

COMPANY REGISTRATION NUMBER: 06712030

OpenBet Technologies Limited
Annual Report and Consolidated Financial Statements
For the Year Ended
31 December 2021

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OpenBet Technologies Limited
Officers and Professional Advisers
For the year ended 31 December 2021

The Board of Directors	J E Levin
Company Secretary	J E Levin
Registered Office	Fourth Floor Building 9, Chiswick Park 566 Chiswick High Road London W4 5XT
Auditor	Deloitte LLP Statutory auditor 1 City Square Leeds LS1 2AL

OpenBet Technologies Limited

Strategic Report

For the year ended 31 December 2021

The Director presents his strategic report for the year ended 31 December 2021. The Group, as discussed below and the rest of the financial statements, is formed of twelve subsidiaries based in the UK and abroad and there are no branches within or outside of U.K. The subsidiaries of the Group have been presented in more detail within note 17 of the financial statements.

Fair review of the business

During the year, the Group continued its development and improvements to its OpenBet gaming platform along with other associated products. The group offers service based, computerised software solutions for the gambling industry, these are capable of providing scalability and flexibility to the most demanding of operators, therefore investment in the core product is vital to ensure that the Group's offering remains best in class and can be utilised in markets across the world. The Group's investment in intangibles therefore remains paramount to the success of the group and a continued large spend of £15,320,000 during the year reflects this (2020: £14,634,000).

The Group envisages these product enhancements to support new offerings over several years, complimenting existing products and aiding the continued shift in the Group's business model to a more service based offering.

The Director regards continued investment in new products as a prerequisite for medium and long-term success. Research and development costs are considered part of the key operations of the Group, they have not been separately disclosed in this report as the Directors believe doing so would be prejudicial to the interests of the Group.

The Group's key financial and other performance indicators during the year were as follows:

	2021	2020 Restated
	£ 000	£ 000
Revenue	70,452	74,346
Loss before taxation	(33,278)	(17,083)
Equity Shareholder's surplus	111,399	20,403
Average number of employees	991	898

There has been a small drop in revenue in the backdrop of large one-off non-recurring sales in the prior year, however underlying recurring revenue remains strong. In the medium-term, revenues are expected to grow as the Group expands into new territories and realises the investments it has made in its service offering.

In line with the policies of the wider Light & Wonder Inc. group (formerly known as Scientific Games Corporation) to which Openbet Technologies Limited forms a part, some of the short-term cost cutting measures implemented at the onset of the Coronavirus pandemic in 2020 have continued in 2021 and these included the utilisation of the UK, Singapore and Canadian governments furlough schemes in which the Group received £1,549,000 (2020 £1,580,000). Towards the end of the financial year, these short-term cost-cutting measures were slowly being unwound as the group prepares for a post Covid-19 environment under a new parent, which has been further discussed below. Overall expenditure on administrative costs has increased due to intergroup activities which have resulted in a larger loss before tax in the prior year.

Headcount has increased as recruitment to support planned expansion continues; this had previously been halted in the prior year as part of the group wide Covid-19 pandemic measures and is expected to further increase in the coming years.

The impact of the Covid-19 pandemic has subsequently eased off after the year-end. This supports the expectation that there will not be an ongoing material impact to the business. The Group does continue to generate losses but it currently has a shareholder surplus resulting from restructuring activities in the form of a capital contribution reserve increase of £116,949,000 in Openbet Ltd & Openbet Technologies Ltd.

During the year a number of prior period adjustments have been identified which change certain elements of previously filed financial statements, these have been described in detail within note 31 of these financial statements. Share Capital increased by £149,132,000 in the prior years which have also resulted in reclassification of intercompany balances between different counterparties.

OpenBet Technologies Limited
Strategic Report (*continued*)
For the year ended 31 December 2021

Fair review of the business (continued)

The issuance of these shares was not recorded withing the records of OpenBet Technologies Limited in error.

Sale of business

On 29 June 2021 the entity's parent company at the year-end, Light & Wonder Inc. Group announced as part of its strategic review that it intended to divest its Sports Betting Business. Openbet Technologies Limited is part of this business unit for Light & Wonder Inc. Group.

Following this on 27 September 2021, Light & Wonder Inc. Group announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavour Group Holdings, Inc. The sale was completed on 30 September 2022.

In preparation for the divestiture two subsidiaries were set-up to facilitate routes to sale, these subsidiaries are Openbet Holdco Limited incorporated on 1 December 2021 and Openbet India Private Limited (India) which was incorporated on 25 August 2021, during the year and at the year-end these entities do not perform any activities. Openbet Holdco Limited subsequently became the immediate parent of the entity following post year-end restructuring activities.

During the year a number of restructuring activities took place, most significantly, certain intercompany payables were capitalised in exchange for a capital contribution from the entities parent entity for £116,949,000, which has significantly changed the profile of current assets, current liabilities and equity on the statement of financial position; however, there has been no impact on the statement of comprehensive income from the restructuring activities.

Acquisitions

On 26 May 2021, the Group acquired an Australian group of companies – Sportscast Pty Limited, Sportscast Limited and Sportscast LLC for \$81m of which \$8m cash, \$10m contingent consideration and \$63m fair value of purchase option. Sportscast Pty Limited was under the ownership of one of the Group's subsidiaries – Openbet Limited until 17 December 2021, following which as part of Group restructure in advance of the divestment of the Sports Betting Business the entity was moved under the Group's ultimate parent company. The results of Sportscast Pty Limited and its subsidiaries have been presented as discontinued operations within these financial statements.

Post balance sheet events

In preparation for the sale of the business (as detailed above) a large number of restructuring activities took place after the year-end. The Group and the ultimate parent of the Group at the balance sheet date re-organised their holdings, assets and liabilities. Additionally a number of dividends and a re-organisation of the Group's subsidiaries took place. These have been described in more detail within note 30.

Principal risks and uncertainties

The principal risk facing the Group is that its technologies will not be retained by its customers and that new technologies will not be accepted. The Directors intend to continue the ongoing development and innovation of both technology and content to provide a high quality product that will retain and grow our current customer base.

The Group provides business to business products and services to the betting and gaming industry. The Group does not provide any business to customer delivery. The Group's customers are subject to direct regulation in the jurisdictions in which they offer their services. This may involve the independent certification of the Group's hardware and software. The current regulations, which differ from jurisdiction to jurisdiction, and any future changes in such regulations, may affect the Group's ability to sell technologies and services related to betting and gaming.

Other risks impacting the Group related to cash flow risk, credit risk and liquidity risk.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. When necessary, the Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

OpenBet Technologies Limited
Strategic Report (continued)
For the year ended 31 December 2021

Principal risks and uncertainties (continued)

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the Company utilises available resources provided within the Group. Effective cashflow forecasting allows for the provision of Group resources for any significant cash outflows that could not be covered by the Company individually.

Section 172(1) statement

In discharging their duty to promote the interests of the Company under section 172 of the Companies Act 2006, the Directors of the Company have regard to a number of factors and stakeholders interests. These are described below.

The Company supplies software, hardware and related services to the betting and gaming industry. It has continued to provide enhancements to the OpenBet platform and products that will deliver a service based, computerised software solution to the most demanding operators. The Company acts as both an intermediate holding company for the OpenBet Group, and it also carries out digital related gaming activities for a number of large licenced operators in the UK and overseas who have an online and retail presence. The duties of the Directors in promoting the interests of the Company are aligned with those of the Group as a whole.

Long term consequences of business decisions and maintaining reputation for high standards of business conduct

The Company and its subsidiaries operate in a highly regulated sector, which is characterised by a large number of buyers and sellers and in an environment where maintaining a reputation for high standards is deemed to be critical. A number of the Group's business relationship can last upwards of ten years, accordingly, consideration of long-term consequences are an inherent part of the Company's decision-making processes. As a privately owned company which is ultimately held by Endeavour Group Holdings, Inc., the Directors consider that the interests of the Company and its ultimate owners are aligned in seeking sustainable value creation over the longer term through the Company's subsidiaries, promoting long term strategic decision-making.

The interests of the company's employees

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through regular new updates in which employees have also been encouraged to present their suggestions and views on the Company's performance as well as any other matters that may be of interest. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's profit sharing schemes.

Identification of, and engagement with, stakeholder groups

The Company recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the Board encourages active dialogue and transparency with its stakeholder groups, particularly its customers and suppliers.

OpenBet Technologies Limited
Strategic Report (*continued*)
For the year ended 31 December 2021

Section 172(1) statement (*continued*)

*Identification of, and engagement with, stakeholder groups (*continued*)*

The Company and wider group has identified three main stakeholder across the group as a whole, which are relevant to the proper discharge of the duty of the Directors of relevant group companies under section 172(1) to promote the success of the company. These are:

- The Company's customers;
- The Company's employees and the wider community; and
- The Company's lenders and owners.

