

2021, with the intent to seek an initial public offering on a United States securities exchange. High Roller is the direct parent company of Ellmount Entertainment Ltd (â€œEntertainmentâ€). Entertainment, which is based in Malta, has been in operation for over a decade and operated an online gaming business offering casino games to customers worldwide under the domain name â€˜casinoroom.comâ€™ under licenses issued by the Malta Gaming Authority and Swedish Gaming Authority. A Subsidiaries of entertainment A Wowly NV (â€œWowlyâ€) is a wholly owned subsidiary of Entertainment. A Wowly, which is organized in Curacao, manages certain internet related advertising services on behalf of Entertainment. A Ellmount Support SA (â€œSupportâ€), which was based in Costa Rica, provided services to Entertainment that are currently being provided by Lunar Ventures Limited (â€œVenturesâ€), as described below, prior to its wind down in first quarter of 2024. A Deep Dive Holdings LTD, which is organized in Malta in September 2024, acts as a holding company for our consolidated Maltese operating and service entities and has no operations. A Subsidiaries of Highroller A In March 2022, the Company acquired HR Entertainment Ltd, an entity organized under the laws of British Virgin Islands, which holds a worldwide license to operate the HighRoller.com domain, and HR Entertainment became a wholly-owned subsidiary of the Company. A On May 30, 2023, Ventures was incorporated in Malta. The services provided by Ventures principally include customer support, activation, and retention, risk management, payments, and fraud management, Facebook maintenance and telemarketing, and monthly reporting on support transactions. A A On February 15, 2024 Interstellar Entertainment N.V. was incorporated in Curacao for the primary purpose of extending our current Curacao sublicense previously held by our wholly-owned subsidiary HR Entertainment, and to apply for a gaming license directly with the Curacao Gaming Control Board. The Curacao Gaming Control Board has mandated that all applying entities seeking to receive a gaming license must be domiciled in Curacao. In March 2024, Interstellar Entertainment N.V., a wholly owned subsidiary of the Company incorporated in Curacao, applied to obtain a license from the Curacao Gaming Control Board and in July 2024 was issued license no. OGL/2024/1042/0564 to operate the highroller.com and fruta.com domains. A Reverse stock split A On January 16, 2024, the Companyâ€™s Board of Directors approved and the shareholders ratified a 1-for-3.95689 reverse stock split of the Companyâ€™s outstanding common stock, which became effective on January 16, 2024. Fractional shares, if any, were rounded up or down to the nearest whole share, as appropriate. As a result of this reverse split, all share and per share amounts have been retroactively adjusted for the impact of the reverse stock split for all periods presented. The reverse stock split did not impact the number of authorized shares of common stock, which remained at 60,000,000 shares, or the authorized shares of preferred stock, which remained at 10,000,000 shares, nor the \$0.001 par value of such shares. A A Note 2 â€” Summary of significant accounting policies A The Companyâ€™s complete accounting policies are described in Note 2 to the Companyâ€™s consolidated financial statements and notes for the year ended December 31, 2023A as filed with the SEC in form S-1/A on October 7, 2024. Since December 31, 2023, there have been no material changes to the Companyâ€™s significant accounting policies. A Basis of Presentation and Principles of Consolidation A The accompanying unaudited condensed consolidated financial statements include the accounts of High Roller Technologies, Inc., and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation. The accompanying unaudited condensed consolidated financial statements have been prepared and presented in conformity with accounting principles generally accepted in the United States (â€œU.S. GAAPâ€)A for interim financial information and the instructions to Form 10-Q and Article 8A of Regulation S-X and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (â€œSECâ€) for interim reporting. As permitted under those rules, certain footnotes and financial information that are normally required under U.S. GAAP can be condensed or omitted. The condensed consolidated balance sheet as of December 31, 2023, was derived from audited consolidated financial statements but does not include all disclosures required by U.S. GAAP. The information included in this interim report should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended December 31, 2023, as previously filed with the SEC. A In the opinion of management, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company and include all adjustments, consisting only of normal recurring adjustments considered necessary for the fair presentation of the Companyâ€™s financial position and operating results. Operating results for the interim periods presented are not necessarily indicative of the results expected for a full fiscal year. A 5 A HIGH ROLLER TECHNOLOGIES, INC. AND SUBSIDIARIES NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) A Going concern A The Company had a net working capital deficiency of \$8,776A thousand. A an accumulated deficit of \$25,074A thousandA and unrestricted cash resources of \$1,329A thousand at September 30, 2024. During the years ended December 31, 2023 and 2022, the Company incurred a net loss of \$2,818 thousand and \$3,058 thousand, respectively, and during the nine months ended September 30, 2024 and 2023, the Company incurred a net loss of \$3,854A thousand and \$1,096A thousand, respectively. A The Companyâ€™s unaudited condensed consolidated financial statements have been presented on the basis that it will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has financed its working capital requirements historically through the