% with adjusted EBITDA growing 29%. This demonstrates the operational leverage driven by our content licensing business.

"We are now licensing our games into 20 regulated markets and have launched with 44 partners in the year and have 75 live games which demonstrates the scale of our content licensing business.

"We have had a promising start to 2024, having already launched with 14 new partners and our new Slingo games, such as Slingo Hot Roll and China Shores Slingo, driving new players to Slingo. With this momentum, we are excited to continue delivering further game launches, new partner deals and, with planned launches in West Virginia and Greece, expanding our global footprint even further."

An analyst briefing will be held virtually at 09:30am today. To attend, please email gamingrealms@yellowjerseypr.com.

The Company also notes that it will be hosting an online presentation to retail investors on Tuesday 09 April at 10:00am. Those wishing to join the presentation are requested to sign up to Investor Meet Company for free and add to meet Gaming Realms via: <https://www.investormeetcompany.com/gaming-realms-plc/register-investor>

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About Gaming Realms

Gaming Realms creates and licenses innovative games for mobile, with operations in the UK, U.S., Canada and Malta. Through its unique IP and brands, Gaming Realms is bringing together media, entertainment and gaming assets in new game formats. As the creator of a variety of Slingo™, bingo, slots and other games, we use our proprietary data platform to build and engage global audiences. The Gaming Realms management team includes accomplished entrepreneurs and experienced executives from a wide range of leading gaming and media companies.

Executive Chairman's Statement

As we reflect on another record year, it is with a sense of achievement and optimism that I present the Chairman's Statement for Gaming Realms for the year ended 31 December 2023. Despite the challenges posed by a dynamic market environment, our Company has demonstrated resilience, innovation, and strategic foresight, cementing our position as a leading games studio in the international regulated igaming market. During the year, our platform handled wagering of £5.5bn vs £4.7bn in the prior year.

Financial Performance Highlights

In 2023, Gaming Realms achieved significant financial milestones, reflecting our commitment to delivering sustainable growth and shareholder value. Our revenue saw an impressive increase of 26% to £23.4m (2022: £18.7m), driven by strategic expansion, innovative product launches, and engagement with our partners. Adjusted EBITDA improved markedly to £10.1m (2022: £7.8m), up 29% from the previous year, highlighting our operational efficiencies and prudent cost management.

Profit before tax reached £5.2m, a testament to our robust business model and the effectiveness of our strategic initiatives. Our balance sheet remains strong, with a healthy cash position of £7.5m (2022: £2.9m) and no debt, ensuring that we are well-placed to pursue future growth opportunities and navigate any market uncertainties.

Strategic Achievements

2023 was a year of strategic advancement for Gaming Realms. We expanded our footprint in key markets and launched new gaming titles that have been met with enthusiasm by players globally. Our focus on new engaging mechanics for our Slingo category of games has allowed us to capture new segments of the market and drive user engagement to unprecedented levels.

Partnerships have been central to our strategy, and this year we have forged significant collaborations with industry leaders, expanding our distribution channels and enhancing our product offerings. This has allowed us to grow in all our key markets. Our commitment to responsible gaming and sustainability has also been a priority, as we continue to invest in technology and initiatives that promote a safe and ethical gaming environment.

Looking Back

2023 completed five years of remarkable progress for Gaming Realms, with an adjusted 2019 EBITDA loss of £0.3m improving annually to an adjusted EBITDA surplus of £10.1m in 2023. This is principally as a result of the 48% compound growth rate in our licensing revenue, a growth from £4.1m in 2019 to £19.9m in 2023.

Looking Ahead

As we look to the future, Gaming Realms is positioned for continued success. The investments we have made in technology, talent, and market expansion set a solid foundation for growth. We remain committed to innovation, with several exciting new products in the pipeline that promise to redefine the gaming experience for our users.

Our strategic focus for the coming year will be on expanding our international presence, while growing in our existing markets, as well as delivering an innovative Slingo roadmap. We will also continue to prioritise our social responsibilities, ensuring that we contribute positively to the communities we serve.

Acknowledgements

On behalf of the Board, I extend our thanks to our employees, whose commitment, creativity, and hard work have been instrumental in our achievements. I would also like to thank our shareholders for their continued trust and support.

As we move forward, we do so with confidence, guided by a clear strategy and a commitment to excellence. I am optimistic about the future of Gaming Realms plc and look forward to sharing our continued progress in the years to come.

Michael Buckley
Executive Chairman

Chief Executive's Review

Introduction

The Group continued its strong momentum in 2023, increasing revenues by 26% to £23.4m (2022: £18.7m), and Adjusted EBITDA before share option and related charges and adjusting items by 29% to £10.1m (2022: £7.8m). We continue to expand our Slingo Originals game portfolio, which grew by 10 games and now stands at 75, as well as producing bespoke games for our partners. We are investing in our proprietary Remote Game Server "RGS" platform to ensure it scales with the business into new markets and with new operators. Continuing to innovate around our unique Slingo IP and RGS will allow Gaming Realms to deliver on its strategy and continue its impressive growth.

This strong performance was driven by revenue growth of 33% in our licensing business to £19.9m (2022: £14.9m) as a result of the increased demand for our Slingo content. 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 58% Adjusted 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 the year. Content licensing revenues grew 30% in 2023 and we increased unique player numbers in the year by 24% to 5 million (2022: 4 million).

During the year, our library of proprietary games increased to 75 and we went live with 44 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. We have been able to launch bespoke games with operators which has allowed our portfolio to increase its promotion. Slingo has also become its own games category, which has been a great asset for our partners in their promotions and marketing.

Some of the most notable games released during the period included *Slingo Cleopatra* with IGT, a partnership with one of the leading suppliers of online and land-based casino games, and two of the largest video game brands with *Slingo Space Invaders* and *Tetris Slingo*.

Our distribution business, where we are launching third-party slots, which complement our Slingo offering, grew in the year with 4ThePlayer and we also produced the first two games in partnership with ReelPlay. This is allowing us to utilise the wide distribution on our platform to take market leading slot games into the US market. We are encouraged by the launch of 4ThePlayer and, together with games from ReelPlay, expect to see this area of the business grow.

North America

2023 was the year when we consolidated our position in the US and Canada, with our content licensing revenues from these markets growing 26% to £8.1m (2022: £6.4m). We have been able to launch with operators over multiple states including Pokerstars launching in three markets, Caesars Entertainment in four markets and PENN Entertainment in five markets.

In March, we launched with our second Canadian lottery when our games first went live with the Ontario Lottery and Gaming Corporation.

We also continued to launch more content in New Jersey, Michigan and Pennsylvania as we grew in these markets. We still expect to gain a higher market share in Michigan and Pennsylvania, where we have 37 and 27 games live

respectively, compared to the 65 games live in New Jersey. Ontario is continuing to grow quarterly, and we ended the year with our record month in that market.

We have also seen great success with our bespoke games in North America. This has been led by our *Slingo Red Wings* game which BetMGM is using to acquire and retain players off the back of a promotion with the Detroit Red Wings.

Europe

Our growth in Europe has been a combination of launching with new partners and growing with existing ones. We have taken existing partners into new markets and we have launched Slingo content with 888 in Italy and Romania. We have also launched with market leading partners including Bet365 in the UK, Fortuna Group in Romania, Mr Green in Denmark, Sweden and Spain and with Betclic in Portugal.

Revenues in Europe increased 33% to £10.5m in 2023 (2022: £7.9m) with increases in all our key markets of the UK, Italy, Spain and the Netherlands. We are still launching with new partners in these markets as we expand the audience of Slingo games.

