

Annual Report and Financial Statements
Company Number: 03538502
Bally Gaming and Systems UK Limited

WEDNESDAY



ABJD1534

A06

21/12/2022

#311

COMPANIES HOUSE

COMPANY REGISTRATION NUMBER: 03538502

Bally Gaming and Systems UK Limited
Annual Report and Financial Statements
For the Year Ended
31 December 2021

Contents	Page
<u>Officers and Professional Advisers</u>	<u>2</u>
<u>Strategic Report</u>	<u>3</u>
<u>Director's Report</u>	<u>5</u>
<u>Statement of Director's Responsibilities</u>	<u>7</u>
<u>Independent Auditor's Report to the Members of Bally Gaming and Systems UK Limited</u>	<u>8</u>
<u>Statement of Comprehensive Income</u>	<u>12</u>
<u>Statement of Financial Position</u>	<u>13</u>
<u>Statement of Changes in Equity</u>	<u>14</u>
<u>Notes to the Financial Statements</u>	<u>15</u>

Bally Gaming and Systems UK Limited
Officers and Professional Advisers
Year Ended 31 December 2021

Director	C P James
Secretary	D J G May
Registered Office	XYZ Building Level 2 2 Hardman Boulevard Spinningfields Manchester M3 3AG
Auditor	Deloitte LLP Statutory Auditor 1 City Square Leeds LS1 2AL
Bankers	Bank of America Merrill Lynch 2 King Edward Street London EC1A 1HQ

Bally Gaming and Systems UK Limited

Strategic Report

Year Ended 31 December 2021

The Director presents the strategic report for Bally Gaming and Systems UK Limited ("the Company") for the year ended 31 December 2021.

Principal Activity

The Company is predominantly a holding company for Light & Wonder, Inc. (formerly known as Scientific Games Corporation), referred to as "the Group".

Performance and KPIs

During the year the Company made a loss after tax of £438,000 (2020: loss after tax of £4,665,000). At the year end the Company has an investment value of £491,490,000 (2020: £491,490,000) and net assets of £499,631,000 (2020: £500,069,000).

As a holding company there are not considered to be any KPIs. The Company is continuing to undertake preparation to strike off four of the dormant entities which it indirectly holds, these have been presented within note 9 of the financial statements.

Principal risks and uncertainties

The principal risk facing the Company is from its underlying investments, which are held in the Gaming industry. The Director and the management team monitor market conditions, general economic trends and competitor activity within its investments to ensure appropriate steps are taken to manage these risks.

Section 172(1) statement

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

The Company was formed in 2018 to act as an intermediate holding company within the Group. It undertakes no significant business activity. The Company is a wholly owned subsidiary and does not have any employees. Accordingly, the Director does not consider the factors listed in section 172 (1)(b) (interests of the company's employees), section 172 (1)(d) (the impact of the Company's operations on the community and the environment) or Section 172 (1)(f) (need to act fairly between the members of the company) to be relevant to the proper discharge of his duty under section 172. The duties of the Director 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 Company's subsidiaries have business relationships that 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 Light & Wonder, Inc. the Director considers 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.

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.

The Company has identified three main stakeholders which are relevant to the proper discharge of the duty of the Director of relevant group companies under section 172(1) to promote the success of the company. These are:

- The Company's customers;
- The Company's suppliers; and
- The Company's lenders and owners.

Bally Gaming and Systems UK Limited

Strategic Report (continued)

Year Ended 31 December 2021

Section 172(1) statement (continued)

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 Bally Gaming and Systems Holdings Limited and ultimately owned by Light & Wonder Inc. (formerly known as Scientific Games Corporation). All decisions made by the Director are fully aligned with the interests of these members.

Financial Risk Management Objectives and Policies

Financial risk

All key financial figures are monitored on an ongoing basis.

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.

Going concern

The Company is a holding company for Light & Wonder, Inc. (formerly known as Scientific Games Corporation). The Company does not have an active trading position and currently holds net assets of £499,631,000 at 31 December 2021 (2020: £500,069,000). 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 also received a letter of support provided by the Group's ultimate parent undertaking. 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.

