

COMPANY REGISTRATION NUMBER: 02730742

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



OpenBet Retail Limited
Financial Statements
Year Ended 31 December 2021

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OpenBet Retail Limited
Officers and Professional Advisers

Director	J Levin
Company secretary	J Levin
Registered Office	Fourth Floor Building 6, Chiswick Park 566 Chiswick High Road London W4 5HR

OpenBet Retail Limited
Director's Report
For the year ended 31 December 2021

The Director presents the annual report, together with the unaudited financial statements, for OpenBet Retail Limited (the "Company") for the year ended 31 December 2021.

In line with the Companies Act 2006, the Director is entitled to take the small companies exemption under section 477 from the requirement to prepare a strategic report for OpenBet Retail Limited on the grounds of size. As such a strategic report has not been included within these financial statements.

Directors of the Company

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

J Levin (appointed 15 October 2021)

M. Eklund (appointed 26 June 2020, resigned 15 October 2021)

Principal activity

The principal activity of the Company is the design and supply of hardware, software and support services in relation to display and EPOS systems for the retail betting industry.

Performance and KPIs

During the year, the wider business unit in which Openbet Retail operates continued with enhancements to the Openbet platform and products. In order to meet the needs of its customers the business model is shifting towards a more service based offering and away from the design, supply and support services in relation to display and EPOS systems. Whilst Openbet Retail Limited is committed to providing high standards of service to its existing customers, it does not expect to develop further customers as the wider business unit changes focus.

The Company's key financial and other performance indicators during the period were as follows:

	2021	2020
	£	£
Turnover	1,985,259	1,379,524
Profit before tax	794,926	(679,451)
Shareholders' funds	8,310,093	7,573,167

During the year, management has continued to realign the Company's activities and are working closely with other members of the OpenBet Group to develop the customer base and further enhance the Company's products and technologies. The Company does not have any branches outside of the UK.

Principal risks and uncertainties

The principal risk facing the Company is that its technologies will not be retained by its customers and that new technologies will not be accepted.

The Company does not operate as a bookmaker. However, the Company's products are betting and gaming applications supplied to bookmakers. Its customers are therefore subject to regulation in the jurisdictions in which they offer their services. This may involve the independent certification of the Company's hardware and software.

The current regulations, which differ from jurisdiction to jurisdiction, and any future changes in such regulations, may affect the Company's ability to sell technologies and services related to betting and gaming.

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

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

Principal risks and uncertainties (*continued*)

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. When necessary, the Company 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.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company'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 Company 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 Company. Effective cashflow forecasting allows for the provision of Company resources for any significant cash outflows that could not be covered by the Company individually.

Dividends

The Director has not recommended a final dividend payment in respect of the financial year ended 31 December 2021 (2020: *£nil*).

Political and charitable donations

During 2021 the Company made no political donations during the year (2020: *£nil*).

Going concern

The Company has net current assets of £8,216,386 (2020: £7,368,180). The Director has reviewed the forecast of the Company's activities for a period of at least 12 months from the signing of the Statement of Financial Position.

Director indemnity

The Company has maintained throughout the year directors and officers liability insurance for the benefit of the Company, the Director and its officers.

Employment of disabled persons

The Company 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 Company'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 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. 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.

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

SECR Disclosure

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.

This report can be found in the financial statements of the parent immediate parent company OpenBet Technologies Group Limited (company registration number 06712030).

Future developments


The Company will continue to perform its contractual obligations but expects it to wind down in the future.

Sale of business

On 29 June 2021 the entity's ultimate parent company, Light & Wonder Inc. (formerly known as Scientific Games Corporation) announced as part of its strategic review that it intends to divest its Sports Betting business. OpenBet Retail Limited is part of this business unit for Scientific Games Corporation.

Following this on 27 September 2021, Light & Wonder Inc. (formerly known as Scientific Games Corporation) announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. The sale was completed on 30 September 2022.

Approved by the Board on Dec 20, 2022 and signed on its behalf by:


Jordan Levin; Dec 20 2022 11:41 CST

J Levin
Director

OpenBet Retail 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 financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and 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.

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. 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.

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

		2021	2020
	Note	£	£
Turnover	4	1,985,259	1,379,524
Cost of sales		—	(107,987)
Gross profit		<u>1,985,259</u>	<u>1,271,537</u>
Administrative expenses		(1,173,023)	(1,912,351)
Operating profit / (loss)	5	812,236	(640,814)
Interest expense on lease liabilities	16	(17,310)	(38,637)
Profit / (loss) on ordinary activities before tax		<u>794,926</u>	<u>(679,451)</u>
Tax on profit / (loss) on ordinary activities	8	(58,000)	133,460
Profit / (loss) for the year		<u><u>736,926</u></u>	<u><u>(545,991)</u></u>

The above results were derived from continuing operations.

