



Together Gaming solutions plc
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Malta

COMPANY ANNOUNCEMENT

Reference: 01/2021

The following is a company announcement issued by Together Gaming Solutions p.l.c. (C 72231) (the “Company”) pursuant to Listing Rules issued by the Listing Authority.

Quote

Information to the Market – General Review of 2020 Financial Performance, Update on Industry Trends and Expectations for 2021

Given the unprecedented events over the past year (primarily in relation to the COVID-19 pandemic) impacting the online gaming industry and the broader global economy, the Company wishes to provide the market with an update on the 2020 performance and its expectations for this financial year.

The Company’s revenue streams remain dependent on the operational performance of the Company’s gaming operator clients, including both white label operators as well as licensed gaming operators.

Despite the extraordinary economic and other challenges created by the COVID-19 pandemic, the online gaming industry has demonstrated its resilience during this period of uncertainty. The industry also appears to have adapted well to the increase in regulation intended to safeguard player vulnerability especially during these unprecedented times and the Company is generally looking ahead with confidence to a stronger and more sustainable market in the longer term as a result.

Online gaming activity has increased consequent to a significant shift from retail land-based gaming to online gaming and from the fact that the sporting calendar returned to a busier schedule in Q4 2020. This has seen many gaming operators performing strongly in the last quarter of 2020. The Q2 struggle during the suspension of live sporting events appears to be very much a thing of the past, and with a new modus operandi having been established to ensure the (generally) uninterrupted organisation and continuation of such events. Sports betting and online gaming operators have similarly refined their operations to adapt to market developments, with further improvements expected during 2021.

2020 was characterised by various COVID-19 related uncertainties. The pandemic resulted in several major sports events and leagues across the globe being canceled or postponed in addition to the introduction of restrictive responsible gaming legislation in various jurisdictions. As a result, online gaming operators faced major short-term decline in betting volumes. Indeed, during 2020 the Company’s largest client (Bethard Group) experienced a significant decrease in sports revenue after mid-March 2020 due to the cancellation and postponement of sports events, although revenues subsequently recovered well after July 2020 as sports activity resumed. Whilst Bethard did not experience any significant drop in casino revenues during the first 3 months of the COVID-19 outbreak, it did however experience a considerable decline in casino revenues over H2 2020 as a result of the implementation of temporary responsible gaming regulations in the primary jurisdictions in which it operates. These temporary measures were effective until the end of the year 2020 and have been extended further until June 2021. The Company believes that this follows a similar trend being experienced by its other clients as well as the broader online gaming industry.

Notwithstanding the unfavourable economic conditions and challenges faced by the Company and its group (the “Group”), sound business performance was nevertheless achieved in 2020 generating over EUR 4.5M operational cash at Group level. The Group’s response to the pandemic was based on an agile management culture that enabled a seamless shift to remote working conditions with stable productivity as well as a rapid adaption of its business model to cater to the unforeseen circumstances, primarily by controlling costs and its marketing investments in order to prioritise cashflows during these uncertain times. The Company and the Group can therefore look back on 2020 with satisfaction, both in terms of financial performance (given the circumstances) and its ability to swiftly adapt to changing market conditions.

Looking forward, the Company would also like to announce that it has extended its brand ambassador agreement (in relation to its ‘Bethard’ brand) with its world-renowned brand ambassador and Group shareholder Zlatan Ibrahimović for an additional three-year term until February 2024.

With the world experiencing unprecedented COVID-19 imposed lockdowns, the Company has also witnessed an acceleration in digital growth world-wide. In a sector where the majority of revenues are mainly derived from land-based casinos, these lockdowns have pushed such land-based operators to seek immediate alternatives to their loss in the retail business. Industry-wide discussion and increased M&A activity in the sector clearly indicate a move to online services as the primary solution in this regard. This trend could create opportunities for well-placed market participants such as the Group, which believes in continuously taking a pro-active approach to new possibilities and is currently participating in strategic discussions along these lines with third parties.

Although the Company recognises the prevailing volatile economic environment and the risk of unforeseen events impacting the Company and the Group going forward, it nevertheless expects the Company to be on course to achieve its performance expectations for 2021, which are presently expected to be at least on par with the Company’s performance for 2020. Q1 2021 has started positively, and the Company expects this positive performance to continue throughout the year for a number of reasons, including the following:

- It appears unlikely that major sports events will experience a total shutdown.
- It appears that COVID-19 related responsible gaming restrictions are likely to be lifted during the course of the year.
- The upcoming European football championship is expected to have a major positive seasonality effect on the Group’s and the Company’s revenues; and
- The Group’s flexible and cautious approach towards its marketing investment commitment and growth.

Despite the challenging circumstances, the Company therefore looks forward optimistically to 2021 and fully expects to continue to meet its payment obligations to its bondholders.

Unquote

By order of the Board.



Edward Lijari
Company Secretary
17th February 2021