Impact of the company's operations on the community and the environment

The Company and wider group operates in the gambling sector and as such believes in customers using its products responsibly.

The Company and wider group support charitable initiatives and communities through a variety of programs, including direct financial donations and employee volunteer activities to ensure a proportion of business resources is allocated to improving the community in which it operates. Financial support is also offered to a number of responsible gaming organisations dedicated to problem gaming prevention and treatment.

The Company and wider group aims to build environment sustainability into each business process and function. By making sustainability an integral part of the Group's business operations, value is created for stakeholders at the same time as protecting the environment.

Need to act fairly as between members of the company

The Company is wholly owned by Openbet Holdco Limited and ultimately owned by Endeavour Group Holdings Inc.. All decisions made by the Directors are fully aligned with the interests of these members.

Approved by the Board Dec 14, 2021 signed on its behalf by:


Jordan Levin (Dec 14, 2022 13:11 CST)

J E levin
Director

OpenBet Technologies Limited

Director's Report

For the year ended 31 December 2021

The Director presents his annual report and the audited consolidated financial statements for year ended 31 December 2021 for OpenBet Technologies Limited (the "Company").

Directors of the Company

The Directors, who held office during the year and subsequently up to the date of this report except as noted, were as follows:

J E Levin (appointed 15 October 2021)
M C Eklund (resigned 15 October 2021)
D J G May (resigned 30 September 2022)

Principal activity

The principal activity of the Group is the development and supply of software and services for use as betting applications.

Dividends

The Director has not recommended a final dividend payment in respect of the financial year ended 31 December 2021 (2020: *£nil*). Dividends of £118,052,399 were declared after the year-end (see note 30).

Political donations

The Group made no political donations during the year (2020: *£nil*).

Charitable donations

The Group made charitable donations of *£nil* during the year (2020: *£nil*).

Going concern

The Group has net current assets of £80,154,000 (2020: *net current liabilities £15,978,000 restated*). Excluding amounts due to/from related parties the Group has net assets of £61,319,168 (2020: *£73,219,389 restated*). The Group made a loss of £32,932,000 in the year (2020: *£17,122,000*) and have continued to generate losses post year end. The Director has reviewed the forecast of the Group's activities for a period of at least 12 months from the signing of the Statement of Financial Position.

The Director has also received a letter of support provided by the Group's ultimate parent undertaking Endeavour Group Holdings Inc.. The Director has reviewed forecasts, at both an entity and group level, and is satisfied of their ability to continue to support the Group. Taking into account current market conditions, the Director is satisfied that the Group has adequate resources to continue in business for the foreseeable future.

Principal risks and uncertainties

This is detailed in the Strategic Report on page 5.

Employment of disabled persons

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Group, has been continued through regular new updates in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Group's profit sharing schemes.

OpenBet Technologies Limited
Director's Report (continued)
For the year ended 31 December 2021

SECR Disclosure

Carbon Reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Openbet Group to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR-regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the 12-month period ending 31st December 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, gaseous fuels such as natural gas, LPG and acetylene and business travel in company-owned vehicles and grey fleet. The table below details the regulated SECR energy and GHG emission sources from the current and previous reporting periods.

		2021	2020	% change
Energy (kWh)				
Natural gas		714,788	729,363	-2.0 %
Electricity		985,344	1,118,714	-11.9 %
Grey Fleet		7,348	20,427	-64.0 %
Total energy		1,707,480	1,868,504	-8.6 %
Emissions (tCO₂e)				
Scope 1	Natural gas	130.9	134.1	-2.4 %
Scope 2 (LBM)	Electricity	209.2	260.8	-19.8 %
Scope 2 (MBM)*	Electricity	183.3	223.8	-18.1 %
Scope 3	Grey fleet	2.5	4.8	-47.2 %
Total SECR emissions		526	624	-15.7 %
Emission intensity ratio				
Emissions intensity (tCO₂e / £m turnover)		8.36	8.15	2.6 %

Openbet is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures, awareness campaigns and improvements to operational procedures. During the year, the Company continued to encourage all staff to work from home, whilst the primary purpose of this policy was in response to the Coronavirus pandemic, there were positive spill-over impacts in significantly reducing Openbet's environmental footprint compared with long term historic rates.

Staff will be moving to a hybrid model of office working and therefore the long term outcome of this change will be reduced emissions. The Company continues to investigate measures designed to reduce its carbon emissions, such as the installation of solar panels and the introduction of a cycle to work scheme which are expected in the coming year.

Methodology

Electricity and natural gas disclosures have been calculated using metered kWh consumption taken from supplier fiscal invoices where available. Due to a lack of primary data, Chiswick energy consumption has been estimated based on floor area and FY20 consumption, accounting for 83% of total energy consumption.

GHG emissions associated with Scope 2 purchased electricity have been reported using both market-based and location-based methodologies. Where fuel mix disclosures were not available, such as for landlord supplies, the emissions factor for the residual fuel mix of the UK was instead adopted. Only emissions calculated using the location-based methodology have been carried into the total emissions figure – market-based emissions have been included for comparison only.

OpenBet Technologies Limited
Director's Report (continued)
For the year ended 31 December 2021

SECR Disclosure (continued)

Methodology (continued)

Transport disclosures have been calculated using business mileage expense claim records at a basic unit rate of 45p per mile. Estimated mileages have been converted into equivalent energy and GHG emissions using emissions factors published by BEIS in 2021. Vehicle information such as engine size and type was not held against each mileage claim, therefore a vehicle of average size and fuel type was assumed.

Future developments

The Group intends to continue operating in the area of software development for gaming products, achieving synergies within the new group structure and maximising the benefits of any market opportunities that arise.

Disclosure of Information in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out the Company's Strategic Report information required by Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 Sch.7 to be contained in the Directors' Report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all 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 s.418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on Dec 14, 2022 and signed on its behalf by:


Jordan Levin (Dec 14, 2022 13:11 CST)

J E Levin
Director

OpenBet Technologies Limited
Statement of Director's Responsibilities
For the year ended 31 December 2021

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

Company law requires the Director to prepare group financial statements for each financial year. Under that law the Director are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Finance Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Under company law the Director 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 year.

In preparing the parent company financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Director:

- properly selects and applies accounting policies;
- presents information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provides additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- makes an assessment of the Company's ability to continue as a going concern.

The Director is 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 and International Finance Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). 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.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditor's Report to the Members of OpenBet Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion :

- the financial statements of Openbet Technologies Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Finance Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and (IFRSs) as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of OpenBet Technologies Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 group's and the parent 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 group or the parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included GDPR, Health & Safety at Work Act, Gambling Act 2005, Employment Rights Act, Employment law and Anti-Money Laundering, Bribery and Corruption.

Independent Auditor's Report to the Members of OpenBet Technologies Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- revenue recognition specifically around the accuracy of accrued income given the judgement in determining the balance. The procedures to address the risk included testing the design and implementation of key control, testing a sample of year end accrued income balances to assess whether the samples were recorded in the appropriate period based on inspection of contract terms, evidence of work performed to date and other audit evidence as deemed necessary.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

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

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 by the parent company, 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.

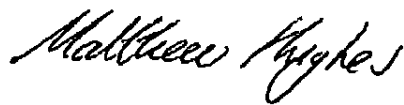
We have nothing to report in respect of these matters.

**Independent Auditor's Report to the Members of OpenBet Technologies Limited
(continued)**

Report on other legal and regulatory requirements (continued)

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.



Matthew Hughes BSc (Hons) A.C.A. (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

14 December 2022

OpenBet Technologies Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

		2021	2020
	<i>Note</i>	£ 000	£ 000
Continuing operations			
Revenue	5	70,452	74,346
Cost of sales		<u>(15,458)</u>	<u>(17,606)</u>
Gross profit		54,994	56,740
 Administrative expenses		 (84,817)	 (74,877)
Impairment of goodwill	11	(1,467)	—
Government grants - Furlough		<u>1,549</u>	<u>1,580</u>
Operating loss	6	<u>(32,741)</u>	<u>(16,557)</u>
 Interest payable and similar charges	9	 <u>(537)</u>	 <u>(526)</u>
Loss before taxation		<u>(33,278)</u>	<u>(17,083)</u>
 Tax on loss	10	 <u>346</u>	 <u>(39)</u>
Loss for the year from continuing operations		<u>(32,932)</u>	<u>(17,122)</u>
 Discontinued operations		 <u>—</u>	 <u>—</u>
Result for the year from discontinued operations	12	<u>—</u>	<u>—</u>
 Loss for the year		<u>(32,932)</u>	<u>(17,122)</u>

There were no recognised gains or losses for the year other than those included in the Statement of Comprehensive Income.