continuing financial support of affiliates and related parties. The Companyâ€™s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its continuing obligations and repay its liabilities arising from normal business operations when they become due, to fund the development and expansion of its business activities, and to generate sustainable operating profits and cash flows in the future. A As a result of these factors, at September 30, 2024, management had concluded that there was substantial doubt about the Companyâ€™s ability to continue as a going concern. The Companyâ€™s ability to continue as a going concern for 12 months from the date that these condensed consolidated financial statements are being issued is dependent upon its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and to obtain additional capital financing as may be necessary, of which there can be no assurance A that the Company will be successful in these efforts. The Companyâ€™s independent registered public accounting firm, in its report on our consolidated financial statements for the fiscal year ended December 31, 2023, has also expressed substantial doubt about our ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments that might result from this uncertainty. A In October 2024 the Company completed its initial public offering and listed its common stock on the NYSE American which generated approximately \$9,027,600. The Companyâ€™s pro forma cash position after the completion of its IPO was \$11,941 thousandA and its proforma working capital was \$252 thousand. A As market conditions present uncertainty as to the Companyâ€™s ability to secure additional funds, there can be no assurance that the Company will be able to secure additional financing on acceptable terms, as and when necessary, to continue to conduct and develop operations. A If cash resources are insufficient to satisfy the Companyâ€™s ongoing cash requirements, the Company would be required to scale back or discontinue its operations, or obtain funds, if available, through strategic alliances or joint ventures that could require the Company to relinquish rights to and/or control of gaming licenses and/or operations, or to discontinue operations entirely. A Risk and Uncertainties A The Companyâ€™s business and operations are sensitive to general business and economic conditions worldwide. These conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, cash transfer rules and restrictions, and the general condition of the world economy. A host of factors beyond the Companyâ€™s control could cause fluctuations in these conditions. Adverse developments in these general business and economic conditions could have a material adverse effect on the Companyâ€™s financial condition and the results of its operations. A The Companyâ€™s business and operations are also sensitive to continually evolving online gaming regulatory and licensing requirements. In addition, the Company competes with many companies that currently have extensive and well-funded businesses, marketing and sales operations. The Company may be unable to compete successfully against these companies. The Companyâ€™s industry is characterized by rapid changes in technology and market demands. As a result, the Companyâ€™s products, services, or expertise may become obsolete or unmarketable. The Companyâ€™s future success will depend on its ability to adapt to technological advances, anticipate customer and market demands, and enhance its current technology under development. A 6 A HIGH ROLLER TECHNOLOGIES, INC. AND SUBSIDIARIES NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) A Use of Estimates A The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in accruals for potential legal and other liabilities, recovery of amounts held in escrow, realization of intangible assets, share-based compensation, accrued jackpots, hypothetical borrowing rates and the realization of deferred tax assets. A Cash and Cash Equivalents, and Restricted Cash A Cash and cash equivalents consist of liquid checking and instant access internet banking accounts with original maturities of ninetyA days or less that are subject to an insignificant risk of change in value. The Company has not experienced any losses to date resulting from our banking practices. A Cash and cash equivalents that are legally restricted as to withdrawal or usage are classified as current or non-current restricted cash, as applicable, in the consolidated balance sheets. A Entertainment and HR Entertainment maintain separate accounts with various intermediary parties to segregate cash that resides in customersâ€™ interactive gaming accounts from cash used in operating activities. Player funds denoted as such by Entertainment at the end of each period are classified as restricted cash. Player funds include cash amounts that reside in playersâ€™ interactive gaming withdrawals that were initiated by players but that are still pending at the end of each period, and the value of any bets that are unsettled at the end of each period. A DUEA FROM AFFILIATES A Due from affiliates consists of amounts expected to be collected from certain affiliated companies under common control. Amounts due reflect the revenues recorded by the Company under intra-group services arrangements for maintenance and operations of the iCasino platform on behalf of Interactive. As of September 30, 2024 and December 31, 2023, due from affiliates primarily reflected amounts due from Spike Up and Happy Hour Entertainment HoldingsA (see Note 12). On a periodic basis, the Company evaluates the collectability of amounts due from affiliates and establishes an allowance for amounts not expected to be collected. No allowance was recorded for the periods presented in the consolidated financial statements. A Deferred Offering Costs A Deferred offering costs consist of payments with respect to theA equity financing transaction, including legal fees. Such costs are deferred and wereA charged to