There were no items of income or expense for the year other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income to 31 December 2021 (2020: nil)

The notes form an integral part of these financial statements.

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

		2021	2020
	Note	£	£
Fixed assets			
Tangible assets	9	9,073	163,183
Intangible assets	10	84,634	264,397
		<u>93,707</u>	<u>427,580</u>
Current assets			
Right of use assets	11	127,038	288,723
Debtors	12	8,173,750	6,957,828
Deferred tax asset	13	988,000	1,046,000
Cash at bank and in hand		731,667	1,183,138
		<u>10,020,455</u>	<u>9,475,689</u>
Current liabilities			
Trade and other payables	15	(1,581,477)	(1,722,522)
Corporation tax		—	(100,637)
Right of use liabilities	11	(222,592)	(284,350)
Total current liabilities		<u>(1,804,069)</u>	<u>(2,107,509)</u>
Total assets less current assets		<u>8,310,093</u>	<u>7,795,760</u>
Right of use liabilities	11	—	(222,593)
Net assets		<u>8,310,093</u>	<u>7,573,167</u>
Equity			
Share capital	14	10,981,315	10,981,315
Profit and loss account		(2,671,222)	(3,408,148)
Total equity		<u>8,310,093</u>	<u>7,573,167</u>

For the year ended 31 December 2021 the Company was entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies.

- The members have not required the Company to obtain audit of its accounts for the year in question in accordance with section 476
- The Director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records

These financial statements of OpenBet Retail Limited were approved by the Board on Dec 20, 2022 and signed on its behalf by:

Jordan Levin

Jordan Levin Dec 20 2022 11:41 CST

Director

Company Registration Number 02730742

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

	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2020	10,981,315	(2,862,157)	8,119,158
Loss for the period and total comprehensive expense	—	(545,991)	(545,991)
Balance at 31 December 2020	<u>10,981,315</u>	<u>(3,408,148)</u>	<u>7,573,167</u>
 Profit for the period and total comprehensive expense	 —	 736,926	 736,926
Balance at 31 December 2021	<u><u>10,981,315</u></u>	<u><u>(2,671,222)</u></u>	<u><u>8,310,093</u></u>

OpenBet Retail Limited
Notes to Financial Statements
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 and incorporated in the UK under the Companies Act 2006. The address of its registered office is:

Fourth Floor
Chiswick Park Building 9
566 Chiswick High Road
London
W4 5XT
UK

2. Significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 on a going concern basis using the historical cost convention. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. *It also requires management to exercise its judgement in the process of applying the Company's accounting policies.*

The financial statements are presented in Sterling (£).

Summary of disclosure exemptions

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101, including:

- the requirements of IAS8 for listing the new or revised standard which have not yet been adopted
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the group as they are wholly owned within the group;
- disclosure of key management personnel compensation
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the year;
- the requirements of IFRS 7 Financial Instruments: Disclosures, because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurements, because equivalent disclosures are included within the consolidated financial statements in which the entity is consolidated.

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

2. Significant accounting policies (continued)

Going concern

The Company has net current assets of £8,216,386 (2020: £7,368,180). The Director has reviewed the forecast of the Company's activities for a period of at least 12 months from the signing of the Statement of Financial Position. Taking into account current market conditions, volatility and the impact of COVID-19 on the Company's activities, the Director is satisfied that the Company has adequate resources to continue in business for the foreseeable future.

Revenue recognition

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

Software License 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 Company 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 company earns licence revenue calculated as a percentage of the customer's incremental revenues earned from deploying the Company'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 Company 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 revenue is recognised ratably over the period to which it relates. Contracts for Hardware Rental are usually multi-year contracts and revenue is recognised on a straight line basis over the term of the contract.

Software Development

Software Development provides customers with enhanced and/or specific functionality in addition to the core licensed products. Where material performance obligations still exist, revenue is deferred until those obligations are satisfied.