OpenBet Technologies Limited
Consolidated Statement of Financial Position
For the year ended 31 December 2021

		2021	2020 Restated	1 January 2020
		£ 000	note 31	Restated
	Note		£ 000	note 31
				£ 000
Non-current assets				
Goodwill	11	4,108	8,575	8,575
Intangible assets	13	23,198	22,290	19,529
Tangible assets	14	2,555	3,412	4,541
Right of use assets	15	7,304	8,835	10,566
Deferred tax asset	19	753	673	691
		<u>37,918</u>	<u>43,785</u>	<u>43,902</u>
Current assets				
Trade and other receivables	18	203,385	167,299	106,703
Cash at bank balances		11,304	12,489	3,408
		<u>214,689</u>	<u>179,788</u>	<u>110,111</u>
Total assets		<u>252,607</u>	<u>223,573</u>	<u>154,013</u>
Current liabilities				
Trade and other payables	20	(130,958)	(192,901)	(102,694)
Right of use liabilities	15	(2,080)	(1,931)	(1,827)
Current tax liabilities		(885)	(56)	(601)
Deferred revenue	26	(612)	(878)	(1,938)
Total current liabilities		<u>(134,535)</u>	<u>(195,766)</u>	<u>(107,060)</u>
Total assets less current liabilities		<u>118,072</u>	<u>27,807</u>	<u>46,953</u>
Non current liabilities				
Provision for Dilapidations	16	(1,019)	—	—
Right of use liabilities	15	(5,654)	(7,404)	(9,324)
Net Assets		<u>111,399</u>	<u>20,403</u>	<u>37,629</u>
Equity				
Share capital	22	167,632	167,632	167,632
Share premium account	23	1	1	1
Merger reserves		(163,892)	(163,892)	(163,892)
Capital contribution reserve		131,216	14,267	14,267
Retained earnings		(23,558)	2,395	19,621
Net Equity		<u>111,399</u>	<u>20,403</u>	<u>37,629</u>

These financial statements were approved by the Board and authorised for issue on Dec 14, 2022 2022 and are signed on behalf on its behalf by:

Jordan Levin
Jordan Levin (Dec 14, 2022 13:11 CST)
J E Levin
Director

OpenBet Technologies Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

Note	Share Capital £ 000	Share Premium Account £ 000	Merger Reserve £ 000	Capital Contribution Reserve £ 000	Profit and loss account £ 000	Total £ 000
Balance at 1 January 2020 as previously stated	18,500	1	(163,892)	14,267	19,621	(111,503)
Share capital prior period restatement	31 149,132	—	—	—	—	149,132
Balance as at 1 January 2020 restated	167,632	1	(163,892)	14,267	19,621	37,629
Loss for the year and total comprehensive expense	—	—	—	—	(17,122)	(17,122)
Foreign exchange differences arising on consolidation	—	—	—	—	(104)	(104)
Balance as at 31 December 2020	167,632	1	(163,892)	14,267	2,395	20,403
Loss for the year and total comprehensive expense	—	—	—	—	(32,932)	(32,932)
Share based compensation	—	—	—	—	6,892	6,892
Capital Contribution	—	—	—	116,949	—	116,949
Foreign exchange differences arising on consolidation	—	—	—	—	87	87
Balance as at 31 December 2021	167,632	1	(163,892)	131,216	(23,558)	111,399

OpenBet Technologies Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2021

		2021	2020 restated
		£ 000	note 31 £ 000
	Note		
Net cash from operating activities	25	17,145	26,089
Investing activities			
Purchase of property, plant and equipment		(1,018)	(28)
Capitalised intangible assets		(15,320)	(14,634)
Net cash used in investing activities		(16,338)	(14,662)
Financing activities			
Payment of obligations under right of use assets		(1,992)	(2,346)
Net cash used in financing activities		(1,992)	(2,346)
Net (decrease) / increase in cash and cash equivalents		(1,185)	9,081
Cash and cash equivalents at the beginning of year		12,489	3,408
Cash and cash equivalents at end of year		11,304	12,489

OpenBet Technologies Limited
Notes to the Financial Statements
For the year ended 31 December 2021

1. General Information

The company is a private company limited by share capital incorporated and domiciled in England and Wales, United Kingdom.

The address of its registered office is:
 Fourth Floor
 Building 9, Chiswick Park
 566 Chiswick High Road
 London
 W4 5XT

2. Adoption of new and revised Standards

At the date of authorisation of these financial statements, The Group has applied the following new and revised IFRSs that has been issued and are now effective:

Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 –
Effective 1 January 2021

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 16	<i>Property, Plant and Equipment - Proceeds before Intended use - Effective 1 January 2022</i>
Annual improvements to IFRS Standards 2018-2020 (May 2020)	<i>Annual improvements to IFRS Standards 2018-2020 (May 2020) - Effective 1 January 2022</i>
Amendments to IFRS 3 (May 2020)	<i>References to the conceptual framework - Effective 1 January 2022</i>
Amendments to IAS 37 (May 2020)	<i>Onerous Contracts - Costs of fulfilling a contract - Effective 1 January 2022</i>
Amendments to IAS 1	<i>Classification of liabilities as current or non-current - Effective 1 January 2023</i>
Amendments to IAS 1	<i>Classification of liabilities as current or non-current - Deferral of effective date - Effective 1 January 2023</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of accounting policies - Effective 1 January 2023</i>
Amendments to IAS 12	<i>Deferred tax relating to assets and liabilities arising from a single transaction- Effective 1 January 2023</i>
Amendments to IAS 8	<i>Definition of accounting estimates - Effective 1 January 2023</i>

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Finance Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs).

For the year ended 31 December 2021 the following subsidiaries of the Group were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

SUBSIDIARY NAME	COMPANIES HOUSE REGISTRATION NUMBER
OpenBet Limited	03134634
OpenBet Retail Limited	02730742
SG Digital Limited	05184120
NT Media Limited	03408275
SG Digital Holdco Limited	13620473

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

The Group has net current assets of £80,154,000 (2020: net current liabilities (£15,978,000) restated). Excluding amounts due to/from related parties the Group has net assets of £61,319,168 (2020: £73,219,389 restated). The Group made a loss of £32,932,000 in the year (2020: £17,122,000) and have continued to generate losses post year end. The Director has reviewed the forecast of the Group's activities for a period of at least 12 months from the signing of the Statement of Financial Position.

The Director has also received a letter of support provided by the Group's ultimate parent undertaking Endeavour Group Holdings Inc.. The Director has reviewed forecasts, at both an entity and group level, and is satisfied of their ability to continue to support the Group. Taking into account current market conditions, the Director is satisfied that the Group has adequate resources to continue in business for the foreseeable future.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. Significant accounting policies (*continued*)

Goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The Group does not have multiple cash generating units and impairment reviews on goodwill are performed following an assessment of the recoverable amount of the assets of the Group as a whole. Recoverable amounts are based on forecasts of future earnings over a five-year period using a value in use model; which are based on future expectations and past results. These forecasts are extrapolated to a terminal position over the longer term using an assumed growth rate to reflect a prudent view of the average growth rate of the sector in which the Group is placed.

Revenue

Determination of performance obligations and timing of transfer of control vary based on the nature of the contract. Contracts can contain multiple promises, including the following: (i) implementation of customised software solution and the associated software licence ii) Support services iii) professional development services

Implementation of Software and Software Licence Revenue Recognition

Licence fees are recognised once all the relevant acceptance criteria have been met and the performance obligations are deemed to have transferred to the customer. Licences are generally provided up-front on the outset of the contract are therefore recognised as revenue immediately, where licence fees are for a specific term, or the Group is required to provide further functionality over a specific period, revenue is recognised ratably over the time the functionality is provided to the customer.

In some instances, the Group earns licence revenue calculated as a percentage of the customer's incremental revenues earned from deploying the Group's applications (a revenue-share arrangement). Revenue in such instances is recognised ratably in proportion to the total expected incremental revenues.

In instances where the Group has obligations to pay a third party under a revenue-share arrangement, consideration is given as to whether to show the revenue and costs gross or net. In making this assessment, the Company considers whether, in substance, it is acting as principal or as agent in the relationship.

Support and Maintenance and Hardware Rental

Support and Maintenance is generally contracted on an annual basis and contracts for hardware rental are usually multi-year contracts. Support services and hardware rental are considered stand-ready obligations, therefore control transfers and revenue is recognised over time as the service is delivered.

Software Development

Software Development provides customers with enhanced and/or specific functionality in addition to the core licensed products. These services generally relate to post-go live development, and control transfers and revenue is recognised over time as services are rendered.

Where the Group is contracted on a 'time and materials' basis and no material performance obligations still exist, revenue is recognised as the incremental services are delivered. In the case of fixed price contracts, revenue is recognised over time as services are provided, where services rendered cannot be reliably estimated, revenue is deferred until such time as they can.

Professional Services

Professional Services (e.g. consulting, project management and training) are generally provided alongside Software Development. Where the Group is contracted on a 'time and materials' basis and no material performance obligations still exist, revenue is recognised as the incremental services are delivered.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

3. Significant accounting policies (continued)

Professional Services (continued)

In the case of fixed price contracts, revenue is recognised over time as services are provided, where services rendered cannot be reliably estimated; revenue is deferred until such time as they can.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable:

- Any lease payments made at or before the commencement date net of any lease incentives received,
- Any initial direct costs incurred, and,
- Impairment in respect of onerous leases
- Dilapidation provisions to be incurred for restoring the site or asset back to its original position.
- Right-of-use assets are depreciated over the life of the lease.

The Group elects not to recognise right of use assets and corresponding liabilities for short-term leases with terms of twelve months or less, and low value leases. Lease payments on these assets are expensed on a straight-line basis to the profit and loss account.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using a standard discount rate. Lease payments are formed of either fixed payments as stipulated within the lease agreement or variable lease payments as stipulated by the lease agreement if dependent on an index or a rate. Variable lease payments that do not depend on an index or rate are expensed in the period in which they are incurred directly to the profit and loss account.

Government grants

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit and loss in the period in which they become receivable. This includes the Canadian, Singapore and United Kingdom government Coronavirus job retention schemes ("Furlough"). The Group has not directly benefited from any other forms of government assistance.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. Significant accounting policies (*continued*)

Foreign currencies (*continued*)

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the date of transactions.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Defined contribution pension obligation

The Group makes contributions for the benefit of employees to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or as prepayments in the balance sheet.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 income statement, 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

3. Significant accounting policies (continued)

Deferred tax (continued)

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 Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. They are depreciated on a straight-line basis over their expected useful economic lives or anticipated length of use by the Group. Leasehold improvements are depreciated over the lesser of their useful life or period of the lease. The expected useful life of equipment and furniture is between three and five years.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over 60 months to 120 months
Furniture, fittings and equipment	Straight line over 36 months to 120 months

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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 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.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. 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 profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets are amortised on a straight-line basis from the date they are available for use over three years.

Intangibles amortisation policy

Amortisation is charged to administrative expenses within the Consolidated Statement of Comprehensive Income.

Derecognition of intangible assets

An 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.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. 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 of disposal 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.

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.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss); and
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. Significant accounting policies (*continued*)

Loans and receivables

Trade receivables, loans, and other receivables 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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

3. Significant accounting policies (continued)

Derecognition of financial assets (continued)

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Groups financial statements for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Share Based Compensation

The company's employees are included in a share incentive scheme, whereby the ultimate parent company issues its own equity instruments to these employees, which are treated as equity-settled share-based transactions. The company recognises the expense related to services provided to the company as part of its employee costs.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

3. Significant accounting policies (*continued*)

Share Based Compensation (*continued*)

The cost of these equity-settled transactions is measured initially at the fair value at the grant date, which is expensed over the period until the vesting date, with recognition of a corresponding increase in equity.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, 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.

Management consider there to be no key sources of estimation uncertainty.

Critical Judgement

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the director has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The Directors are required to use their judgement in determining the timing of certain performance obligations. An assessment as to whether revenue is recognised over either time or a point in time needs to be made for all new contracts. Where revenue is recognised at a point in time, judgement as to which point in time the performance obligation is transferred to the customer must be made.

Agency and principal relationship

The Directors have exercised their judgement in assessing whether the relationships the Group and its subsidiaries form an agency or principal relationship with customers.

Investments in subsidiaries

A review of the indicators of impairment in the Company's investments is performed annually, if indications of impairment are discovered, a full impairment review by comparing the fair value of the investment to its carrying value is performed.

The fair value is calculated by estimating the future cash flows expected to arise within the investment and a suitable discount rate in order to calculate present value. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in the operating income. See note 34 for further details.

Internally generated intangible assets

The Directors have exercised their judgement when determining whether research and development expenditure meet the conditions of internally generated intangible fixed assets that have been presented on page 26 of the financial statements. Expenditure that is judged to meet the criteria is capitalised and amortised over a three year period, expenditure that is not judged to meet the criteria is expensed directly to the Statement of Comprehensive Income.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

5. Revenue

An analysis of the group's revenue is as follows:

	2021	2020
	£000	£000
Rendering of services	68,467	72,967
Sale and installation of hardware	1,985	1,379
	<u>70,452</u>	<u>74,346</u>

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£000	£000
UK	44,392	37,498
Europe	2,558	12,346
Rest of world	23,502	24,502
	<u>70,452</u>	<u>74,346</u>

6. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	2021	2020
	£000	£000
Net foreign exchange (gains) / losses	(3,056)	5,820
Depreciation expense - Right of use assets	3,035	1,940
Depreciation expense - Tangible assets	1,399	1,286
Loss on asset disposal	385	—
Amortisation expense	14,412	11,873
Staff costs (see note 8)	58,859	53,138
Government grants - Furlough	<u>(1,549)</u>	<u>(1,580)</u>

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

7. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the Group's auditor and their associates for the audit of the Group's annual financial statements	212	190
Non-audit fees	30	19
	<u>242</u>	<u>209</u>

There was no fee for the audit of the subsidiaries in both 2021 and 2020.

8. Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021	2020
	£000	£000
Wages and salaries	49,000	44,295
Social security costs	7,327	6,717
Pension costs, defined contribution scheme	2,532	2,126
	<u>58,859</u>	<u>53,138</u>

The monthly average number of persons employed by the group (including Directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Administration and support	73	99
Sales, marketing and distribution	114	67
Other departments	804	732
	<u>991</u>	<u>898</u>

There are no direct staff in OpenBet Technologies. The above relate to other group companies.

9. Interest payable and similar charges

	2021	2020
	£000	£000
Interest expense / (income) on group loans	7	(4)
Interest expense on lease liability	530	530
	<u>537</u>	<u>526</u>

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

10. Tax

	2021	2020
	£000	£000
Corporation tax:		
Current year	(266)	21
Deferred tax	(80)	18
	<u>(346)</u>	<u>39</u>

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2020: lower than the standard rate of corporation tax in the UK) of 19% (2020: 19%)

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from April 2020, the rate which has been used in preparing these Financial Statements.

The Finance Bill 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021. As a result, deferred tax balances expected to reverse after April 2023 and calculated at the previous 19% rate have been re-measured using the increased 25% rate. However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the hybrid/full 25% rate noted above.

The charge for the year can be reconciled to the loss in the statement of comprehensive income as follows:

	2021	2020
	£000	£000
Loss before tax	<u>(33,278)</u>	<u>(17,083)</u>
Tax at the UK corporation tax rate of 19% (2020: 19%)	(6,323)	(3,246)
Tax effect of utilisation of tax losses not previously recognised	792	(61)
Group relief	5,660	3,617
Origination and reversal of temporary differences	(80)	18
Utilisation of losses brought forward	—	(114)
Other differences	(247)	—
Adjustment in respect of prior period	156	—
Capital allowances in excess of depreciation	<u>(304)</u>	<u>(175)</u>
Tax (credit) / charge for the year	<u>(346)</u>	<u>39</u>

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

11. Goodwill

	£000
Cost	
At 1 January 2021	<u>14,000</u>
At 31 December 2021	<u>14,000</u>
Accumulated impairment losses	
At 1 January 2021	5,425
Arising in the year	<u>4,467</u>
At 31 December 2021	<u>9,892</u>
Carrying amount	
At 31 December 2020	<u>8,575</u>
At 31 December 2021	<u>4,108</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The Group does not have multiple cash generating units and impairment reviews on goodwill are performed following an assessment of the recoverable amount of the assets of the Group as a whole. Recoverable amounts are based on forecasts of future earnings in the medium term, which are based on future expectations and past results. These forecasts are then extrapolated over the longer term which is currently assumed to be 2.5% (2020: 2.5%) growth in profitability and discounted at the Groups weighted average cost of capital, which is currently 11% (2020: 11%). An impairment charge of £4,467,000 (2020: £nil) was recognised during the year.

12. Discontinued Operations

On 26 May 2021, the Group acquired an Australian group of companies - Sportcast Pty Limited, Sportcast Limited and Sportcast LLC with a view to resale. On 17 December 2021 as part of Group restructure in advance of the divestment of the Sports Betting Business the entity was moved under the Group's ultimate parent company but retained in the Sports Betting Business divested to Endeavor Group Holdings Inc.. During the period ended 17 December 2021 Australian Group of companies Sportcast Pty Limited, Sportcast Limited & Sportcast LLC contributed £nil (2020: £nil) to the Group's net operating cash flows, paid £nil (2020: £nil) in respect of investing activities and paid £nil (2020: £nil) in respect of financing activities.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

13. Intangible assets

	Intellectual property £ 000	Customer relationships £ 000	Internally generated software development costs £ 000	Software intangible assets £ 000	Total £000
Cost					
At 1 January 2020	4,065	6,346	43,975	175	54,561
Additions	—	—	14,634	—	14,634
At 31 December 2020	4,065	6,346	58,609	175	69,195
Additions	—	—	15,320	—	15,320
At 31 December 2021	4,065	6,346	73,929	175	84,515
Amortisation					
At 1 January 2020	4,065	6,346	24,446	175	35,032
Charge for the year	—	—	11,873	—	11,873
At 31 December 2020	4,065	6,346	36,319	175	46,905
Charge for the year	—	—	14,412	—	14,412
At 31 December 2021	4,065	6,346	50,731	175	61,317
Carrying amount					
At 31 December 2020	—	—	22,290	—	22,290
At 31 December 2021	—	—	23,198	—	23,198

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

14. Tangible assets

	Leasehold improvements £000	Furniture, fittings and equipment £000	Total £000
Cost			
At 1 January 2020	3,378	8,772	12,150
Additions	15	13	28
Foreign exchange	79	50	129
At 31 December 2020	<u>3,472</u>	<u>8,835</u>	<u>12,307</u>
Additions	—	1,018	1,018
Disposals	(21)	(629)	(650)
Foreign exchange	(99)	(61)	(160)
At 31 December 2021	<u><u>3,352</u></u>	<u><u>9,163</u></u>	<u><u>12,515</u></u>
Accumulated depreciation			
At 1 January 2020	1,881	5,728	7,609
Charge for the year	353	933	1,286
At 31 December 2020	<u>2,234</u>	<u>6,661</u>	<u>8,895</u>
Charge for the year	268	1,131	1,399
Disposals	(7)	(258)	(265)
Foreign exchange	(30)	(39)	(69)
At 31 December 2021	<u><u>2,465</u></u>	<u><u>7,495</u></u>	<u><u>9,960</u></u>
Carrying amount			
At 31 December 2021	<u>887</u>	<u>1,668</u>	<u>2,555</u>
At 31 December 2020	<u><u>1,238</u></u>	<u><u>2,174</u></u>	<u><u>3,412</u></u>

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

15. Right of use assets/liabilities

Leased assets	Land & Buildings
Cost	£000
At 1 January 2020	12,478
Foreign exchange	209
At 31 December 2020	<u>12,687</u>
Additions	1,695
Foreign exchange	(263)
At 31 December 2021	<u><u>14,119</u></u>
Accumulated depreciation	
At 1 January 2020	1,912
Charge for the year	1,940
At 31 December 2020	<u>3,852</u>
Charge for the year	3,035
Foreign exchange	(72)
At 31 December 2021	<u><u>6,815</u></u>
Carrying amount	
At 31 December 2020	<u>8,835</u>
At 31 December 2021	<u><u>7,304</u></u>

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

An impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

15. Right of use assets/liabilities (*continued*)

Lease liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the statement of financial position date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees for cleaning and other costs.

	2021	2020
	£000	£000
Current lease liabilities	2,080	1,931
Non-current lease liabilities	5,654	7,404
Total 31 December	<u>7,734</u>	<u>9,335</u>

Maturity analysis - contractual undiscounted cash flows

Less than one year	2,532	2,469
One to five years	6,090	7,533
Over five years	367	1,111
Total 31 December	<u>8,989</u>	<u>11,113</u>

16. Provision for dilapidations

	Group
	£000
At 1 January 2021	—
Arising in the year	<u>(1,019)</u>
At 31 December 2021	<u>(1,019)</u>

This provision relates to an obligation at the end of lease contracts to restore the premises to a certain condition, estimates are based on average restoration costs in the regions which the premises are located. The provision will be utilised at the end of lease contract. There is uncertainty surrounding the actual cost that will be incurred.

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

17. Subsidiaries

The Group consists of a parent company, OpenBet Technologies Limited, incorporated in the UK, and a number of subsidiaries held directly by OpenBet Technologies Limited,

The company has the following direct and indirect subsidiaries at 31 December 2021 all of which are included in this consolidation.

Entity Name	Direct/Indirect Subsidiary	Address of registered office and principal business address	Identity and proportion of shares held (ordinary shares unless otherwise stated)	Principal activity
OpenBet Singapore Pte Limited	Direct	16 Raffles Quay, #33-03, Singapore 048581	100%	Distribution of digital sports and casino gaming
OpenBet New Zealand Limited	Direct	Level 12, 55 Shortland Street, Auckland, 1010 New Zealand	100%	Distribution of digital sports and casino gaming
OpenBet Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
OpenBet North America Corporation	Direct	199 Bay Street, Suite 4000, Commerce Court West, Toronto, ON M5L 1A9, Canada	100%	Distribution of digital sports and casino gaming
OpenBet Retail Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
SG Digital Limited (formerly Electracade Limited)	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
OpenBet Asia Pacific Pty Limited	Direct	Tower Two Collins Square Level 3, 6727 Collins Street, Docklands VIC 3008	100%	Distribution of digital sports and casino gaming
OpenBet Hellas S.A.	Direct	7 Fragkoklisias Street, Marousi 15125, Athens, Greece	100%	Content studio
NYX Gaming (Krakow) sp z.o.o	Direct	Al. 29 Listopada 20, 31-401, Krakow	100%	Content studio
NT Media Limited	Indirect	10 Fleet Place, London, EC4M 7QS	100%	Intermediate holding company

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

17. Subsidiaries (continued)

Openbet India Private Limited	Indirect	Level 8, Navigator Building 1st, Bangalore KA 560066 India	100%	Distribution of digital sports and casino gaming
SG Digital Holdco Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Holding Company

18. Trade and other receivables

	2021 £000	2020 Restated £000	1 January 2020 Restated note 31 £000
Amount receivable for the sale of goods	11,560	10,348	12,910
Allowance for doubtful debts	(361)	(105)	(18)
Net trade receivables	<u>11,199</u>	<u>10,243</u>	<u>12,892</u>
Amounts owed by other Group companies	162,189	121,294	60,192
Amounts owed by immediate parent company	9,099	9,092	9,175
Accrued income	16,010	23,557	19,180
Tax receivable	3,333	1,421	3,752
Prepayments	1,555	1,692	1,512
	<u>203,385</u>	<u>167,299</u>	<u>106,703</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Amounts due from related parties are interest free, unsecured and repayable on demand.

The average credit period taken on sales of goods and services is 30 days.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables

	2021 £000	2020 £000
31-60 days	1,650	151
61-90 days	834	144
91-120 days	932	42
121 days +	310	352
Total	<u>3,726</u>	<u>689</u>

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

18. Trade and other receivables (continued)

Movement in the allowance for doubtful debts

	2021	2020
	£000	£000
Balance at the beginning of the year	(105)	(18)
Impairment losses recognised	(256)	(87)
Balance at the end of the year	<u>(361)</u>	<u>(105)</u>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

19. Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation £000	Onerous rent provision £000	Total £000
At 1 January 2021	618	55	673
Origination and reversal of temporary differences	(292)	—	(292)
Adjustment in respect of prior year	193	—	193
Effects of tax change	179	—	179
At 31 December 2021	<u>698</u>	<u>55</u>	<u>753</u>

	Accelerated tax depreciation £000	Onerous rent provision £000	Total £000
At 1 January 2020	625	66	691
Origination and reversal of temporary differences	(7)	(11)	(18)
At 31 December 2020	<u>618</u>	<u>55</u>	<u>673</u>

Deferred tax assets not recognised on brought forward losses during 2021 was £3,035,000 (2020: £1,772,000).
Deferred tax recognised relates to timing differences on fixed asset and intangibles asset acquisitions.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

20. Trade and other payables

	2021	2020 Restated note 31	1 January 2020 Restated note 31
	£000	£000	£000
Trade creditors	2,163	1,254	1,734
Accrued expenses	5,154	5,422	4,404
Amounts owed to other Group companies	121,208	183,203	94,760
Social security and other taxes	2,171	2,627	1,738
Other current financial liabilities	262	395	58
	<u>130,958</u>	<u>192,901</u>	<u>102,694</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs associated with the day to day administration costs that the entity incurs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts due to related parties are interest free, unsecured and repayable on demand.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

21. Lease liability interest

	2021	2020
	£000	£000
Interest expense on lease liabilities	<u>530</u>	<u>530</u>
	<u>530</u>	<u>530</u>

22. Share Capital

	2021	2020 Restated note 31	1 January 2020 Restated note 31
	£000	£000	£000
Issued, authorised and fully paid:			
185,000,001 Ordinary shares of £0.10 each	18,500	18,500	18,500
14,913,224,000 Ordinary shares of £0.01 each (note 31)	<u>149,132</u>	<u>149,132</u>	<u>149,132</u>
	<u>167,632</u>	<u>167,632</u>	<u>167,632</u>

On 21 December 2018 6,466,558,400 Ordinary shares of £0.01 each were issued and authorised but unpaid and uncalled. The Company has ordinary shares which carry no right to fixed income.