additional paid-in capital during the three months ended DecemberA 31, 2024 in conjunction with the completion of the Company's initial public offering in October 2024. A 7 A HIGH ROLLER TECHNOLOGIES, INC. AND SUBSIDIARIES NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) A DueA to AFFILIATES A Due to affiliates consists of amounts owed by the Company to certain of its related parties and affiliates. Amounts due to affiliates may include payment for services provided to the Company by employees of the related party or affiliate, or reimbursement of amounts paid by the related party or affiliate on the Companyâ€™s behalf. Leases A UnderA LeasesA (ASC Topic 842), the Company determines if an arrangement is a lease at inception. Right-of-use (â€œROUâ€) assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of the Companyâ€™s leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is a hypothetical rate based on the Companyâ€™s understanding of what its credit rating would be. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The Companyâ€™s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. When determining the probability of exercising such options, the Company considers contract-based, asset-based, entity-based, and market-based factors. The Companyâ€™s lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the consolidated statements of operations. The Companyâ€™s lease agreements generally do not contain any residual value guarantees or restrictive covenants. A The right-of-use asset components of operating leases are included in operating leases, right-of-use assets, net in the condensed consolidated balance sheets, while the current portion of operating lease liabilities are included in operating lease obligation, current in current liabilities, and the long-term portion of operating lease liabilities is included in operating lease obligation, non-current in non-current liabilities in the condensed consolidated balance sheets. A Foreign Currency and Foreign Exchange Risk A The unaudited condensed consolidated financial statements are presented in United States Dollars (\$), which is the Companyâ€™s reporting currency. A Foreign currency exchange risk is the risk that the Companyâ€™s results of operations and/or financial condition could be impacted by unfavorable changes in exchange rates. The Company has transactions denominated in currencies other than the U.S. Dollar, principally the Euro but also other foreign currencies including Norwegian Krone, New Zealand Dollar and Canadian Dollar, that expose the Companyâ€™s operations to risk from the effects of exchange rate movements. Such movements may impact future revenues, expenses, and cash flows. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining other comprehensive income. Changes in the value of the Companyâ€™s cash balance due to fluctuations in foreign exchange rate are presented on the unaudited condensed consolidated statements of cash flows as effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash. As of September 30, 2024 and December 31, 2023, A 94% and 97%, respectively, of the Companyâ€™s cash, cash equivalents and restricted cash reside in bank accounts located outside of the United States. The Companyâ€™s primary foreign currency exchange risk occurs between the time when other foreign currencies are exchanged for wagering on the Platform, and when those funds are settled to the Company in Euro. The relatively stable status of the Euro reduces but does not eliminate the Companyâ€™s exposure to foreign currency exchange risk. In addition, gains and lossesA related to translating certain cash balances from the Euro to the U.S. Dollar, as well as payable balances also impact net income. As the Companyâ€™s foreign operations expand, results may be impacted further by fluctuations in the exchange rates of the currencies in which the Company does business. The Company has not used any derivative financial instruments to manage its foreign currency exchange risk exposure. A 8 A HIGH ROLLER TECHNOLOGIES, INC. AND SUBSIDIARIES NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) A In most of the Companyâ€™s operations, the Company transacts primarily in the Euro, including wagered amounts, net revenue, revenue share, and employee-related compensation costs. Operating arrangements with payment service providers who convert player funds to the Euro from other currencies, for example the Canadian Dollar, could further negatively impact foreign currency exchange risk if the exchange spot rates used are unfavorable as compared to European Central Bank exchange rates. Foreign currency gainsA and losses arising from transactions denominated in currencies other than the functional currency are included in net lossA and are included within general and administrative expenses. For the nine months ended September 30, 2024 and 2023, the Company incurred foreign currency transaction losses of \$1,084A thousand andA \$1,516 thousand, respectively. For the three months endedA September 30, 2024 and 2023, the Company incurred foreign currency transaction losses of \$369A thousand andA \$327 thousand, respectively. While the Company expects these losses to persist through 2024, it continues to manage and negotiate contracts with payment providers. A The effects of foreign currency translation adjustments are included in stockholdersâ€™ equity (deficit) as a component of accumulated other comprehensive lossA in the accompanying condensed consolidated balance sheets. Foreign currency fluctuations between the functional and reporting currency can significantly impact the currency translation adjustment component of accumulated other comprehensive income. A Credit Risk A The Companyâ€™s credit risk arises from cash and cash equivalents, and restricted cash and deposits with banks and other financial institutions. The Company maintains balances in banks in the United States and outside of the United States, primarily within the European