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


C P James
Director

Bally Gaming and Systems UK Limited

Director's Report

Year Ended 31 December 2021

The Director presents the annual report, together with the audited financial statements, for Bally Gaming and Systems UK Limited ("the Company") for the year ended 31 December 2021.

Dividends

There have been no dividends proposed or paid during the year, and none are proposed to be paid. (2020: *nil*).

Directors

The Directors who served during the year, and subsequently, up to the date of this report were:

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

C P James (appointed 15 October 2021)

None of the Directors who have held office held any interests in shares of the Company.

Political and charitable donations

The Company has not made any political or charitable donations during the year.

Future developments

The Company will continue to operate as a holding company.

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 Director's 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 the steps that they ought to have taken as Director in order 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 section 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.

Fostering Business Relationships

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 all its stakeholder groups. Further information is included in the Strategic Report.

Bally Gaming and Systems UK Limited

Director's Report (*continued*)

Year Ended 31 December 2021

Post statement of financial position event

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. Bally Gaming and Systems UK Limited indirectly holds a number of subsidiaries that form a part of the Sports betting business unit. Following this on 27 September 2021, Light & Wonder, Inc. announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. The divestment of the Sports Betting business completed on 30 September 2022 and a number of the Company's indirect subsidiaries were disposed on this date.

As part of the sale, the following entities were disposed of:

- OpenBet Hellas S.A
- OpenBet Holdco Limited
- OpenBet New Zealand Limited
- OpenBet North America Corporation
- OpenBet Asia Pacific Pty Ltd
- OpenBet India Private Limited
- OpenBet Limited
- OpenBet Retail Limited
- OpenBet Singapore Pte. Limited
- OpenBet Technologies Limited

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



C P James
Director

Bally Gaming and Systems UK Limited
Statement of Director's Responsibilities
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 directors have elected to prepare the 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 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.

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.

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.

Bally Gaming and Systems UK Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems UK Limited
Year Ended 31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bally Gaming and Systems UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation 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 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 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 directors with respect to going concern are described in the relevant sections of this report.

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 contained 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.

Bally Gaming and Systems UK Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems UK Limited
(continued)

Year Ended 31 December 2021

Other information (continued)

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 statement of director's responsibilities, 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 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 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 company's industry and its control environment, and reviewed the company'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 company 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 including IFRS, the Companies Act, Employment law and Anti-Money Laundering, Bribery and Corruption; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included relevant laws and regulations applicable to the company and the sector it operates in.

We discussed among the audit engagement team including relevant internal specialists such as tax 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.

Bally Gaming and Systems UK Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems UK Limited
(continued)

Year Ended 31 December 2021

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the director's 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, 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.

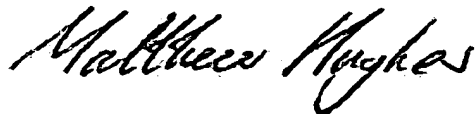
We have nothing to report in respect of these matters.

Bally Gaming and Systems UK Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems UK Limited
(continued)

Year Ended 31 December 2021

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), ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

14 December 2022

Bally Gaming and Systems UK Limited
Statement of Comprehensive Income
For the Year Ended 31 December 2021

		2021	2020
	Note	£000	£000
Turnover	4	138	141
Cost of sales		<u>—</u>	<u>—</u>
Gross profit		138	141
 Operating expenses		 (195)	 (121)
Impairment of investment in subsidiary		<u>—</u>	<u>(5,169)</u>
Operating loss	5	(57)	(5,149)
 Interest payable and similar expenses	6	 (174)	 (179)
Net (loss)/gain on foreign exchange differences		<u>(207)</u>	<u>663</u>
Loss before tax		(438)	(4,665)
 Tax on loss	8	 <u>—</u>	 <u>—</u>
Loss for the year		<u>(438)</u>	<u>(4,665)</u>

The above results were derived from continuing operations.

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

The notes form part of these financial statements.