Prior year financial statements incorrectly disclosed 3 classes of shares (A/B/C). These 3 classes of shares were converted to one class (ordinary shares) on 15 Oct 2018 (note 31).

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
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23. Share premium account

	Share premium £000
Balance at 31 December 2021 and 31 December 2020	<u>1</u>

24. Share Options

Share-based compensation in the form of share options and RSUs are offered to employees by the ultimate parent company, with expenses recognised within the company for the employees providing services to the company. The terms of such share option and RSU awards, including the vesting schedule of such awards, are determined by the ultimate parent company subject to the terms of the applicable equity-based compensation plan. The Company also offers an ESPP, which allows for common shares to be purchased by eligible employees under offerings made each January 1 and July 1. Employees participate through payroll reductions up to a maximum of 15% of eligible compensation. The term of each offering period is six months and shares are purchased on the last day of the offering period at a 15% discount to the share's market value.

Options grants over the last several years have generally become exercisable in four equal instalments beginning on the first anniversary of the date of grant or when certain performance targets are met, in all cases, with a maximum of ten years. RSUs typically vest in three or four equal instalments beginning on the first anniversary of the date of grant or when certain performance targets are determined to have been met.

Share-based compensation plans are settled in the ultimate parent company's equity with the expense recognised within the company at the fair value of the related awards in accordance with IFRS 2. Share options are granted with exercise prices that are not less than the fair market value of common shares of the ultimate parent company at the date of grant.

	Number of options	Weighted average price (per share)
Options outstanding at 1/1/2020	47,708	24.16
Granted	103,742	11.04
Exercised	(7,101)	20.67
Cancelled	—	—
Options outstanding at 31/12/2020	144,349	11.04
Granted	55,310	50.31
Exercised	(61,145)	55.14
Cancelled	(16,660)	48.20
Options outstanding at 31/12/2021	121,854	50.31

The weighted average remaining contractual length on unexercised options is 386 days. Fair value is calculated at the grant date based upon quoted market sources as at that date. The total charge to the profit and loss during the year from share-based remuneration is £6,891,698 (2020: £nil). No directors received share-based remuneration from the Openbet Technologies Group and there are no other long-term incentive schemes.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

25. Notes to the cash flow statement

	2021 £000	2020 restated note 31 £000
Operating loss for the year	(32,741)	(16,557)
Impairment of goodwill	4,467	—
Loss on disposal of property, plant and equipment	385	—
Depreciation of property, plant and equipment and right of use assets	4,434	3,226
Amortisation of intangible assets	14,412	11,873
Share based compensation	6,892	—
Operating cash flows before movement in working capital	(2,151)	(1,458)
Capital contribution from parent	116,949	—
Increase in receivables	(36,086)	(50,637)
(Decrease) / Increase in payables	(61,943)	79,197
Cash generated by operations	16,769	27,102
Income taxes received / (paid)	376	(1,013)
Net cash inflow from operating activities	17,145	26,089
Cash and cash equivalents		
	2021 £000	2020 £000
Cash and bank balances	11,304	12,489

	1 January 2021 £000	Cashflows £000	Non-cash changes £000	Transfer to short term £000	31 December 2021 £000
<i>Group</i>					
Current					
Lease liability	1,931	(1,992)	530	1,750	2,219
Non-current					
Lease liability	7,404	—	—	(1,750)	5,654
	9,335	(1,992)	530	—	7,873

OpenBet Technologies Limited
Notes to the Financial Statements (continued)

For the year ended 31 December 2021

25. Notes to the cash flow statement (continued)

<i>Group</i>	1 January 2020	Cashflows	Non-cash changes	Transfer to short term	31 December 2020
	£000	£000	£000	£000	£000
Current					
Lease liability	1,827	(2,346)	530	1,920	1,931
Non-current					
Lease liability	9,324	—	—	(1,920)	7,404
	<u>11,151</u>	<u>(2,346)</u>	<u>530</u>	<u>—</u>	<u>9,335</u>

26. Deferred revenue

	2021	2020
	£000	£000
Arising from the rendering of services	612	878
Current	<u>612</u>	<u>878</u>

27. Financial instruments

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
	£000	£000	£000	£000
Sterling	86,407	149,988	83,203	79,663
Euro	1,595	3,445	72,379	61,519
Australian Dollar	3,900	2,512	1,453	1,135
Canadian Dollar	505	377	3,004	6,223
Danish Kroner	—	—	387	683
Singapore Dollar	113	124	1,070	998
US Dollar	40,160	168,215	54,221	10,467
Polish Zloty	20	23	—	—
New Zealand Dollar	62	115	147	103
Total	<u>132,762</u>	<u>324,799</u>	<u>215,864</u>	<u>160,791</u>

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

27. Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of Australia (Australian dollar currency), U.S.A (US dollar currency) and the currency of EU (Euro currency).

The following table details the Group's sensitivity to a 10 per cent increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10 per cent change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Australian Dollars		EUR		US Dollars	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Profit or loss	(321)	39	6,351	5,084	1,281	—
Other equity	(11)	(154)	(88)	194	(54)	(14,341)
	<u>(332)</u>	<u>(115)</u>	<u>6,263</u>	<u>5,278</u>	<u>1,227</u>	<u>(14,341)</u>

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults, this policy is unchanged from prior years.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas and are analysed using a credit loss model using a "simplified approach". Expenses are recognised in the statement of comprehensive income upon consideration of past, current and expected credit conditions to assess the probability of default or partial default of the debt.

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The group considers equity as shown in the statement of changes in equity and the amount owed to related parties which is shown in note 28 as the capital it has under management. The Company's overall strategy remains unchanged from 2020.

The company is not subject to externally imposed capital requirements.

28. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, are eliminated on consolidation and are not disclosed in this note. The Company's transactions and balances with related parties during the year ended and as at 31 December 2021 are as follows:

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

28. Related party transactions (continued)

	Statement of comprehensive income / (expense) 2021 £000	Restated Statement of comprehensive income / (expense) 2020 £000	Statement of financial position (due to) / due from 2021 £000	Restated Statement of financial position (due to) / due from 2020 £000
Scientific Games Corporation (Fellow subsidiary, unsecured) Insurance recharges	—	—	35,434	(29,774)
Scientific Gaming Inc (WMS) (Fellow subsidiary, unsecured) Management fees	—	—	(725)	(252)
NextGen Gaming USA LLC (Fellow subsidiary, unsecured) Management fees	—	—	(210)	(254)
NYX Digital Gaming LLC (Fellow subsidiary, unsecured) Management fees	—	10,147	(22,877)	18,607
Les Studios Side City Inc. (Fellow subsidiary, unsecured) Royalty fees	(184)	(261)	(1,040)	(1,401)
NYX Digital Gaming Alberta (Fellow subsidiary, unsecured) Management fees	(6,336)	2,415	8,386	1,982
NYX Digital Gaming Malta Limited (Fellow subsidiary, unsecured) Support services	(35,798)	21,681	47,552	31,646
NYX Digital Gaming (Services) Limited (Fellow subsidiary, unsecured) Support services	106	21,203	—	(376)
NYX Interactive AB (Fellow subsidiary, unsecured) Management fees	90,411	(68,635)	(63,879)	(129,684)
Red7Mobile Limited (Fellow subsidiary, unsecured) Support services	(46)	(486)	(5,529)	(4,721)
NYX Digital Gaming (Alderney) Limited (Fellow subsidiary, unsecured) Management fees	137	(342)	2,492	2,629
SG Digital (Gibraltar) Limited (Fellow subsidiary, unsecured) Support services	(27,924)	14,732	40,718	37,848

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

28. Related party transactions (continued)

	Statement of comprehensive income / (expense) 2021 £000	Restated Statement of comprehensive income / (expense) 2020	Statement of financial position (due to) / due from 2021 £000	Restated Statement of financial position (due to) / due from 2020
Scientific Games Limited US Lottery Systems	—	—		(724)
(Scientific Games International)	—	—	(2)	(2)
(Fellow subsidiary, unsecured) Management fees				
Scientific Gaming Inc (Bally)	804	(574)	(11,094)	(4,679)
(Fellow subsidiary, unsecured) Management fees				
NYX Gaming Group LLC	1,594	—	9,099	9,092
(Fellow subsidiary, unsecured) Management fees				
Bally Gaming Canada Limited	—	—	(473)	(374)
(Fellow subsidiary, unsecured) Support services				
NextGen Gaming Pty Limited	1,669	(2,304)	(3,746)	(2,279)
(Fellow subsidiary, unsecured) Management fees				
Scientific Games Worldwide Limited	—	—	11	11
(Fellow subsidiary, unsecured) Management fees				
Game 360 SRL	—	—	4	16
(Fellow subsidiary, unsecured) Management fees				
SG Lottery Services KFT (Hungary)	—	—	164	2,780
(Fellow subsidiary, unsecured) Management fees				
NYX Interactive Malta Limited	(693)	717	—	25,148
(Fellow subsidiary, unsecured) Management fees				
SG International GmbH (Austria)	(11)	—	33	(16)
(Fellow subsidiary, unsecured) Management Fees				
NYX Digital Gaming International Limited	409	(458)	—	(296)
(Fellow subsidiary, unsecured) Management fees				
SG Ukraine LLC	1,304	(170)	(119)	(136)
(Fellow subsidiary, unsecured) Management fees				

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

28. Related party transactions (continued)

	Statement of comprehensive income / (expense) 2021 £000	Restated Statement of comprehensive income / (expense) 2020	Statement of financial position (due to) / due from 2021 £000	Restated Statement of financial position (due to) / due from 2020
Global Draw Limited (Fellow subsidiary, unsecured) Management fees	—	—	(2,892)	(1,999)
Barcrest Limited (Fellow subsidiary, unsecured) Management fees	—	—	(2,797)	(2,767)
Scientific Games Gibraltar Limited (Fellow subsidiary, unsecured) Management fees	(4,922)	229	4,711	(465)
NYX Digital Gaming (Guernsey) Limited (Fellow subsidiary, unsecured) Management fees	—	—	—	1
BetDigital Limited (Fellow subsidiary, unsecured) Management fees	1,189	—	(2,564)	(1,932)
Don Best Sports Corporation (Fellow subsidiary, unsecured) Management fees	(5)	—	84	—
BetDigital Holdings Limited (Fellow subsidiary, unsecured) Support services	—	—	626	626
Shuffle Master Australia Pty Ltd (Fellow subsidiary, unsecured) Management fees	—	—	(9)	—
NYX Digital Gaming (USA) LLC (Fellow subsidiary, unsecured) Management fees	(19,407)	—	(22,877)	—
NYX Digital Gaming (Gibraltar II) Ltd (Fellow subsidiary, unsecured) Management fees	2	(72)	(74)	(72)
SG Gaming Interactive (Fellow subsidiary, unsecured) Management Fees	—	—	(2,266)	(998)

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

28. Related party transactions (continued)

	Statement of comprehensive income / (expense) 2021 £000	Restated Statement of comprehensive income / (expense) 2020	Statement of financial position (due to) / due from 2021 £000	Restated Statement of financial position (due to) / due from 2020
NYX Digital Gaming (Malta Holding) (Fellow subsidiary, unsecured) Management fees	2,191	—	21,652	—
WMS International S.L. (Spain) (Fellow subsidiary, unsecured) Management fees	—	—	(61)	—
Sportcast Ltd (Fellow subsidiary, unsecured) Management fees	—	—	66	—
SGL Debt (Fellow subsidiary, unsecured) Support services	—	—	(715)	—
Wagerlogic Cyprus Ltd (Fellow subsidiary, unsecured) Management fees	—	—	(71)	—
Scientific Games Hellas Sole Shareholder LLC (Fellow subsidiary, unsecured) Management fees	—	—	321	—

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

29. Remuneration of key management personnel

Directors were paid by other companies within the Group and are disclosed in the financial statements of those companies. It is not possible to determine the element of their remuneration which relates solely to their services of Directors of this Company. Key management personnel had total remuneration of £1,900,000 (2020: £1,128,000).

30. Non-adjusting subsequent event

Post balance sheet events

A large number of restructuring activities took place after the year-end, the Group and the ultimate parent of the Group at the balance sheet date re-organised its holdings, assets and liabilities in preparation for a sale of the Group to a new ultimate parent company. The most significant of these restructuring activities have been described below:

Openbet Technologies Limited held a broad collection of “i-gaming” related assets, liabilities, contracts and revenue streams. These “i-gaming” assets, liabilities and contracts do not form a part of the sale agreement and over the course of the nine months after the year-end, these were transferred to other Light & Wonder group companies. All such assets, liabilities and holdings were transferred out of the group before 30 September 2022.

At the balance sheet date the Group also held significant intercompany assets and liabilities; between 1st January 2022 and 30 September 2022, these balances were cleared using a number of different methods such that the balances are significantly reduced at 30 September 2022.

On 3 March 2022, the Board of Directors approved the transfer of shares of Openbet Technologies Limited to Openbet Holdco Limited (from NYX Gaming Group LLC) and on 8 March 2022 these shares were formally transferred. Openbet Holdco became the group’s immediate parent entity at this date.

On 7 July 2022, the Group’s immediate parent committed to a capital contribution to Openbet Technologies of £81,000,000. Openbet Technologies subsequently committed to a capital contribution to its subsidiary Openbet Limited for £81,000,000 on the same date.

On 7 July 2022, the Group issued bonus shares of £120,000,000, in doing so, it increased its paid-up share capital by £120,000,000 and reduced the capital contribution reserve by an equal amount. On the same date the Group performed a share capital reduction exercise with a value of £287,632,340.10, increasing the level of retained earnings by equal amount.

On 7 July 2022, the Group distributed three directly held subsidiaries to its parent company, Openbet Holdco Limited. The subsidiaries distributed were Openbet Hellas (Software Development) Societe Anonyme, Openbet North America Corporation and Openbet New Zealand. The distribution was equal to £862,933 in value.

On 31 August 2022, the Group’s immediate parent committed to a capital contribution to Openbet Technologies of £14,379,969. Openbet Technologies on the same date committed to a capital contribution to its subsidiary Openbet Limited of equal value.

On 31 August 2022, the Group declared a dividend to its immediate parent company of £4,214,000.

On 31 August 2022, the Group declared a second dividend to its immediate parent company of £93,046,269.

On 21 September 2022, the Group re-acquired Sportscast Pty Limited group of companies from another member of the Light & Wonder, Inc. group. This is the same group of entities which were sold on 17 December 2021 and consists of Sportscast Pty Limited, Sportscast Limited and Sportscast LLC; the prior sale of these entities have been described in more detail on page 5. Sportscast Pty Limited group of companies were acquired in exchange for the issue of one share of nominal value of £0.01; creating share premium of £44,911,001 for the group on the acquisition date.

OpenBet Technologies Limited
Notes to the Financial Statements (*continued*)
For the year ended 31 December 2021

30. Non-adjusting subsequent event (*continued*)

Post balance sheet events (*continued*)

On 28 September 2022, the Group declared a dividend to its immediate parent company of £20,792,130 the terms of the dividend declaration allow this dividend to increase to £62,376,390.79 subject to accounting adjustments after the sale date.

31. Prior period adjustments

During the year a number of prior period errors were identified. Due to the significant nature of these, the prior period results have been adjusted; extracts from the restated statement of comprehensive income and financial position have been presented below. The adjustments are described as follows;

Share Capital

- In the financial year ended 31 December 2018, certain re-organisation activities were undertaken within the Openbet Technologies Limited Group. One of the activities was a process of recapitalising the Group by way of an issue of ordinary shares.
- The issuance of these shares was not recorded within the records of Openbet Technologies Limited, during the 2018 financial year, these shares were subscribed by the immediate parent company.
- We have therefore restated the share capital as presented within Equity on the Statement of Financial Position and decreased Trade and other payables on the Statement of Financial Position by £149,132,000 as the shares were settled through movements in intercompany balances.

Intercompany reclassification

- Following the above share capital error, it was identified intercompany balances with different counterparties were incorrectly netted off against each other in previous years.
- The correction of this offsetting, together with the above share capital error, has resulted in an increase in trade and other receivables of £9,346,000 and a decrease in trade and other payables of £139,786,000 at 31 December 2019; and an increase in trade and other receivables of £19,199,000 and a decrease in trade and other payables of £129,933,000 at 31 December 2020.
- Extracts of the financial line items impacted in both years as a result of the share capital and intercompany reclassification are shown below:

	2019 As originally stated £000	Adjustment £000	2019 As restated £000
Current Assets			
Trade and other receivables	97,357	9,346	106,703
Trade and other payables	(242,480)	139,786	(102,694)
Equity			
Share capital	18,500	149,132	167,632

OpenBet Technologies Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

31. Prior period adjustments (continued)

Intercompany reclassification (continued)

	2020 As originally stated £000	Adjustment £000	2020 As restated £000
Current Assets			
Trade and other receivables	148,100	19,199	167,299
Trade and other payables	(322,834)	129,933	(192,901)
Equity			
Share capital	18,500	149,132	167,632

Impact on company only balance sheet

Intercompany reclassification

- Following the above share capital error, it was identified intercompany balances with different counterparties were incorrectly netted off against each other in previous years.
- The correction of this offsetting, together with the above share capital error, has resulted in an increase in trade and other receivables of £591,000 and a decrease in trade and other payables of £148,541,000 at 31 December 2019; and an increase in trade and other receivables of £1,098,000 and a decrease in trade and other payables of £148,034,000 at 31 December 2020.
- Excerpts of the financial line items impacted in both years as a result of the share capital and intercompany reclassification are shown below:

	2020 As originally stated £000	Adjustment £000	2020 As restated £000
Current Assets			
Trade and other receivables	60,266	1,098	61,364
Trade and other payables	(185,529)	148,034	(37,495)
Equity			
Share capital	18,500	149,132	167,632

OpenBet Technologies Limited
Company Statement of Financial Position
For the year ended 31 December 2021

		2021	2020 Restated note 31
		£ 000	£ 000
	Note		
Non-current assets			
Investment in subsidiaries	34	198,602	81,759
		<u>198,602</u>	<u>81,759</u>
Current assets			
Trade and other receivables	36	66,633	61,364
Cash at bank balances		3,308	4,217
		<u>69,941</u>	<u>65,581</u>
Total assets		<u><u>268,543</u></u>	<u><u>147,340</u></u>
Current liabilities			
Trade and other payables	37	(45,433)	(37,495)
Current Tax Liabilities		(885)	(885)
Total assets less current liabilities		<u><u>222,225</u></u>	<u><u>108,960</u></u>
Net assets		<u><u>222,225</u></u>	<u><u>108,960</u></u>
Equity			
Share capital		167,632	167,632
Share premium account		1	1
Capital contribution reserve		130,794	13,846
Retained earnings		(76,202)	(72,519)
Equity attributable to owners of the Company		<u><u>222,225</u></u>	<u><u>108,960</u></u>

The Company reported a profit for the financial year ended 31 December 2021 of £3,683,000 (2020: profit of £19,618,000 restated).

The financial statements of OpenBet Technologies Limited (registered number 06712030) were approved by the Board and authorised for issue on Dec 14, 2022 and signed on its behalf by:

Jordan Levin
Jordan Levin (Dec 14, 2022 13:11 CST)

J E Levin
Director

OpenBet Technologies Limited
Company Statement of Changes in Equity
For the year ended 31 December 2021

		Share Capital £000	Share Premium Account £000	Capital Contribution Reserve £000	Retained earnings £000	Total £000
	Note					
Balance at 1 January 2020 as originally stated		18,500	1	13,846	(89,794)	(57,447)
Share capital prior period restatement	31	149,132	—	—	—	149,132
Balance as at 1 January 2020 Restated		<u>167,632</u>	<u>1</u>	<u>13,846</u>	<u>(89,794)</u>	<u>91,685</u>
 Income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>17,275</u>	<u>17,275</u>
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>17,275</u>	<u>17,275</u>
Balance as at 31 December 2020		<u>167,632</u>	<u>1</u>	<u>13,846</u>	<u>(72,519)</u>	<u>108,960</u>
 Capital contribution		<u>—</u>	<u>—</u>	<u>116,948</u>	<u>—</u>	<u>116,948</u>
Income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,683)</u>	<u>(3,683)</u>
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,683)</u>	<u>(3,683)</u>
Balance as at 31 December 2021		<u>167,632</u>	<u>1</u>	<u>130,794</u>	<u>(76,202)</u>	<u>222,225</u>

OpenBet Technologies Limited
Notes to the Company Financial Statements (continued)
For the year ended 31 December 2021

32. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2019 the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

33. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The Profit attributable to the Company is disclosed in the footnote to the Company's Statement of Financial Position.

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

34. Investment in subsidiaries

	£000
Cost	
At January 2021	199,930
Additions	116,949
At 31 December 2021	<u>316,879</u>
Provision for impairment	
At 1 January 2021	118,171
Arising in the year	106
At 31 December 2021	<u>118,277</u>
Net book value at 31 December 2020	<u>81,759</u>
Net book value at 31 December 2021	<u>198,602</u>

The addition related to capital contribution received from immediate parent company NYX Gaming Group LLC.

OpenBet Technologies Limited
Notes to the Company Financial Statements
For the year ended 31 December 2021

35. Company subsidiaries

The Company has the following direct and indirect subsidiaries at 31 December 2021:

Entity Name	Direct/Indirect Subsidiary	Address of registered office and principal business address	Identity and proportion of shares held (ordinary shares unless otherwise stated)	Principal activity
OpenBet Singapore Pte Limited	Direct	16 Raffles Quay, #33-03, Singapore 048581	100%	Distribution of digital sports and casino gaming
OpenBet New Zealand Limited	Direct	Level 12, 55 Shortland Street, Auckland, 1010 New Zealand	100%	Distribution of digital sports and casino gaming
OpenBet Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
OpenBet North America Corporation	Direct	199 Bay Street, Suite 4000, Commerce Court West, Toronto, ON M5L 1A9, Canada	100%	Distribution of digital sports and casino gaming
OpenBet Retail Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
SG Digital Limited (formerly Electracade Limited)	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
OpenBet Asia Pacific Pty Limited	Direct	Tower Two Collins Square Level 3, 6727 Collins Street, Docklands VIC 3008	100%	Distribution of digital sports and casino gaming
OpenBet Hellas S.A.	Direct	7 Fragkoklisias Street, Marousi 15125, Athens, Greece	100%	Content studio
NYX Gaming (Krakow) sp z.o.o	Direct	Al. 29 Listopada 20, 31-401, Krakow	100%	Content studio
NT Media Limited	Indirect	10 Fleet Place, London, EC4M 7QS	100%	Intermediate holding company
Openbet India Private Limited	Indirect	Level 8, Navigator Building itpl, Bangalore KA 560066 India	100%	Distribution of digital sports and casino gaming
SG Digital Holdco Limited	Direct	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Holding Company

The investments in subsidiaries are all stated at cost less provision for impairments.

OpenBet Technologies Limited
Notes to the Company Financial Statements (continued)
For the year ended 31 December 2021

36. Trade and other receivables

	2021	2020 Restated note 31
	£000	£000
Amounts falling due within one year:		
Trade Receivables	3,273	2,412
Other debtors	1,799	905
Accrued income	7,727	11,352
Amounts owed by other group companies	1,839	1,152
Amounts owed by subsidiaries	51,288	44,597
Amounts owed by immediate parent company	591	591
Prepayments	116	355
	<u>66,633</u>	<u>61,364</u>

Amounts owed by related parties are interest free, unsecured and repayable on demand.

37. Trade and other payables

	2021	2020 Restated note 31
	£000	£000
Amounts falling due within one year:		
Trade payables	491	207
Accrued expenses	758	875
Deferred income	—	26
Amounts owed to group companies	630	1,923
Amounts owed to subsidiaries	43,554	34,464
	<u>45,433</u>	<u>37,495</u>

Amounts due to related parties are interest free, unsecured and repayable on demand.

38. Parent and ultimate parent undertaking

The Company's immediate parent company at the balance sheet date is NYX Gaming Group LLC, a company incorporated in the United States of America. The Company's ultimate parent and controlling party at the balance sheet date and up to the 30 September 2022 was Light & Wonder Inc. (formerly known as Scientific Games Corporation) which was incorporated and registered in the United States of America.

The smallest group in which the result of the Company are consolidated is Openbet Technologies Limited, accounts which are presented within these financial statements. The largest group in which the Company are consolidated at the year end date is Light & Wonder, Inc. group, copies of the financial statements of Light & Wonder, Inc. group can be obtained from Light & Wonder Inc, 6601, Bermuda Road, Las Vegas, NV 89119.

On 3 March 2022, the immediate parent of the company became Openbet Holdco Limited, a company incorporated in Jersey.

On 30 September 2022 the ultimate parent and controlling party of the Company became Endeavour Group Holdings Inc. Copies of the financial statements of Endeavour Group Holdings Inc. can be obtained from 28 Liberty Street, 53rd Floor, New York 10005, USA.