Union. For funds held within the United States, the Federal Deposit Insurance Corporation insures \$250 thousandA per depositor per FDIC insured bank. For funds held within the European Union, the European Deposit Insurance Scheme insures A 100 thousand per depositor per bank. The Company has funds in Finland, Cyprus, Lithuania, and Malta that are protected under this scheme. The Company mitigates potential cash risk by diversifying bank accounts with insured banking institutions within the United States and European Union. Furthermore, the Company maintains cash in payment service provider accounts and other such financial institutions that may or may not be protected under the previously mentioned insurance schemes. The Company mitigates this potential risk by drawing down funds and transferring them to insured bank accounts on a regular basis. A Any loss incurred or lack of access to such funds could have an adverse impact on the Companyâ€™s financial conditions, results of operations and cash flows period. A Reclassification A Certain prior period amounts have been reclassified for comparability related to the components of operating expenses to conform to the current period classification. A There was no impact on the Company's previously reported net loss, net working capital, total liabilities, or total stockholders' equity (deficit). A Recent Accounting Pronouncements A In November 2023, the Financial Accounting Standards Board

shareholders for \$500 thousand. The loans are due and payable on or before December 31, 2024. If not paid on or before maturity the notes will accrue interest at a rate of 10% per year from the date of funds receipt. The loans are expected to be repaid substantially from operations. We believe that our existing cash resources and the expected revenue and cash flows from operations together with net proceeds from this offering will be sufficient to fund our operating and capital expenditure requirements for the next 18 to 24 months. A In June 2023 we entered into a debt conversion agreement with Elmount Interactive A.B. and Spike Up Media A.B. pursuant to which we issued 631,809 shares of common stock, valued at \$7.91 per share, to Spike Up in exchange for \$5,000 thousand that we owed to Spike Up through June 30, 2023 for services provided to our subsidiary, HR Entertainment Ltd. Following this stock issuance, we owed Spike Up a balance of approximately \$421 thousand, for such services, that was paid in the ordinary course of business. A The report of our independent registered public accounting firm that accompanies our audited consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022, includes a going concern explanatory paragraph in which such firm expressed that there is substantial doubt about our ability to continue as a going concern. Our unaudited condensed consolidated financial statements contained in this Quarterly Report do not include any adjustments that might result if we are unable to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to obtain the necessary financing to meet continuing obligations and repay our liabilities arising from normal business operations when they come due, to fund the development and expansion of our business activities, and to generate sustainable profitable operations and cash flows in the future. A Management's plan is to provide for our capital requirements by raising equity capital through one or more private placements or public offerings. A No assurance can be given that we will be able to secure sufficient additional financing as and when necessary and on acceptable terms, or at all, to sustain and improve operating results and cash flows under the new business model. A At September 30, 2024 and December 31, 2023, we did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements. A Cash Flows A The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods: A A A Nine Months Ended A A September 30, A (in thousands) A 2024 A 2023 A Net cash (used in) provided by operating activities A \$ (1,355) A \$ 579 A Net cash (used in) provided by investing activities A (325) A (394) Net cash (used in) provided by financing activities A 334 A A (319) Effective of exchange rate changes on cash A A 222 A A (22) Net change in cash and cash equivalents, and restricted cash A \$ (1,124) A \$ (156) A 30 A Net cash used in operations during the nine months ended September 30, 2024, increased by \$1,934 thousand to A \$1,355 thousand as compared to net cash provided by operations of \$579 thousand during the nine months ended September 30, 2023. The increase during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is primarily due to a net increase in the various operating asset and liability accounts, particularly the net increase in due from/due to affiliates, as well as an increase in stock based compensation expense. A Net cash used in investing activities during the nine months ended September 30, 2024, was A \$325 thousand as compared to net cash used by investing activities of \$394 thousand during the nine months ended September 30, 2023. The change is due to an increase in capitalized internal-use software costs and the purchase of property and equipment during the period. A Net cash provided by financing activities for the nine months ended September 30, 2024 was \$334 thousand as compared to net cash used in financing activities of \$319 thousand for the nine months ended September 30, 2023, and is related to the payment of deferred offering costs and a loan made by existing shareholders. A Restricted cash (current) was \$1,592 thousand and \$1,958 thousand at September 30, 2024 and A December 31, 2023, respectively. A Critical Accounting Estimates A The preparation of the audited consolidated financial statements and the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in accruals for potential legal and other liabilities, recovery of amounts held in escrow, realization of intangible assets, share-based compensation, accrued