Bally Gaming and Systems UK Limited
Statement of Financial Position
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Non-current assets			
Investments	9	491,490	491,490
Long term debtors	10	23,420	—
Total non current assets		<u>514,910</u>	<u>491,490</u>
Current assets			
Debtors	10	7,658	31,243
Cash at bank and in hand		195	70
Total current assets		<u>7,853</u>	<u>31,313</u>
Total assets		<u>522,763</u>	<u>522,803</u>
Trade and other payables	11	(23,132)	(22,734)
Total current liabilities		<u>(23,132)</u>	<u>(22,734)</u>
Total assets less current liabilities		<u>499,631</u>	<u>500,069</u>
Net assets		<u>499,631</u>	<u>500,069</u>
Equity			
Called up share capital	13	—	—
Share premium	14	491,109	491,109
Other reserves		4,500	4,500
Profit and loss account		4,022	4,460
Total Equity		<u>499,631</u>	<u>500,069</u>

The notes form part of these financial statements.

Approved by the Board and authorised for issue on 14 December 2022 by:



C P James
Director
Company registration number: 03538502

Bally Gaming and Systems UK Limited
Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up Share Capital	Share Premium	Profit & Loss Account	Other Reserves	Total
	(Note 13)	(Note 14)			
	£000	£000	£000	£000	£000
Balance at 1 January 2020	—	491,109	9,125	4,500	504,734
Loss for the year and total comprehensive expense	—	—	(4,665)	—	(4,665)
Balance at 31 December 2020	<u>—</u>	<u>491,109</u>	<u>4,460</u>	<u>4,500</u>	<u>500,069</u>
Loss for the year and total comprehensive expense	—	—	(438)	—	(438)
Balance at 31 December 2021	<u>—</u>	<u>491,109</u>	<u>4,022</u>	<u>4,500</u>	<u>499,631</u>

Bally Gaming and Systems UK Limited
Notes to the Financial Statements
For the Year Ended 31 December 2021

1 General Information

Bally Gaming and Systems UK Limited ('the Company') is a private company limited by share capital, registered in England and Wales and incorporated in the UK under the Companies Act 2006. The address of the registered office is:

XYZ Building
Level 2
2 Hardman Boulevard
Manchester
M3 3AG

2 Significant accounting policies

Basis of preparation

The financial statements have been 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 Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. The results of the Company are included in the consolidated accounts of the ultimate parent company, Light & Wonder, Inc. which is a company registered in the United States of America - see note 15.

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.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

2 Significant accounting policies (continued)

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 and in some cases had not yet been adopted:

Annual amendments to IFRS Standards 2018-2020 (May 2020)	<i>Annual amendments to IFRS Standards 2018-2020</i>
Amendments to IFRS 3 (May 2020)	<i>References to the conceptual framework</i>
IAS 1 (amendments)	<i>Classification of liabilities as current or non-current</i>
IAS 1 (amendments)	<i>Classification of liabilities as current or non-current - Deferral of effective date</i>
IAS 1 and IFRS Practice Statement 2 (amendments)	<i>Disclosure of accounting policies</i>
IAS 12 (amendments)	<i>Deferred tax relating to assets and liabilities arising from a single transaction</i>
IAS 8 (amendments)	<i>Definition of accounting estimates</i>

Going concern

The Company is predominantly a holding company, with a small amount of historical trading still in place, and has net assets of £499,631,000 (2020: £500,069,000) at 31 December 2021. The Company has received a parent company guarantee from its ultimate parent company, Light & Wonder, Inc. (formerly known as Scientific Games Corporation). 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 also received a letter of support provided by the Group's ultimate parent undertaking. 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.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Financial Instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

2 Significant accounting policies (continued)

Financial Instruments (continued)

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in the Statement of Comprehensive Income.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

2 Significant accounting policies (continued)

Financial Instruments (continued)

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the relevant performance obligations which have been transferred to the customer, this has been determined as follows:

- Other income is recognised in the period it is receivable and to the extent that the Company has provided goods and services to the Group.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the Statement of Financial Position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

2 Significant accounting policies (continued)

Impairment of assets

At each statement of position date, the Company reviews the carrying amounts of its 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.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Director considers that there are no critical accounting judgements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

4 Turnover

	2021	2020
	£000	£000
Sale of goods	102	102
License fees	36	39
	<u>138</u>	<u>141</u>

All turnover in the current and prior year is derived within the United Kingdom.

