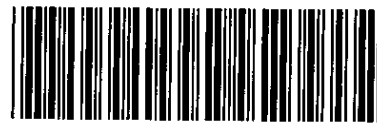


COMPANY REGISTRATION NUMBER: 02730742

OpenBet Retail Limited
Annual Report and Financial Statements
For the Year Ended
31 December 2019

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OpenBet Retail Limited
Financial Statements
Year Ended 31 December 2019

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OpenBet Retail Limited
Officers and Professional Advisers

Director

J Levin

Company secretary

J Levin

Registered Office

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

OpenBet Retail Limited
Directors' Report
For the year ended 31 December 2019

The Director presents the annual report, together with the unaudited financial statements, for OpenBet Retail Limited (the "Company") for the year ended 31 December 2019.

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:

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

M Quartieri (resigned 26 June 2020)

J Levin (appointed 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.

This change in focus is reflected in the change in turnover and profit before tax, whilst still strong, has fallen during the year. The Company's key financial and other performance indicators during the period were as follows:

	2019	2018
	£	£
Turnover	4,763,539	5,775,182
Profit before tax	527,461	2,101,531
Shareholders' funds	8,119,158	7,591,697

During the year, management has continued to realign the Company's activities and is 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 Group related to cash flow risk, credit risk and liquidity risk.

OpenBet Retail Limited
Directors' Report (continued)
For the year ended 31 December 2019

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 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.

Dividends

The Director has not recommended a final dividend payment in respect of the financial year ended 31 December 2019 (2018: £nil)

Political and charitable donations

The Company made no political donations during the year (2018: £nil).

Going concern

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. The Director has reviewed forecasts, at both an entity and group level, and is satisfied of their ability to continue to support the Company. For this reason, the Director continues to adopt the going concern basis in preparing the Financial Statements.

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.

OpenBet Retail Limited
Directors' Report (continued)
For the year ended 31 December 2019

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.

Future developments

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

Important events since the year end

During the first quarter of 2020, the identification and subsequent widespread transmission of a new coronavirus has resulted in a reduction of global economic activity, substantial closures of retail premises and significant change in the behaviour of consumers. The continued impact of the Coronavirus disease (COVID-19) outbreak is providing an ongoing uncertainty and challenges across a large number of industries and countries across the world. Many countries have maintained extraordinary and economically costly containment measures.

The experience to date suggest that OpenBet Retail Limited is not heavily impacted by the outbreak.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that the recent events are not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Sale of business

On 29 June 2021 the entity's parent company, 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, Scientific Games Corporation announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. This agreement is subject to regulatory and shareholder approval.

Approved by the Board on 16 November 2021 and signed on its behalf by:

J Levin
Director



OpenBet Retail Limited
Statement of Directors' Responsibilities
For the year ended 31 December 2019

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 2019

		2019	2018
	Note	£	£
Turnover	4	4,763,539	5,775,182
Cost of sales		<u>(329,134)</u>	<u>(290,466)</u>
Gross profit		4,434,405	5,484,716
Administrative expenses		<u>(3,859,229)</u>	<u>(3,383,185)</u>
Operating profit	5	575,176	2,101,531
Interest expense on lease liabilities	17	<u>(47,715)</u>	<u>—</u>
Profit on ordinary activities before tax		527,461	2,101,531
Tax on profit on ordinary activities	8	<u>—</u>	<u>15,612</u>
Profit for the year		<u><u>527,461</u></u>	<u><u>2,117,143</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 2019 (2018: nil)

The notes form an integral part of these financial statements.

OpenBet Retail Limited
Statement of Financial Position
For the year ended 31 December 2019

		2019	2018
		£	£
	Note		
Fixed assets			
Tangible assets	9	173,609	164,565
Intangible assets	10	461,530	272,035
		<u>635,139</u>	<u>436,600</u>
Current assets			
Right of use assets	11	461,957	—
Stock	12	—	48,210
Debtors	13	10,255,013	6,995,477
Corporation tax receivable		1,409	89,454
Deferred tax asset	14	912,540	901,438
Cash at bank and in hand		602,654	473,192
		<u>12,233,573</u>	<u>8,507,772</u>
Total assets		<u><u>12,868,712</u></u>	<u><u>8,944,372</u></u>
Current liabilities			
Trade and other payables	16	(3,971,856)	1,352,675
Lease liability	11	(777,698)	—
Total current liabilities		<u>(4,749,554)</u>	<u>1,352,675</u>
Net assets		<u><u>8,119,158</u></u>	<u><u>7,591,697</u></u>
Equity			
Share capital	15	10,981,315	10,981,315
Profit and loss account		(2,862,157)	(3,389,618)
Total equity		<u><u>8,119,158</u></u>	<u><u>7,591,697</u></u>