jackpots and the realization of deferred tax assets. A A A The following critical accounting estimates affect the more significant judgements and estimates used in the preparation of our audited consolidated financial statements and the unaudited condensed consolidated financial statements. A Impairment of Long-Lived Assets A Our long-lived assets consist of property and equipment, operating lease-right of use assets and indefinite lived assets (i.e. trademarks and domain names). A We evaluate long-lived assets for indicators of impairment at least annually or when events or changes in circumstances indicate that their carrying amounts may not be recoverable. The factors that would be considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the long-lived asset is used and the effects of obsolescence, demand, competition and other economic factors. If indicators of impairment are identified, we perform an undiscounted cash flow analysis of the long-lived assets. Asset groups are written down only to the extent that their carrying value is lower than their respective fair value. Fair values of the asset group are determined by discounting the cash flows at a rate that approximates the cost of capital of a market participant. A Indefinite-lived intangible assets consist of trademarks and domain names. Indefinite-lived intangible assets are not amortized; rather they are tested for impairment at least annually, or more frequently if adverse events or changes in circumstances indicate that the carrying value may not be recoverable. In addition, management evaluates whether events and circumstances continue to support an indefinite useful life. Impairment tests are performed, at a minimum, in the fourth quarter of each year. A To test indefinite-lived intangible assets for impairment, we first assess the qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test. If we determine that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, then the quantitative impairment test is performed. The qualitative assessment requires the consideration of factors such as recent market transactions, macroeconomic conditions, and changes in projected future cash flows. The quantitative assessment compares the fair value of an indefinite-lived intangible asset to its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized for the excess. Fair values of indefinite-lived intangible assets are determined based on discounted cash flows. A We evaluated qualitative factors at December 31, 2023 related to the HighRoller domain name and concluded that it is not more likely than not that the fair value of the indefinite lived intangible asset is less than its carrying amount. Therefore, no further impairment considerations were deemed necessary on the HighRoller domain name as of December 31, 2023. A We did not have any impairment of indefinite-lived intangible assets for the year ended December 31, 2023 or the period ended September 30, 2024. A 32 A Share-Based Compensation A We record share-based compensation in accordance with ASC 718, Compensation-Stock Compensation (a)ASC 718(a)) and recognize share-based compensation expense in the period in which a grantee is required to provide service, which is generally over the vesting period of the individual share-based payment award. Compensation expense for awards with performance conditions is not recognized until it is probable that the performance target will be achieved. Compensation expense for awards is recognized over the requisite service period on a straight-line basis. Forfeitures are accounted for as they occur. A Unit awards are classified as either an equity award or a liability award depending on whether the award contains certain repurchase provisions. Equity-classified awards are valued as of the grant date based upon the price of the underlying unit or share and a number of assumptions, including volatility, performance period, risk-free interest rate and expected dividends. Liability-classified awards are valued at fair value at each reporting date. A Income Taxes A We comply with the accounting and reporting requirements of ASC 740, Income Taxes (a)ASC 740(a), which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances in respect of deferred tax assets are provided for, if necessary, to reduce deferred tax assets to amounts more likely than not to be realized. A ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Any interest and penalties related to uncertain tax positions will be recognized as a component of income tax expense. A Recently Adopted Accounting Pronouncements A Recently issued and adopted accounting pronouncements are described in Note 2 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. A Management does not believe that any other recently issued, but not yet effective, authoritative guidance, if currently adopted, would have a material impact on our financial statement presentation or disclosures. A Emerging Growth Company Accounting Election A Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (a)JOBS Act(a) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an a emerging growth company a as defined in Section 2(a) of the Securities Act of 1933, as amended, and has elected to take advantage of the benefits of this extended transition period. The Company remains an emerging growth company and is expected to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare the Company financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used. A 33 A A Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK A As a smaller reporting company, we are not required to provide the information required by this Item 3. A A Item 4. CONTROLS AND PROCEDURES A Evaluation of Disclosure Control and Procedures A As of September 30, 2024, the end of the period covered by this Form 10-Q, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that, as of September 30, 2024, the end of the period covered by this Form 10-Q, we did not maintain effective disclosure controls and procedures at the reasonable assurance level, as described below. A A A During 2022, certain issues were identified that indicated the existence of deficiencies in the Company's internal ability to prepare consolidated financial statements, reflecting material weakness in the Company's internal control over financial reporting. A A A During 2023, the Company expanded its financial and accounting staff, which included adding a Chief Financial Officer, a Controller, a Director of Accounting and Financial Reporting, as well as requisite supporting staff. As a result, the Company believes that it has adequate staff resources to address accounting and reporting requirements under U.S. GAAP and SEC reporting standards, and to implement internal controls. A A A The Company has retained the services of qualified outside consultants with expertise to perform specific accounting and finance tasks or functions, and to assist in the design and installation of accounting and internal control systems. The Company has not yet completed the process to establish adequate internal controls over financial reporting, and it expects that this process will continue through the remainder of 2024, and possibly longer. A A A While the deficiencies described above did not result in any material misstatements to the Company's condensed unaudited consolidated financial statements for the period ending September 30, 2024, they did represent a material weakness as of September 30, 2024, since there existed a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis. A Management's Remediation Measures A Management is committed to maintaining a strong internal control environment. Accordingly, management is in the process of implementing a plan to remediate the material weakness described above as soon as possible. A Changes in Internal Control over Financial Reporting A Except as described above, there were A no significant changes in the internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the nine-months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting. A 34 A A Inherent Limitations on Effectiveness of Controls and Procedures A The Company's management, including the Chief Executive Officer and Chief Financial Officer, believes that disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that the disclosure controls and procedures or the internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. A A PART II. OTHER INFORMATION A Item 1. Legal Proceedings A In the normal course of business, the Company may be subject to claims and litigation. The Company reviews its legal proceedings and claims, regulatory reviews and inspections, and other legal matters on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions are required. If necessary, the Company establishes accruals for those contingencies when the incurrence of a loss is probable and can be reasonably estimated, and the Company discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued if such disclosure is necessary for our financial statements to not be misleading. The Company does not record an accrual when the likelihood of loss being incurred is probable, but the amount cannot be reasonably estimated, or when the loss is believed to be only reasonably possible or remote, although disclosures will be made for material matters as required by ASC 450-20, Contingencies. A The Company had certain A pending or threatened legal claims or actions in which there was a probable outcome. Elmount Entertainment, Ltd., a subsidiary of the Company, has A litigation A pending in Austria and Germany regarding player claims and related legal fees. A The Company currently is not targeting these A markets and does not anticipate further claims of a similar nature A that may be material in these markets. A The Company is also currently subject to administrative claims initiated by the Czech Ministry of Finance regarding the operation of gaming activities in 2018 without a license and has been ordered to pay a fine of approximately \$216 thousand, which is under appeal. The Company is not currently aware of any other material regulatory or tax claims. The Company has provided appropriate provision for these claims in accrued expenses in its consolidated balance sheets at September 30, 2024A and A December 31, 2023A and A 2022 to the extent that such claims can be reasonably estimated. See Note 14, Commitments and Contingencies, of Notes to Condensed Consolidated Financial Statements. A Item 1A. Risk Factors A In addition to the information set forth in this Form 10-Q, you should also carefully review and consider the risk factors contained in our other registration statements, reports and periodic filings with the SEC that could materially and adversely affect our business, financial condition, and results of operations. The risk factors we have identified and discussed, however, do not identify all risks that we face because our business operations could also be affected by additional factors that are not known to us or that we currently consider to be immaterial to our operations. A A Item 2. Unregistered Sales of Equity Securities and Use of Proceeds A None. A (b) Use of Proceeds from the Sale of Registered Securities A None. A (c) Purchases of Equity Securities by the Registrant and Affiliated Purchasers. A None. A Item 3. Defaults Upon Senior Securities A None. A Item 4. Mine Safety Disclosure A Not applicable. A 35 A A A Item 5. Other Information A Not applicable. A A 36 A A Item 6. Exhibit EXHIBIT INDEX A Exhibit A No. A Description 31.1* A Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15D-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 A A 31.2* A Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15D-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 A A 32.1* A Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 A A 32.2* A Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 A A 101.INS* A Inline XBRL Instance Document. A A