Where the Company is contracted on a 'time and materials' basis and no material performance obligations still exist, revenue is recognised as the service is delivered. In the case of fixed price contracts, where the Company is able to make reliable estimates of the costs to complete and no material performance obligations still exist, revenue is recognised according to the percentage of completion as at each balance sheet date, calculated by reference to costs incurred and expected to be incurred. Where costs to complete 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 Company is contracted on a 'time and materials' basis and no material performance obligations still exist, revenue is recognised as the service is delivered. In the case of fixed price contracts, where the Company is able to make reliable estimates of the costs to complete and no material performance obligations still exist, revenue is recognised according to the percentage of completion as at each balance sheet date, calculated by reference to costs incurred and expected to be incurred. Where costs to complete cannot be reliably estimated, revenue is deferred until such time as they can.

Installation and Hardware Sales

Revenue in respect of Installation and Hardware Sales is recognised on installation and delivery.

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

2. Significant accounting policies (continued)

Taxation

The tax expense for the year comprises current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position 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.

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 statement of comprehensive income, 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.

Foreign currencies

Transactions in currencies other than the Company'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.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting)

Tangible assets

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 Company. Leasehold improvements are depreciated over the lesser of their useful life or period of the lease.

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

2. Significant accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	Straight line over 36 months
Other property, plant and equipment	Straight line over 36 months

Intangible assets

Expenditure on research activities is charged to the profit and loss account in the year in which it is incurred.

Expenditure on development activities is recognised as an internally generated intangible asset only when all of the following criteria are met:

- there is a clearly defined project for which the development costs can be measured reliably;
- the project is technically feasible;
- current and future costs are expected to be exceeded by future revenues; and
- adequate resources are available to complete the project.

The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. This expenditure is capitalised from the point at which the above criteria are met up to the point at which the asset is available for use. If the criteria are not met the expenditure is recognised in the profit and loss as an expense in the year in which it is incurred.

Intangible assets are amortised on a straight-line basis from the date they are available for use over 36 months.

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.

The Company 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

2. Significant accounting policies (*continued*)

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stock

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

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

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The Company 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 statement of financial position.

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

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In the application of the Company's accounting policies, the Director is 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the current and future years. No significant accounting judgements or estimates were required in the preparation of the financial statements.

4. Revenue

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Rendering of services	19,989	371,724
Sale and installation of hardware	1,965,270	1,007,800
	<u>1,985,259</u>	<u>1,379,524</u>

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

	2021	2020
	£	£
UK	1,985,259	1,015,933
Europe	—	363,591
	<u>1,985,259</u>	<u>1,379,524</u>

5. Profit / (loss) for the year

Arrived at after charging/(crediting)

	2021	2020
	£	£
Amortisation expense	179,763	197,133
Depreciation expense	86,112	86,426
Depreciation on right of use assets	169,384	173,234
Foreign exchange (gains)/losses	15,305	(20,835)
Loss on disposal	<u>187,451</u>	<u>—</u>

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

6. Remuneration of directors

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 the Company.

7. Staff Costs

The aggregate payroll costs are as follows:

	2021	2020
	£	£
Wages and salaries	504,011	1,101,747
Social security costs	44,489	99,039
Pension costs, defined contribution scheme	37,198	57,078
	<u>585,698</u>	<u>1,257,864</u>

The monthly average number of persons employed by the Company during the year, analysed by category was:

	2021	2020
	No.	No.
Administration and support	1	3
Sales, marketing and distribution	—	1
Other departments	7	17
	<u>8</u>	<u>21</u>

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

8. Tax on profit

The tax on profit 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%)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2018) and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. However, in March 2020 budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the statement of financial position date, balances as at 31 December 2020 continue to be measured at 17%. In addition, the March 2021 Budget announced that the corporation tax rate will increase from 19% to 25% from 1 April 2023.

The result for the year can be reconciled below:

	2021	2020
	£	£
Profit / (loss) before taxation	794,926	(679,451)
Profit / (loss) by rate of tax	151,036	(129,096)
Effects of:		
Expenses not deductible for tax purposes	—	475
Capital allowances in excess of depreciation	(125,000)	16,530
Movements in deferred tax	25,000	133,460
Group relief surrendered	(58,000)	112,091
Adjustments in respect of prior year	(51,036)	—
Tax expense	(58,000)	133,460

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

9. Tangible fixed assets

	Furniture, fittings and equipment £	Total £
Cost		
Balance at 1 January 2020	1,484,811	1,484,811
Additions	76,000	76,000
Balance at 31 December 2020	<u>1,560,811</u>	<u>1,560,811</u>
Disposal	(667,340)	(667,340)
Balance at 31 December 2021	<u><u>893,471</u></u>	<u><u>893,471</u></u>
Depreciation		
Balance at 1 January 2020	1,311,202	1,311,202
Charge for the year	86,426	86,426
Balance at 31 December 2020	<u>1,397,628</u>	<u>1,397,628</u>
Disposal	(599,342)	(599,342)
Charge for the year	86,112	86,112
Balance at 31 December 2021	<u><u>884,398</u></u>	<u><u>884,398</u></u>
Carrying amount		
At 31 December 2020	<u><u>163,183</u></u>	<u><u>163,183</u></u>
At 31 December 2021	<u><u>9,073</u></u>	<u><u>9,073</u></u>