5 Operating loss

Operating loss is stated after charging:

	2021	2020
	£000	£000
Auditor's remuneration - audit of financial statements	18	12
Auditor's remuneration - non-audit fees	<u>—</u>	<u>—</u>

6 Interest payable and similar charges

	2021	2020
	£000	£000
Interest payable on loans from fellow subsidiaries	99	75
Interest payable on loans from other group companies	75	104
	<u>174</u>	<u>179</u>

7 Directors' remuneration

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 services as Directors of the Company.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

8 Taxation

	2021	2020
	£000	£000
<i>Current tax</i>		
Current tax on income for the year	—	—
<i>Deferred tax</i>		
Origination and reversal of timing differences	—	—
Total tax expense included in the Statement of Comprehensive Income Account	—	—

The tax assessed for the year is higher (2020: higher than) than the standard rate of corporation tax in the UK applied to loss for the year. The result for the year can be reconciled below:

	2021	2020
	£000	£000
Loss before taxation	(438)	(4,665)
Tax at 19.00%	(83)	(886)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	—	982
Group relief surrendered/(utilised)	83	(96)
Total tax result	—	—

There is £nil unprovided deferred tax at 31 December 2021 (2020: £nil)

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%.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

9 Investments

	2021	2020
	£000	£000
Cost		
At 1 January 2021	497,554	497,554
At 31 December 2021	<u>497,554</u>	<u>497,554</u>
Provision for impairment		
At 1 January 2021	(6,064)	(895)
Charge	<u>—</u>	<u>(5,169)</u>
At 31 December 2021	<u>(6,064)</u>	<u>(6,064)</u>
Net book value	<u>491,490</u>	<u>491,490</u>

The Company tests impairments annually for impairment or more frequently if there are indications that investments might be impaired. Recoverable amounts are based on forecasts of future earnings in the medium term, which are based on expectations and past results. These forecasts are then extrapolated over the longer term and discounted at the company's weighted average which is currently 12.5%. Where no meaningful growth is expected in the medium term, investments are impaired to their net asset value.

The Company has the following direct and indirect subsidiaries:

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
E-Sys Technologie Em Informatica S.A	Direct	Rua José Marques Pinheiro Filho, no. 301, Piso Superior, Vila Harmonia, CEP 14802-480, Araraquara, São Paulo, Brazil	70%	Content studio
Red7Mobile Limited	Direct	1 Howarth Court, Gateway Crescent, Oldham OL9 9XB	100%	Content studio
Customized Games Limited	Direct	1 Howarth Court, Gateway Crescent, Oldham OL9 9XB	100%	Content studio
SG Digital UK Holdings Limited	Direct	1 Howarth Court, Gateway Crescent, Oldham OL9 9XB	100%	Intermediate holding company
NYX Gaming Group LLC	Indirect	6601 Bermuda Road, Las Vegas, Nevada, 89119, USA	100%	Intermediate holding company
NYX Digital Gaming (OB Holdings) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 366 Chiswick High Road, London W4 5XT	100%	Intermediate holding company
NYX Interactive AB	Indirect	Bryggargatan 4, 111 21, Stockholm, Sweden	100%	Distribution of digital casino gaming