For the year ended 31 December 2019 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 16 November 2021 and signed on its behalf by:


J Levin
Director
Company Registration Number 02730742

OpenBet Retail Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2018	10,981,315	(5,506,761)	5,474,554
Profit for the period and total comprehensive expense	—	2,117,143	2,117,143
Balance at 31 December 2018	10,981,315	(3,389,618)	7,591,697
Profit for the period and total comprehensive expense	—	527,461	527,461
Balance at 31 December 2019	10,981,315	(2,862,157)	8,119,158

OpenBet Retail Limited
Notes to the Financial Statements
For the year ended 31 December 2019

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

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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.

Functional currency

The functional currency of the entity is Sterling (£)

Going concern

The Company has net assets of £8,119,158 (2018: £7,591,697) at 31 December 2019. The Company has received a parent company guarantee from its ultimate parent company, Scientific Games Corporation. The Director has reviewed the financial position of the Company and the wider group, including consideration of the uncertainties arising from the current economic environment and the consequential impact of this upon trading and financing. Following his review of the forecasts and projections of the Group as a whole and with continuing financial support from the ultimate parent company (should the Company require it), the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Director continues to adopt the going concern basis in preparing the financial statements.

OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

2. Significant accounting policies (*continued*)

IFRS 16, Leases

The Company adopted IFRS 16 'Lease Contracts' from 1 January 2019.

The Company rents an office in which the majority of its staff are based. Previously, each lease contract was qualified either as finance lease, or as operating lease, with accounting treatment appropriate for each category. In application of IFRS 16, all lease contracts are now recognised in right-of-use assets and in lease liabilities by a debt corresponding to the discounted value of future payments. Lease term is defined on a contract-by-contract basis and corresponds to the firm period of the commitment taking into account any optional periods that are reasonably certain to be exercised.

The transition method used consists in recognising the cumulative effect of the initial application as an adjustment on opening equity, by considering that the right-of-use asset of the underlying asset is equal to the amount of the lease liability, adjusted by the amount of rents paid in advance as well as lease incentives received from the landlord. The contractual rents corresponding to low unit value assets or to a short-term lease (less than 12 months) are recognized directly in expenses.

Effects of IFRS 16, Leases

In the context of the transition to IFRS 16, right-of-use assets of and lease liabilities of £917,134 were recognised as at 1 January 2019. Of these lease liabilities, £206,077 were due within one year. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted.

The following reconciliation to the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2019:

Operating lease obligations at 31 December 2019	(1,131,225)
Discounting	95,717
Additional lease liabilities as a result of the initial application of IFRS 16 as at 1 January 2019	(1,035,508)

The lease liabilities were discounted at the incremental borrowing rate as at 1 January 2019. The weighted average discount rate was 5%. In order to calculate the incremental borrowing rate, reference interest rates used by the group were used as reflection of the cost payable over time.

The adoption of IFRS 16 has had no impact on the opening reserves.

Leases are presented as follows in the statement of comprehensive income:

	1 January 2019
<i>Administrative expenses</i>	3,859,229
Depreciation on right-of-use assets	173,234
Other administrative expenses	3,685,995
<i>Finance costs</i>	47,715
Interest expense on lease liabilities	43,849
Other finance costs	3,866

OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

2. Significant accounting policies (continued)

Changes in accounting policy

Apart from IFRS16, Leases, none of the standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements for the year ended 31 December 2019 or the prior year comparative.

Revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product or service has been delivered and collectability is reasonably assured. Revenue is stated net of value added and similar taxes.

Revenue recognition is subject to a contract by contract review. In general, no material outstanding performance obligations must exist as relates to revenue prior to Revenue Recognition. Many of the Company's contracts contain multiple deliverables. In some circumstances, it is necessary to apply revenue recognition criteria to the separately identifiable components of a single transaction in order properly to reflect the substance of the transaction. In other circumstances, transactions are aggregated when two or more deliverables are linked in such a way that the commercial substance cannot be understood without reference to a series of transactions as a whole. Where a contract can be split into separate transactions, revenue attributed to undelivered elements is deferred, based on management's assessment of the fair value of those elements, using sector specific evidence.