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

10. Intangible assets

	Software development	Total
	£	£
Cost		
Balance at 1 January 2020	2,223,025	2,223,025
Balance at 31 December 2020	2,223,025	2,223,025
Balance at 31 December 2021	<u>2,223,025</u>	<u>2,223,025</u>
Depreciation		
Balance at 1 January 2020	1,761,495	1,761,495
Charge for the year	197,133	197,133
Balance at 31 December 2020	1,958,628	1,958,628
Charge for the year	179,763	179,763
Balance at 31 December 2021	<u>2,138,391</u>	<u>2,138,391</u>
Carrying amount		
At 31 December 2020	<u>264,397</u>	<u>264,397</u>
At 31 December 2021	<u>84,634</u>	<u>84,634</u>

Amortisation charges are included within administrative expenses in the statement of comprehensive income.

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

11. Right of use assets

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.

	2021	2020
	£	£
Cost	635,190	1,035,508
Impairment on recognition of onerous lease	—	(400,317)
Accumulated depreciation	(508,152)	(346,468)
Net carrying amount	127,038	288,723

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
	£	£
Current lease liabilities	222,592	284,350
Non-current lease liabilities	—	222,593
Net carrying amount	222,592	506,943

Maturity analysis - contractual undiscounted cash flows

	2021	2020
	£	£
Less than one year	226,245	326,798
One to five years	—	201,107
Net carrying amount	226,245	527,905

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

12. Trade and other debtors

	2021	2020
	£	£
Trade debtors	1,062,575	450,962
Provision for impairment of trade debtors	(132,661)	(55,886)
Net trade debtors	<u>929,914</u>	<u>395,076</u>
Debtors from parent	95,168	123,692
Debtors from other group companies	6,985,819	6,148,560
Other debtors	90,497	90,500
Accrued income	64,153	200,000
Prepayments	8,199	—
Total current trade and other debtors	<u><u>8,173,750</u></u>	<u><u>6,957,828</u></u>

Debtors from other group companies represent amounts due in respect of costs incurred by the Company on behalf of entities that share the same ultimate controlling party. These are unsecured, interest free and repayable on demand. All related party transactions are carried out on an arm's length transaction basis.

There are no debtors falling due after more than one year.

13. Deferred tax

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

	2021	2020
	£	£
At 1 January	1,046,000	912,540
Origination/unwinding of timing differences	(58,000)	133,460
At 31 December	<u><u>988,000</u></u>	<u><u>1,046,000</u></u>

Deferred tax relates to timing difference on fixed assets and has been provided at 19% (2020: 19%).

14. Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>10,981,315</u>	<u>10,981,315</u>	<u>10,981,315</u>	<u>10,981,315</u>

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

15. Trade and other creditors

	2021	2020
	£	£
Trade creditors	3,252	12,084
Accrued expenses	39,423	110,555
Amounts due to other group companies	1,310,484	1,302,647
Social security and other taxes	186,811	26,857
Other creditors	1,903	—
Deferred income	39,604	270,379
	<u>1,581,477</u>	<u>1,722,522</u>

Amounts due to other group companies represent amounts due in respect of costs incurred on behalf of the Company by entities that share the same ultimate controlling party. These are unsecured, interest free and repayable on demand. All related party transactions are carried out on an arm's length transaction basis.

16. Interest payable and similar expenses

	2021	2020
	£	£
Interest payable on lease liabilities	17,310	38,637
	<u>17,310</u>	<u>38,637</u>

17. Ultimate parent disclosure

The Company is a wholly owned subsidiary of OpenBet Technologies Limited which is incorporated in the United Kingdom and registered in England and Wales. 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. 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 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.

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

18. Post Statement of Financial Position event

Sale of business

On 29 June 2021 the entity's parent company, Light & Wonder Inc. (formerly known as Scientific Games Corporation) announced as part of its strategic review that it intends to divest its Sports Betting business. OpenBet Retail Limited is part of this business unit for Scientific Games Corporation.

Following this on 27 September 2021, Light & Wonder Inc. (formerly known as Scientific Games Corporation) announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. The sale was completed on 30 September 2022.