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

9 Investments (continued)

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
NYX Digital Holdings (Bet Digital Holdings) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company
NextGen Gaming Pty Limited	Indirect	Levels 5 and 6, 99 Mount Street, North Sydney, NSW 2060	100%	Content studio
OpenBet Holdco Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company
SG Digital (Gibraltar) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
CryptoLogic Limited	Indirect	The Grange, St. Peters Port, Guernsey, GY1 2QJ	100%	Inactive entity
NYX Digital Gaming (Canada) ULC	Indirect	666 Burrard Street, Suite 1700, Park Place, Vancouver, BC, V6C 2X8, Canada	100%	Distribution of digital sports and casino gaming
OpenBet Technologies Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
Betdigital Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Content studio
OnGame Network Limited	Indirect	57/63 Line Wall Road, PO Box 199, Gibraltar	100%	Inactive entity
Game 360 S.R.L	Indirect	Via Euclide Turba, 1, 00195, Roma RM, Italy	100%	Distribution of digital sports and casino gaming
NextGen Gaming (USA) LLC	Indirect	6601 Bermuda Road, Las Vegas, Nevada, 89119, USA	100%	Distribution of digital sports and casino gaming
Lightning Box Games Pty Limited	Indirect	Unti 11, 330 Wattle Street, Ultimo, New South Wales 2007, Australia	100%	Distribution of digital sports and casino gaming
OpenBet Singapore Pte Limited	Indirect	6 Raffles Quay, #33-03, Singapore 048581	100%	Distribution of digital sports and casino gaming
OpenBet New Zealand Limited	Indirect	Level 12, 55 Shortland Street, Auckland, 1010 New Zealand	100%	Distribution of digital sports and casino gaming
OpenBet North America Corporation	Indirect	199 Bay Street, Suite 4000, Commerce Court West, Toronto, ON M5L 1A9, Canada	100%	Distribution of digital sports and casino gaming
SG Digital Holdco Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

9 Investments (continued)

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 Retail Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
SG Digital Limited	Indirect	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 Ltd	Indirect	Tower Two, Collins Square Level 36, 727 Collins Street, Docklands, Victoria 3008	100%	Distribution of digital sports and casino gaming
OpenBet Hellas S.A.	Indirect	36 Kifissias Avenue, Marousi 15125, Athens, Greece	100%	Content studio
OpenBet Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
NYX Gaming (Krakow) sp z.o.o.	Indirect	Al. 29 Listopada 20, 31-401 Krakow, Poland	100%	Content studio
OpenBet India Private Limited	Indirect	Level 8, Navigator Building ITPL, Whitefield Road, Bangalore, KA 560066, India	100%	Content studio
CryptoLogic Calleo ULC	Indirect	1300-1969 Upper Water Street, Purdy's Wharf Tower II, Halifax, NS B3J 3R7	100%	Inactive entity
CryptoLogic (Asia Pacific) Pte Ltd	Indirect	180 Clemenceau, #02-02, Haw Par Centre, Singapore 239922	100%	Inactive entity
CryptoLogic Inc	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9, Canada	100%	Inactive entity
CryptoLogic Exchange Corporation	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9, Canada	100%	Inactive entity
WagerLogic Limited	Indirect	P.C. 1095, Nicosia, Cyprus	100%	Inactive entity
Davisville Game Studio Inc	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9, Canada	100%	Inactive entity

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

9 Investments (continued)

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
A.L.I. Online Inc	Indirect	666 Burrard Street, Suite 1700, Park Place, Vancouver, BC, V6C 2X8, Canada	100%	Inactive entity
WagerLogic (UK) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Inactive entity
Hillbeck Trading Limited	Indirect	P.C. 1095, Nicosia, Cyprus	100%	Inactive entity
NYX Digital Gaming (Canada) ULC	Indirect	666 Burrard Street, Suite 1700, Park Place, Vancouver, BC, V6C 2X8, Canada	100%	Distribution of digital sports and casino gaming
NYX Digital Gaming (Alberta) Inc	Indirect	4300 Bankers Hall West, 888-3rd Street, S.W. Calgary, AB, T2P 5C5, Canada	100%	Content studio
NYX Digital Gaming (Alderney) Limited	Indirect	1 The Crusher, Braye Harbour, Alderney, GY9 3XX	100%	Distribution of digital sports and casino gaming
Wagerlogic (Ireland) Limited	Indirect	Third Floor Marine House, Clanwilliam Place, Dublin 2, