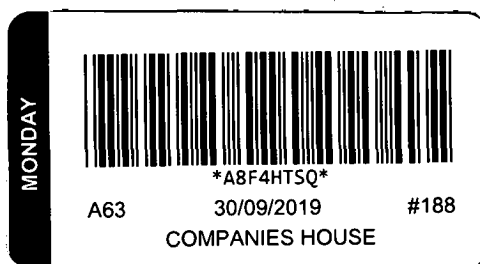


Company Registration No. 10717040

INNOV8 GAMING LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018



INNOV8 GAMING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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INNOV8 GAMING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Beckley (appointed 16 January 2018)
C Butler (appointed 19 January 2018)
A Harris (appointed 4 May 2018)
Z Mersich
N Paramore

COMPANY SECRETARY

N Paramore

REGISTERED OFFICE

Astra House
1 Kingsway
Bridgend Industrial Estate
Bridgend
United Kingdom
CF31 3RY

BANKERS

Barclays Bank PLC
Barclays House
5 St Ann's Street
Newcastle Upon Tyne
Tyne and Wear
United Kingdom
NE1 3DX

AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

INNOV8 GAMING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for year ended 31 December 2018.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemptions.

PRINCIPAL ACTIVITIES

Innov8 Gaming Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activity of the company is game design.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's results are set out in the profit and loss account on page 8. The loss before tax for the year was £409,392, compared to a loss before tax of £296,211 for the period 8 April to 31 December 2017.

The company is still in the phase of developing its products, and no revenue was achieved in 2018. It is anticipated that the company will start generating sales income in 2019.

On 16 January 2018, 10 class B ordinary shares were issued to a director of the company, Christopher Beckley. All shares were issued at a price of £1 each and were fully paid on the date of issue.

On 4 May 2018, 30 class B ordinary shares were issued to a director of the company, Alastair Harris. All shares were issued at a price of £1 each and were fully paid on the date of issue.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a variety of financial risks which result from both its operating and investing activities. The board is responsible for co-ordinating the company's risk management and focuses on actively securing the company's short to medium-term cash flows.

The expected uncertainty following the UK's decision to leave the EU is also considered to be both a risk and an opportunity to the business, with management beginning to take appropriate steps to assess the likely impact to the company in the upcoming years. Our business is entirely within the UK, however we remain vigilant to the potential risks associated with Brexit.

The company does not actively engage in the trading of financial assets and has no financial derivatives.

The only significant financial risk to which the company is exposed is liquidity risk, as described below:

Liquidity risk

In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the company uses short-term debt, in the form of a bank overdraft facility, from external sources plus funds from group sources as required.

GOING CONCERN

The directors have assessed the balance sheet and likely future cash flows of the company as at the date of approving the financial statements. As at 31 December 2018 the company made a loss after tax of £443,345 and had net liabilities of £683,082. As can be seen in the business review the company is still in the phase of developing its products and as such no sales have been achieved to date. At its current stage of development, the company is reliant on financial support from other group companies. Due to a potential future sale involving this entity this support has not been contractually agreed. The Directors believe that the company's products will over time become successful and the company will be cash generative, and therefore, in the future this funding will not be necessary. Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

INNOV8 GAMING LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

The directors do not recommend the payment of a dividend on the ordinary shares (2017: no dividends).

DIRECTORS

The directors of the company, who served throughout the financial year, and subsequently, unless stated otherwise, are as shown on page 1.

AUDITOR


In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Z Mersich
Director
30 September 2019

INNOV8 GAMING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOV8 GAMING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Innov8 Gaming Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, concerning the proposed plans to sell the company and the impact this will have on the company's ability to continue as a going concern, which is dependent on the support the company has from its ultimate parent undertaking. Whilst the directors consider that the company is a going concern, the intentions of future management is uncertain, including the amount of support, and the duration thereof, the company will receive in the form of support from its new parent. As stated in note 2, these events or conditions, along with the other matters as set out in note 2 to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOV8 GAMING LIMITED (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INNOV8 GAMING LIMITED (continued)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Andrew Wright

Andrew Wright (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

30 September 2019

INNOV8 GAMING LIMITED

PROFIT AND LOSS ACCOUNT **For the year ended 31 December 2018**

	Note	31 December 2018 £	8 April to 31 December 2017 £
Other income	4	27,297	-
Administrative expenses		(419,676)	(295,431)
Operating loss		(392,379)	(295,431)
Interest payable and similar expenses	5	(17,013)	(780)
Loss before taxation	6	(409,392)	(296,211)
Tax on loss	9	(33,853)	56,274
Loss for the financial period		(443,245)	(239,937)

All amounts derive from continuing operations.

There have been no recognised gains and losses other than as stated in the profit and loss account and, accordingly, no separate Statement of Comprehensive Income is presented.

The notes on pages 11 to 25 form an integral part of these financial statements.

INNOV8 GAMING LIMITED

BALANCE SHEET **As at 31 December 2018**

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	426,344	15,013
Tangible assets	11	22,838	8,779
		<u>449,182</u>	<u>23,792</u>
Current assets			
Debtors			
- amounts falling due within one year	12	50,814	37,105
- amounts falling due after more than one year	12	-	57
		<u>50,814</u>	<u>37,162</u>
Creditors: Amounts falling due within one year	13	<u>(1,148,552)</u>	<u>(300,831)</u>
Net current liabilities		<u>(1,097,738)</u>	<u>(263,669)</u>
Total assets less current liabilities		<u>(648,556)</u>	<u>(239,877)</u>
Creditors: Amounts falling due after more than one year	13	<u>(34,526)</u>	<u>-</u>
Net liabilities		<u>(683,082)</u>	<u>(239,877)</u>
Capital and reserves			
Called-up share capital	15	100	60
Profit and loss account	15	(683,182)	(239,937)
Shareholders' deficit		<u>(683,082)</u>	<u>(239,877)</u>

The financial statements of Innov8 Gaming Limited, registered number 10717040, were approved by the Board of Directors and authorised for issue on 30 September 2019.

Signed on behalf of the Board of Directors



N Paramore
Director

The notes on pages 11 to 25 form an integral part of these financial statements.

INNOV8 GAMING LIMITED

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2018

	Called-up share capital (note 15) £	Profit and loss account (note 15) £	Total £
Balance at 8 April 2017	-	-	-
Shares issued on incorporation	1	-	1
Further share issue (note 15)	59	-	59
Loss for the period being total comprehensive loss	-	(239,937)	(239,937)
Balance at 31 December 2017	60	(239,937)	(239,877)
Share issue (note 15)	40	-	40
Loss for the year being total comprehensive loss	-	(443,245)	(443,245)
Balance at 31 December 2018	100	(683,182)	(683,082)

The notes on pages 11 to 25 form an integral part of these financial statements.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION

Innov8 Gaming Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report on page 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Novomatic AG. The group accounts of Novomatic AG are available to the public and can be obtained as set out in note 19.

Adoption of new and revised Standards

Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

Impact of initial application of IFRS 9 *Financial Instruments*

Background to IFRS 9

In the current year, the company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the company's financial statements are described below.

The company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the company may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and
- the company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION (continued)

Impact of IFRS 9 *Financial Instruments* on Innov8 Gaming Limited

The directors of the company reviewed and assessed the company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the company's financial assets as regards their classification and measurement.

Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors and contract assets.

In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The application of IFRS 9 has had no impact on the impairment considerations of the company's financial assets.

General hedge accounting

The company does not have any hedge accounting activities and therefore there is no impact arising from the changes in IFRS 9.

Impact of application of IFRS 15 *Revenue from Contracts with Customers*

In the current year, the company has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The company's accounting policies for its revenue streams are disclosed in detail in further detail in note 2 below. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the company.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

The company has made an assessment on the impact of the new Standards applicable from 1 January 2018, being IFRS 9 Financial Instruments and IFRS 15 Revenue recognition. Based on this assessment there are no significant changes to the company's existing accounting policies.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, and impairment of assets. Where required, equivalent disclosures are given in the group financial statements of Novomatic AG. The group financial statements of Novomatic AG are available to the public and can be obtained as set out in note 19.

Going concern

The directors have assessed the balance sheet position and likely future cash flows of the company as at the date of approving the financial statements. As at 31 December 2018 the company made a loss after tax of £443,345 and had net liabilities of £683,082. As can be seen in the business review the company is still in the phase of developing its products and as such no sales have been achieved to date. At its current stage of development the company is reliant on financial support from other group companies. Due to a potential future sale involving this entity this support has not been contractually agreed. The Directors believe that the company's products will over time become successful and the company will be cash generative, and therefore, in the future this funding will not be necessary. Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the company's software and infrastructure development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Internally-generated intangible assets – research and development expenditure (continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit and loss account in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are accounted at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Purchased software	-	33% per annum
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Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Assets under development relate to the capitalised development costs of the video system and games which are currently being developed. This software is not being amortised until the developments are launched.

Derecognition of tangible and intangible assets

A tangible or intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Tangible fixed assets

All tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	-	33% per annum
Fixtures and fittings	-	33% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Finance costs

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of internally developed intangible assets

The directors consider that the recoverability of internally-generated intangible assets is a critical judgement when applying the company's accounting policies.

During the year, management has considered the recoverability of internally-generated intangible fixed assets by regarding the following information:

- The value in the balance sheet;
- The continuity of the project;
- Customer reactions to the project;
- Expected revenues from the project;
- Current year events.

Within this assessment the key estimate relates to the future revenues the asset will generate. Estimates of future revenues are performed internally by experienced senior management supported by knowledge of similar transactions. Management then decide whether these assets are deemed to be recoverable and impairment of the assets was considered.

At the balance sheet date management reviewed all internally developed intangible assets to assess their recoverability. No impairment loss was recognised for the year ended 31 December 2018 (2017: no impairment). More information is provided in note 10 to the financial statements.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4. OTHER INCOME

	31 December 2018	8 April to 31 December 2017
	£	£
ATL research and development relief	<u>27,297</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31 December 2018	8 April to 31 December 2017
	£	£
Interest payable on bank overdrafts and loans	<u>17,013</u>	<u>780</u>

6. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:

	31 December 2018	8 April to 31 December 2017
	£	£
Depreciation of tangible fixed assets included in administrative expenses	5,418	1,416
Amortisation of intangible assets included in administrative expenses	4,234	1,897
Staff costs (see note 8)	606,479	152,520
Operating lease rentals	<u>29,657</u>	<u>10,570</u>

7. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £5,935 (2017: £5,800)

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 December 2018 £	8 April to 31 December 2017 £
Wages and salaries	521,353	134,802
Social security	61,933	15,318
Pension contributions	23,193	2,400
	<u>606,479</u>	<u>152,520</u>

The average monthly number of employees during the period was as follows:

	No.	No.
Development	<u>9</u>	<u>4</u>
	£	£
Directors' emoluments	210,372	-
Directors' pension contributions to money purchase scheme	<u>14,904</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

	No.	No.
Money purchase scheme	<u>2</u>	<u>-</u>

Emoluments disclosed above include amounts paid to the highest paid director as follows:

	£	£
Directors' emoluments	<u>106,000</u>	<u>-</u>

C Butler, Z Mersich and N Paramore were remunerated by the parent company, Novomatic UK Limited, for their services to the Group. It is not possible to split amounts between services to each company individually. Full disclosure of amounts payable to directors are included in the financial statements of Novomatic UK Limited.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

9. TAX ON LOSS

	31 December 2018 £	8 April to 31 December 2017 £
Current taxation		
United Kingdom corporation tax:		
Current tax on loss for the year at 19% (2017: 19%)	-	(56,217)
Adjustment in respect of prior years	(730)	-
Total current tax	(730)	(56,217)
Deferred tax		
Current year	38,652	(64)
Effect of changes in tax rates	(4,069)	7
	34,583	(57)
Total tax charged/(credited) to profit and loss	33,853	(56,274)

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows. The effective tax rate is higher (2017: lower) than the standard rate of tax:

	2018 £	2017 £
Loss before tax	(409,392)	(296,211)
Tax charge at 19% (2017: 19%)	(77,784)	(56,280)
Factors affecting tax for the year		
Adjustments in respect of prior years	(730)	-
Expenses not deductible	1	(1)
Income not taxable	(514)	-
Tax rate changes	(4,069)	7
Effects of group relief	116,949	-
Total tax for the period	33,853	(56,274)

The standard rate of corporation tax in the UK reduced from 20% to 19% with effect from 1 April 2017.

The Finance Act 2016 which was enacted in September 2016 announced a further reduction in the standard rate of corporation tax to 17% with effect from 1 April 2020.

The deferred tax liability at 31 December 2018 is calculated at 17% (2017: 17%), being the rate at which it is expected that the deferred tax liability will unwind, based on currently enacted rates.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

10. INTANGIBLE FIXED ASSETS

	Assets under development £	Purchased software £	Total £
Cost			
At 1 January 2018	-	16,910	16,910
Additions	412,001	3,564	415,565
At 31 December 2018	<u>412,001</u>	<u>20,474</u>	<u>432,475</u>
Depreciation			
At 1 January 2018	-	1,897	1,897
Charge for the year	-	4,234	4,234
At 31 December 2018	<u>-</u>	<u>6,131</u>	<u>6,131</u>
Net book value			
At 31 December 2018	<u>412,001</u>	<u>14,343</u>	<u>426,344</u>
At 31 December 2017	<u>-</u>	<u>15,013</u>	<u>15,013</u>

Assets under development, with a carrying value of £412,001 (2017:£nil), relate to the capitalised development costs of the video system and games which are currently being developed. This software is not being amortised until the developments are launched.

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2018	-	10,195	10,195
Additions	2,425	17,052	19,477
At 31 December 2018	<u>2,425</u>	<u>27,247</u>	<u>29,672</u>
Depreciation			
At 1 January 2018	-	1,416	1,416
Charge for the year	225	5,193	5,418
At 31 December 2018	<u>225</u>	<u>6,609</u>	<u>6,834</u>
Net book value			
At 31 December 2018	<u>2,200</u>	<u>20,638</u>	<u>22,838</u>
As at 31 December 2017	<u>-</u>	<u>8,779</u>	<u>8,779</u>

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

12. DEBTORS

	2018 £	2017 £
Amounts falling due within one year		
Trade debtors	-	34
Amounts owed by group undertakings	27,297	60
Other debtors	11,221	3,020
Corporation tax receivable	-	30,217
Prepayments and accrued income	9,245	2,907
Other taxation and social security	3,051	867
	<u>50,814</u>	<u>37,105</u>

Amounts owed by group undertakings are repayable on demand, unsecured and attract no interest.

	2018 £	2017 £
Amounts falling after more than one year		
Deferred tax asset (note 14)	-	57
	<u>-</u>	<u>57</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank overdraft	1,102,562	260,781
Trade creditors	10,722	391
Other creditors	1,250	-
Amounts owed to group undertakings	1,421	23,259
Accruals and deferred income	32,597	16,400
	<u>1,148,552</u>	<u>300,831</u>

The bank overdraft is secured by a cross-company guarantee. The guarantee was entered into on 18 September 2015 and covers a number of UK entities under the ownership and control of Novomatic UK Limited. The overdraft is repayable on demand with interest charged at base rate (or equivalent) plus a margin of 1.4% for GBP, EUR and USD.

Amounts owed to group undertakings are unsecured, repayable on demand and attract no interest.

	2018 £	2017 £
Amounts falling after more than one year		
Deferred tax liability (note 14)	34,526	-
	<u>34,526</u>	<u>-</u>

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018

14. DEFERRED TAXATION

	£
At 1 January 2018	57
Charge to profit and loss for the period	(34,583)
At 31 December 2018	(34,526)

Deferred tax is provided as follows:

	Fixed assets £	Temporary trading differences £	Total £
At 1 January 2018	57	-	57
Charge to profit and loss account	(34,796)	213	(34,583)
At 31 December 2018	(34,739)	213	(34,526)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

15. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £	2017 £
Allotted, called-up and fully-paid		
60 class A ordinary shares of £1	60	60
40 (2017: nil) class B ordinary shares of £1	40	-
	100	60

The company has two classes of ordinary shares which carry no right to fixed income.

On 16 January 2018, 10 class B ordinary shares were issued to Christopher Beckley, a director of the company. All shares were issued at a price of £1 each and were fully paid on the date of issue.

On 4 May 2018, 30 class B ordinary shares were issued to Alastair Harris, a director of the company. All shares were issued at a price of £1 each and were fully paid on the date of issue.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2018**

16. FINANCIAL COMMITMENTS

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<u>Land and buildings</u>	
	2018	2017
	£	£
- within one year	41,820	-
- between one and five years	7,038	-
	<u>48,858</u>	<u>-</u>

There are no capital commitments as at 31 December 2018 (2017: none).

17. DEFINED CONTRIBUTION SCHEMES

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to income of £23,193 (2017: £2,400) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2018, contributions of £1,250 (2017: £nil) due in respect of the current reporting period had not been paid over to the schemes.

18. RELATED PARTY DISCLOSURES

For the year ended 31 December 2017, 100% of the company's voting rights were controlled within the group headed by Novomatic AG, and therefore the company was exempt from the requirement of IAS 24 Related Party Disclosures to disclose related party transactions with other members of the group that are 100% owned.

Transactions involving related parties for the year ended 31 December 2018 were:

	<u>Purchase of services</u>
	£
Astra Games Limited	62
Bell-Fruit Group Limited	128,988
Gamestec Leisure Limited	476,388
Novomatic UK Limited	92,493
	<u>697,931</u>

The following amounts were outstanding at the balance sheet date:

	<u>Amounts owed by</u>	<u>Amounts owed to</u>
	<u>related parties</u>	<u>related parties</u>
	£	£
Astra Games Limited	27,297	-
Gamestec Leisure Limited	-	498
Novomatic UK Limited	-	923
	<u>27,297</u>	<u>1,421</u>

INNOV8 GAMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2018**

19. ULTIMATE PARENT COMPANY

The immediate parent company is Novomatic UK Limited, a company registered in England and Wales.

The ultimate parent company is Novo Invest GmbH, a company registered in Austria.

Novomatic AG is the parent of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novomatic AG can be obtained from Novomatic AG, Wiener Strasse 158, A-2352 Gumpoldskirchen, Austria, which is the registered address of the company.

Novo Invest GmbH is the parent of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novo Invest GmbH can be obtained from Novo Invest GmbH, Wiener Strasse 158, A-2352 Gumpoldskirchen, Austria, which is the registered address of the company.

20. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Johann F. Graf.

21. SUBSEQUENT EVENTS

There are no subsequent events after the reporting date which require disclosure.