Software License Revenue Recognition

License fees are recognised once all the relevant acceptance criteria have been met. Where license fees are for a specific term, or the Company is required to provide further functionality over a specific period, then the license fee is recognised rateably over the term to which it relates.

Support and Maintenance and Hardware Rental

Support and Maintenance is generally contracted on an annual basis and revenue is recognised rateably 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 2019

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.

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:

OpenBet Retail Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2019

2. Significant accounting policies (continued)

Depreciation (continued)

Asset class	Depreciation method and rate
Leasehold Improvements	Straight line over 36 months
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 2019

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 group 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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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 2019

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. Turnover

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

	2019	2018
	£	£
Rendering of services	2,227,192	2,594,515
Sale and installation of hardware	2,536,347	3,180,667
	<u>4,763,539</u>	<u>5,775,182</u>

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

	2019	2018
	£	£
UK	3,419,519	1,941,624
Europe	1,344,020	3,833,558
	<u>4,763,539</u>	<u>5,775,182</u>

5. Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Amortisation expense	121,974	118,793
Depreciation expense	65,101	75,981
Depreciation on right of use assets	173,234	—
Foreign exchange (gains)/losses	(135,686)	1,002
Operating lease expense - property	—	306,723

OpenBet Retail Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2019

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:

	2019	2018
	£	£
Wages and salaries	2,024,238	1,730,658
Social security costs	126,091	138,179
Pension costs, defined contribution scheme	78,679	79,460
	<u>2,229,008</u>	<u>1,948,297</u>

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

	2019	2018
	No.	No.
Administration and support	6	5
Sales, marketing and distribution	4	4
Other departments	21	22
	<u>31</u>	<u>31</u>

8. Tax on profit

	2019	2018
	£	£
Current taxation		
UK corporation tax	<u>11,102</u>	<u>—</u>
Deferred taxation		
Adjustments in respect of prior period	(11,102)	—
Origination/reversal of timing differences	<u>—</u>	<u>(15,612)</u>
	<u>(11,102)</u>	<u>(15,612)</u>

The tax assessed on the profit for the year is lower than the average standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

8. Tax on profit (continued)

The Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 budget it was announced that this reduction would not occur and the corporation tax rate would be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the Balance Sheet date and as a result, the deferred tax balances as at 31 December 2020 continued to be measured at 19%.

The result for the year can be reconciled below:

	2019	2018
	£	£
Profit before taxation	<u>527,461</u>	<u>2,101,531</u>
Profit by rate of tax	100,218	399,291
Effects of:		
Expenses not deductible for tax purposes	2,773	2,379
Capital allowances in excess of depreciation	12,369	15,073
Movements in deferred tax	(11,102)	(15,612)
Group relief surrendered	—	(416,743)
Adjustments in respect of prior year	11,102	—
Utilisation of prior year losses	<u>(115,360)</u>	<u>—</u>
Total tax result	<u>—</u>	<u>(15,612)</u>

OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

9. Tangible assets

	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost			
Balance at 1 January 2018	1,425,296	12,909	1,438,205
Disposals	(14,630)	—	(14,630)
Balance at 31 December 2018	1,410,666	12,909	1,423,575
 Additions	 74,145	 —	 74,145
Balance at 31 December 2019	1,484,811	12,909	1,497,720
 Depreciation			
Balance at 1 January 2018	1,182,058	12,249	1,194,307
Charge for the year	75,584	396	75,980
Disposals	(11,277)	—	(11,277)
Balance at 31 December 2018	1,246,365	12,645	1,259,010
 Charge for the year	 64,837	 264	 65,101
Balance at 31 December 2019	1,311,202	12,909	1,324,111
 Carrying amount			
At 31 December 2018	164,301	264	164,565
 At 31 December 2019	173,609	—	173,609

OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

10. Intangible assets

	Software development	Total
	£	£
Cost		
Balance at 1 January 2018	1,699,640	1,699,640
Additions	211,915	211,915
Balance at 31 December 2018	<u>1,911,555</u>	<u>1,911,555</u>
Additions	311,470	311,470
Balance at 31 December 2019	<u><u>2,223,025</u></u>	<u><u>2,223,025</u></u>
Depreciation		
Balance at 1 January 2018	1,520,728	1,520,728
Charge for the year	118,793	118,793
Balance at 31 December 2018	<u>1,639,521</u>	<u>1,639,521</u>
Charge for the year	121,974	121,974
Balance at 31 December 2019	<u><u>1,761,495</u></u>	<u><u>1,761,495</u></u>
Carrying amount		
At 31 December 2018	<u><u>272,034</u></u>	<u><u>272,034</u></u>
At 31 December 2019	<u><u>461,530</u></u>	<u><u>461,530</u></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 2019

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.

	2019	2018
	£	£
Cost	1,035,508	—
Impairment on recognition of onerous lease	(400,317)	—
Accumulated depreciation	(173,234)	—
Net carrying amount at 31 December 2019	461,957	—

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.

	2019	2018
	£	£
Current lease liabilities	(270,755)	—
Non-current lease liabilities	(506,943)	—
Net carrying amount at 31 December 2019	(777,698)	—

Maturity analysis - contractual undiscounted cash flows

	2019	2018
	£	£
Less than one year	326,798	310,658
One to five years	502,767	827,287
Net carrying amount at 31 December 2019	829,565	1,137,945

12. Stock

	2019	2018
	£	£
Finished goods and goods for resale	—	48,210
	—	48,210

OpenBet Retail Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2019

13. Trade and other debtors

	2019	2018
	£	£
Trade debtors	650,070	640,678
Provision for impairment of trade debtors	—	(41,063)
Net trade debtors	<u>650,070</u>	<u>599,615</u>
Debtors from parent	138,763	—
Debtors from other group companies	9,083,033	5,969,122
Other debtors	91,387	44,229
Accrued income	250,000	167,020
Prepayments	41,760	215,491
Total current trade and other debtors	<u>10,255,013</u>	<u>6,995,477</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.

14. 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.

	2019	2018
	£	£
At 1 January	901,438	885,826
Origination/unwinding of timing differences	11,102	15,612
At 31 December	<u>912,540</u>	<u>901,438</u>

Deferred tax relates to timing difference on fixed assets and has been provided at 19% (2018: 19%).

15. Share capital

Allotted, called up and fully paid shares

	2019		2018	
	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 2019

16. Trade and other creditors

	2019	2018
	£	£
Trade creditors	169,316	13,918
Accrued expenses	80,715	181,056
Amounts due to other group companies	3,533,817	265,820
Social security and other taxes	57,899	499,870
Deferred income	130,109	392,011
	<u>3,971,856</u>	<u>1,352,675</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.

17. Interest payable and similar expenses

	2019	2018
	£	£
Interest payable on lease liabilities	43,849	—
Other interest payable	3,866	—
	<u>47,715</u>	<u>—</u>

18. 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 ultimate controlling party is Scientific Games Corporation which is incorporated and registered in the United States of America. This is the smallest and largest company to prepare consolidated accounts. Copies of the accounts of Scientific Games Corporation, in which the Company's results are consolidated, can be obtained from Scientific Games Corporation, 6601 Bermuda Road, Las Vegas, NV 89119.

OpenBet Retail Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2019

16. Trade and other creditors

	2019	2018
	£	£
Trade creditors	169,316	13,918
Accrued expenses	80,715	181,056
Amounts due to other group companies	3,533,817	265,820
Social security and other taxes	57,899	499,870
Deferred income	130,109	392,011
	<u>3,971,856</u>	<u>1,352,675</u>

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	£	£
Interest payable on lease liabilities	43,849	—
Other interest payable	3,866	—
	<u>47,715</u>	<u>—</u>

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OpenBet Retail Limited
Notes to Financial Statements (*continued*)
For the year ended 31 December 2019

19. Non-adjusting subsequent event

During the first quarter of 2020, the identification and subsequent widespread transmission of a new coronavirus has resulted in a reduction of global economic activity, substantial closures of retail premises and significant change in the behaviour of consumers. The continued impact of the Coronavirus disease (COVID-19) outbreak is providing an ongoing uncertainty and challenges across a large number of industries and countries across the world. Many countries have maintained extraordinary and economically costly containment measures.

The experience to date suggest that OpenBet Retail Limited is not heavily impacted by the outbreak.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that the recent events are not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

20. Post Statement of Financial Position event

Sale of business

On 29 June 2021 the entity's parent company, 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, Scientific Games Corporation announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. This agreement is subject to regulatory and shareholder approval.