In December 2023, we obtained our supplier licence in Greece where we expect to go live with our first partner shortly. This follows launching in the regulated Portuguese market in the third quarter of 2023.

Social

Our social business remains a key part of our activities as we bring the Slingo games to a wider audience. Revenue from social decreased by 5% to £3.5m (2022: £3.7m) whilst EBITDA reduced to £0.8m (2022: £1.5m). Social continued to make a cash contribution to the business.

Post Period End and Outlook

We continue to deliver on our clear strategy 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

I am pleased to see that Gaming Realms has continued to grow in the year to date, with content licensing revenues up 20% in the two months post-year-end compared with the same period in 2023. We have launched three games so far this year, including *China Shores Slingo* and the launch of *Slingo Constitution Hill* for the Cheltenham Festival and have gone live with 14 new partners.

The early indicators for 2024 are promising, with growth already observed in the initial months and, with a robust pipeline of opportunities, we are poised for continued success.

Mark Segal

Chief Executive Officer

Financial Review

Gaming Realms had another strong year in 2023, continuing to deliver on the Group's core strategy of scaling the licensing business through entry into newly regulated jurisdictions and enhancing the unique Slingo games portfolio.

The Group delivered record revenue and EBITDA, while also converting this performance into cash, ending the year with a cash balance of £7.5m (2022: £2.9m).

We have also continued to invest in the future success of the business, with increased development spend on the Group's platform, distribution reach and pipeline of games content.

Performance

Total Group revenue increased 26% to £23.4m (2022: £18.7m), principally as a result of the continued growth in the licensing segment and in particular the content licensing business.

The Group generated EBITDA of £9.2m (2022: £7.4m) and Adjusted EBITDA of £10.1m (2022: £7.8m).

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Adjusted EBITDA is EBITDA before share option and related charges, and adjusting items. A reconciliation between EBITDA and Adjusted EBITDA is shown below. Management considers Adjusted EBITDA the most appropriate measure to comment on the Group's underlying financial performance.

	2023	2022
	£	£
EBITDA	9,235,802	7,446,038
Share option and related charges	632,304	351,726
Adjusting items	193,859	-
Adjusted EBITDA	10,061,965	7,797,764

The £0.2m adjusting item relates to a management restructure in the year (2022: £Nil), which is considered by Management as significant, non-recurring and outside the scope of the Group's ordinary activities, so has been presented as an adjusting item.

The £1.8m increase in EBITDA generated in 2023 compared with the prior year has seen the Group record another record profit before tax of £5.2m (2022: £3.5m), an increase of £1.6m.

Operating expenses are largely revenue related costs including license fees, hosting costs and platform provider fees. Total Group operating expenses were £4.8m, a 24% increase over the £3.9m in the prior year, driven by the growth in licensing segment revenues.

Administrative expenses increased to £8.2m (2022: £6.9m) predominantly due to increased staff costs across the business required to deliver on the Group's growth strategy, along with other incremental business expansion costs.

Share option and related charges were £0.6m in 2023 (2022: £0.4m).

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

	Licensing £	Social publishing £	Head Office £	Total £
2023				
Revenue	19,917,366	3,504,157	-	23,421,523
Other income	-	139,562	-	139,562
Marketing expense	(94,533)	(338,030)	(96,110)	(528,673)
Operating expense	(3,442,127)	(1,359,340)	-	(4,801,467)
Administrative expense	(4,763,369)	(1,141,114)	(2,264,497)	(8,168,980)
Adjusted EBITDA	11,617,337	805,235	(2,360,607)	10,061,965
Share option and related charges	(103,425)	(9,927)	(518,952)	(632,304)
Adjusting items	(193,859)	-	-	(193,859)
EBITDA	11,320,053	795,308	(2,879,559)	9,235,802
Amortisation of intangible assets	(2,488,290)	(930,857)	(444,661)	(3,863,808)
Depreciation of property, plant and equipment	(70,537)	(70,580)	(135,142)	(276,259)
Finance expense	(17,279)	(17,688)	(8,956)	(43,923)
Finance income	96,280	2,820	16,425	115,525
Profit before tax	8,840,227	(220,997)	(3,451,893)	5,167,337

	Licensing £	Social publishing £	Head Office £	Total £
2022				
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)
Adjusted EBITDA	8,142,554	1,475,379	(1,820,169)	7,797,764
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

Licensing

Total licensing segment revenues increased 33% to £19.9m (2022: £14.9m), which can be broken down as follows:

- Content licensing revenue growth of 30% to £18.6m (2022: £14.3m); and
- Brand licensing revenue increased 110% to £1.3m (2022: £0.6m).

The segment contributed £11.6m Adjusted EBITDA in 2023 (2022: £8.1m).

The amortisation charge for the year increased to £2.5m (2022: £2.0m), reflecting the increased investment in development spend in the segment in recent years. Demonstrating this, capitalisation of development spend in the licensing segment increased 24% on the prior year to £3.8m (2022: £3.1m) as the business invests in its RGS platform and content. The impact of the segments increase in EBITDA offset by the increase in amortisation means the segment delivered a profit before tax of £8.8m (2022: £6.0m).

Content licensing

Content licensing remains the core focus of the Group, with the growth strategy being expansion into new markets as they regulate, growing our unique Slingo games portfolio and developing deeper relationships with our partners to maximise value and engagement.

Despite there being no material new markets entered during 2023, content licensing revenue increased 30% to £18.6m (2022: £14.3m). This has been achieved through a blend of launching with 44 new partners in our current markets, delivering exciting and premium quality games during the year, and greater penetration with our existing partners.

The 44 new partners we went live with during the year were across a number of global markets, with 24 in North America and 20 in Europe. A further 14 partners have gone live in 2024 to date.

In the second half of 2023 the Group was granted supplier licenses in both West Virginia, USA and Greece. Along with other planned new markets for the business such as Switzerland and South Africa, the Group is well placed to take advantage of further growth opportunities in 2024.

The high margin nature of content licensing revenues gives the business strong operational leverage. This is demonstrated by the 22% increase in total segmental expenses (excluding share option and related charges and adjusting items) to £8.3m (2022: £6.8m), while content licensing revenues have increased at a notably higher rate, 30% over the prior year.

The Group released 10 new Slingo games to the market during 2023, including *Slingo Space Invaders* and *Tetris Slingo*, 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.

We continue to partner with leading brands that will complement the Slingo format. During 2023 we launched exciting Slingo game collaborations with partners such as Tetris, King Show Games and Taito. A number of further agreements have been entered into to bring new Slingo collaborations to market in 2024 including *Fowl Play* and

agreements have been entered into to bring new Slingo collaborations to market in 2024, including *Fort May* and *Gold Cash*.

Revenues from North America continued to significantly grow for the content licensing business. Revenue from these markets in 2023 was £8.1m, a 26% increase on the £6.4m in the prior year. The region represents 43% of total content licensing revenues (2022: 45%). As new US states regulate igaming and we make further progress in the existing markets, we would expect the region to grow in prominence for the business.

Brand licensing

The increase in brand licensing revenues in 2023 compared with the prior year is predominantly the result of two brand deals completed in the year, including a deal with Entain to launch *Slingo Bingo* which went live in May 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.

Social publishing

The Group's social publishing business reported a 5% reduction in revenues to £3.5m (2022: £3.7m).

During the year £0.3m was invested in marketing spend in the segment with the aim of driving player activity and engagement.

Operational costs increased by 4% from the previous year to £1.4m (2022: £1.3m) as a result of increases in the cost of hosting and third-party content fees.

The segment continues to have a stable underlying cost base, with administrative expenses of £1.1m (2022: £1.0m).

As a result, the segment delivered £0.8m Adjusted EBITDA for the year, falling from £1.5m in the prior year.

The amortisation charge related to the social publishing segment for the year was £0.9m, a 1% reduction on the prior year (2022: £0.9m).

Cashflow and Balance Sheet

The Group's cash balance increased by £4.5m in 2023 to £7.5m at 31 December 2023 (2022: £2.9m).

The Group remains debt free, following the full repayment of the convertible loan to Gamesys Group in the prior year.

The Group capitalised £4.6m (2022: £4.0m) 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 £4.6m development costs capitalised in the year discussed above, the remaining movement in cash is substantially explained by the £9.3m (2022: £6.5m) cash inflow from operating activities. A reconciliation between profit for the year and cash from operating activities is provided below.

	2023	2022
	£	£
Cash flows from operating activities		
Profit for the financial year	5,925,003	3,614,115
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	276,259	258,515
Loss on disposal of property, plant and equipment	1,571	-
Amortisation of intangible fixed assets	3,863,808	3,671,379
Other income	(139,562)	(112,147)
Other income received during the year	185,184	121,962
Finance income	(115,525)	(401,658)
Finance expense	43,923	394,042
Tax credit	(757,666)	(90,355)
Exchange differences	(105,268)	54,013
Share based payment expense	419,961	438,868
Decrease / (increase) in trade and other receivables	368,986	(1,973,278)
Increase in trade and other payables	244,710	607,560
Decrease in other assets		44,840

Decrease in other assets	-	11,848
Net cash flows from operating activities before taxation	10,211,384	6,594,864
Net tax paid in the year	(935,660)	(45,213)
Net cash flows from operating activities	9,275,724	6,549,651

Net assets totalled £24.4m (2022: £17.9m).

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 £0.8m (2022: £0.1m) largely relates to the recognition of an additional £1.6m deferred tax asset and £0.7m corporation tax charge in overseas jurisdictions (2022: £0.3m).

Geoff Green

Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	£	£
Revenue	23,421,523	18,650,521
Other income	139,562	112,147
Marketing expenses	(528,673)	(133,799)
Operating expenses	(4,801,467)	(3,887,647)
Administrative expenses	(8,168,980)	(6,943,458)
Share option and related charges	(632,304)	(351,726)
EBITDA before adjusting items	9,429,661	7,446,038
Adjusting items	(193,859)	-
EBITDA	9,235,802	7,446,038
Amortisation of intangible assets	(3,863,808)	(3,671,379)
Depreciation of property, plant and equipment	(276,259)	(258,515)
Finance expense	(43,923)	(394,042)
Finance income	115,525	401,658
Profit before tax	5,167,337	3,523,760
Tax credit	757,666	90,355
Profit for the financial year	5,925,003	3,614,115
Other comprehensive income		
Items that will or may be reclassified to profit or loss:		
Exchange (loss) / gain arising on translation of foreign operations	(105,004)	131,432

Total other comprehensive income	(105,004)	131,432
Total comprehensive income	5,819,999	3,745,547
Profit attributable to:		
Owners of the parent	5,925,003	3,614,115
	5,925,003	3,614,115
Total comprehensive income attributable to:		
Owners of the parent	5,819,999	3,745,547
	5,819,999	3,745,547
Earnings per share	Pence	Pence
Basic	2.02	1.24
Diluted	1.96	1.21

Consolidated Statement of Financial Position

As at 31 December 2023

	31 December 2023 £	31 December 2022 £
Non-current assets		
Intangible assets	13,272,711	12,422,852
Property, plant and equipment	367,092	535,409
Deferred tax asset	1,891,000	287,407
Other assets	139,531	138,798
	15,670,334	13,384,466
Current assets		
Trade and other receivables	5,060,528	5,336,330
Cash and cash equivalents	7,455,316	2,922,775
	12,515,844	8,259,105
Total assets	28,186,178	21,643,571
Current liabilities		
Trade and other payables	3,383,248	3,270,319
Lease liabilities	52,135	217,731
	3,435,383	3,488,050
Non-current liabilities		
Deferred tax liability	219,921	75,592
Lease liabilities	133,445	167,680
	353,366	243,272
Total liabilities	3,788,749	3,731,322
Net assets	24,397,429	17,912,249
Equity		
Share capital	29,366,782	29,200,676
Share premium	87,732,888	87,653,774
Merger reserve	(67,673,657)	(67,673,657)
Foreign exchange reserve	1,444,697	1,549,701
Retained earnings	(26,473,281)	(32,818,245)
Total equity	24,397,429	17,912,249

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	5,925,003	3,614,115
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	276,259	258,515
Loss on disposal of property, plant and equipment	1,571	-
Amortisation of intangible fixed assets	3,863,808	3,671,379
Other income	(139,562)	(112,147)
Other income received during the year	185,184	121,962
Finance income	(115,525)	(401,658)
Finance expense	43,923	394,042
Tax credit	(757,666)	(90,355)

	(101,000)	(101,000)
Exchange differences	(105,268)	54,013
Share based payment expense	419,961	438,868
Decrease / (increase) in trade and other receivables	368,986	(1,973,278)
Increase in trade and other payables	244,710	607,560
Decrease in other assets	-	11,848
Net cash flows from operating activities before taxation	10,211,384	6,594,864
Net tax paid in the year	(935,660)	(45,213)
Net cash flows from operating activities	9,275,724	6,549,651
Investing activities		
Acquisition of property, plant and equipment	(89,715)	(124,104)
Acquisition of intangible assets	(157,751)	(125,684)
Capitalised development costs	(4,633,403)	(4,009,171)
Interest received	85,679	-
Net cash used in investing activities	(4,795,190)	(4,258,959)
Financing activities		
Repayment of convertible loan and additional charges	-	(3,375,000)
Principal paid on lease liability	(236,659)	(163,638)
Issue of share capital on exercise of options	245,220	13,332
Interest paid	(28,538)	(186,880)
Net cash used in financing activities	(19,977)	(3,712,186)
Net increase / (decrease) in cash and cash equivalents	4,460,557	(1,421,494)
Cash and cash equivalents at beginning of year	2,922,775	4,412,375
Exchange gain / (loss) on cash and cash equivalents	71,984	(68,106)
Cash and cash equivalents at end of year	7,455,316	2,922,775

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital £	Share premium £	Merger reserve £	Foreign Exchange Reserve £	Retained earnings £	T
1 January 2022	28,970,262	87,370,856	(67,673,657)	1,418,269	(36,977,228)	
Profit for the year	-	-	-	-	3,614,115	
Other comprehensive income	-	-	-	131,432	-	
Total comprehensive income for the year	-	-	-	131,432	3,614,115	
Contributions by and distributions to owners						
Share-based payment on share options	-	-	-	-	438,868	
Exercise of options	13,332	-	-	-	-	
Conversion of loan	217,082	282,918	-	-	106,000	
31 December 2022	29,200,676	87,653,774	(67,673,657)	1,549,701	(32,818,245)	
1 January 2023	29,200,676	87,653,774	(67,673,657)	1,549,701	(32,818,245)	
Profit for the year	-	-	-	-	5,925,003	
Other comprehensive income	-	-	-	(105,004)	-	
Total comprehensive income for the year	-	-	-	(105,004)	5,925,003	
Contributions by and distributions to owners						
Share-based payment on share options	-	-	-	-	419,961	
Exercise of options	166,106	79,114	-	-	-	
31 December 2023	29,366,782	87,732,888	(67,673,657)	1,444,697	(26,473,281)	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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 and on a basis consistent with those policies set out in our audited financial statements for the year ended 31 December 2023.

The financial information set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2023 or 31 December 2022.

Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies and those for the year ended 31 December 2023 will be delivered to the Registrar in due course; both have been reported on by independent auditors. The independent auditor's report for the year ended 31 December 2023 is unmodified.

The independent auditor's reports on the Annual Report and Accounts for the year ended 31 December 2023 and 31 December 2022 were unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

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 2026 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 2025, 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 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).

These amendments did not have a material impact on the Group, however the accounting policies included within this note have changed as a result.

There are a number of standards, amendments to standards, and interpretations which have been issued

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 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 following amendments are effective for the period beginning 1 January 2025:

- IAS 21 The Effects of Changes in Foreign Exchange rates (Amendment- Lack of exchangeability)

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.

2. ADJUSTED EBITDA

EBITDA is profit before interest, tax, depreciation and amortisation and is a non-GAAP measure. Adjusted EBITDA is EBITDA before adjusting items, which are items that Management considers to be significant, non-recurring and outside the scope of the Group's ordinary activities that may distort an understanding of financial performance or impair comparability.

Adjusted EBITDA is stated before adjusting items as follows:

	2023 £	2022 £
Restructuring costs	193,859	-
Adjusting items	193,859	-

Restructuring costs of £0.2m in 2023 (2022: £Nil) relate to a management restructure during the year.

3. 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

2023	Licensing £	Social publishing £	Head Office £	Total £
Revenue	19,917,366	3,504,157	-	23,421,523
Other income	-	139,562	-	139,562
Marketing expense	(94,533)	(338,030)	(96,110)	(528,673)
Operating expense	(3,442,127)	(1,359,340)	-	(4,801,467)
Administrative expense	(4,763,369)	(1,141,114)	(2,264,497)	(8,168,980)
Share option and related charges	(103,425)	(9,927)	(518,952)	(632,304)
EBITDA before adjusting items	11,513,912	795,308	(2,879,559)	9,429,661
Adjusting items	(193,859)	-	-	(193,859)
EBITDA	11,320,053	795,308	(2,879,559)	9,235,802

Amortisation of intangible assets	(2,488,290)	(930,857)	(444,661)	(3,863,808)
Depreciation of property, plant and equipment	(70,537)	(70,580)	(135,142)	(276,259)
Finance expense	(17,279)	(17,688)	(8,956)	(43,923)
Finance income	96,280	2,820	16,425	115,525
Profit before tax	8,840,227	(220,997)	(3,451,893)	5,167,337

	Licensing £	Social publishing £	Head Office £	Total £
2022				
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

4. TAXATION

	2023 £	2022 £
Current tax		
Current tax charge	(745,653)	(312,922)
Adjustment for current tax of prior periods	43,160	(8,414)
Total current tax	(702,493)	(321,336)
Deferred tax		
Recognition of deferred tax asset	1,603,593	287,407
Overseas temporary differences	(143,434)	124,284
Total deferred tax credit	1,460,159	411,691
Total tax credit	757,666	90,355

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:

	2023 £	2022 £
Profit before tax for the year	5,167,337	3,523,760
Expected tax at effective rate of corporation tax in the UK of 23.52% (2022: 19.0%)	1,215,358	669,514
Expenses not deductible for tax purposes	47,717	141,812
Income not chargeable for tax purposes	(32,825)	(71,278)
Share scheme deductions under Part 12 CTA 09	(62,044)	-
Effects of overseas taxation	292,759	(93,850)
Adjustment for tax in respect of prior periods	(43,160)	8,414
Research and development tax credit	(159,701)	(131,100)
Movement in deferred tax not previously recognised	(590,553)	(326,460)
Difference between current and deferred tax rates	(30,116)	-
Recognition of deferred tax asset on losses previously unrecognised	(1,395,101)	(287,407)

The Group has a net corporation tax payable at the balance sheet date of £34,670 (2022: £276,123) being the £702,493 current tax charge for the year, less £935,660 payments made during the year (including settlement of the brought forward payable) and £8,286 of foreign exchange differences relating to US corporation tax payments.

Deferred Tax

The analysis of deferred tax included in the financial statements at the end of the year is as follows:

	2023 £	2022 £
<i>Deferred tax assets</i>		
Tax losses carried forward	1,891,000	287,407
Deferred tax assets	1,891,000	287,407
<i>Deferred tax liabilities</i>		
Overseas temporary differences	(219,921)	-
Business combinations - acquired intangibles	-	(75,592)
Deferred tax liabilities	(219,921)	(75,592)
Net deferred tax asset	1,671,079	211,815

5. 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 and a convertible loan that was repaid in full during the prior year. The convertible loan was anti-dilutive in the prior year so was not included in the diluted EPS calculation.

	2023 £	2022 £
Profit after tax attributable to the owners of the parent Company	5,925,003	3,614,115
	Number	Number
<i>Denominator - basic</i>		
Weighted average number of ordinary shares	292,715,123	291,655,659
<i>Denominator - diluted</i>		
Weighted average number of ordinary shares	292,715,123	291,655,659
Weighted average number of option shares	9,961,871	7,057,892
Weighted average number of shares	302,676,994	298,713,551
	Pence	Pence
Basic earnings per share	2.02	1.24
Diluted earnings per share	1.96	1.21

6. INTANGIBLE ASSETS

	Goodwill £	Customer database £	Software £	Development costs £	Licenses £	Domain names £	Intellectual Property £	Total £
Cost								
At 1 January 2022	6,673,924	1,490,537	1,354,602	17,843,431	247,322	8,874	5,859,424	33,478,114
Additions	-	-	54,229	4,009,171	71,455	-	-	4,134,855
Exchange	125,326	-	-	14,080	694	-	-	140,100

differences								
At 31 December 2022	6,799,250	1,490,537	1,408,831	21,866,682	319,471	8,874	5,859,424	37,753,069
Additions	-	-	16,627	4,633,403	141,124	-	-	4,791,154
Disposals	-	(5,124)	-	-	(80,398)	-	-	(85,522)
Exchange differences	(53,694)	-	-	(36,573)	(292)	-	-	(90,559)
At 31 December 2023	6,745,556	1,485,413	1,425,458	26,463,512	379,905	8,874	5,859,424	42,368,142
Accumulated amortisation and impairment								
At 1 January 2022	1,650,000	1,490,537	1,310,294	12,475,353	43,469	8,874	4,683,679	21,662,206
Amortisation charge	-	-	73,177	2,781,155	85,961	-	731,086	3,671,379
Exchange differences	-	-	-	(3,368)	-	-	-	(3,368)
At 31 December 2022	1,650,000	1,490,537	1,383,471	15,253,140	129,430	8,874	5,414,765	25,330,217
Amortisation charge	-	-	33,347	3,239,928	145,874	-	444,659	3,863,808
Disposals	-	(5,124)	-	-	(80,398)	-	-	(85,522)
Exchange differences	-	-	-	(13,137)	65	-	-	(13,072)
At 31 December 2023	1,650,000	1,485,413	1,416,818	18,479,931	194,971	8,874	5,859,424	29,095,431
Net book value								
At 31 December 2022	5,149,250	-	25,360	6,613,542	190,041	-	444,659	12,422,852
At 31 December 2023	5,095,556	-	8,640	7,983,581	184,934	-	-	13,272,711

7. SHARE CAPITAL

Ordinary shares

	2023 Number	2023 £	2022 Number	2022 £
Ordinary shares of 10 pence each	293,667,839	29,366,782	292,006,775	29,200,676

The increase of 1,661,064 ordinary shares relates to the exercise of share options during the year. The changes in share capital and share premium as a result of these events is shown below.

	Share capital £	Share premium £
At 1 January 2022	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
Exercise of share options	166,106	79,114
At 31 December 2023	29,366,782	87,732,888

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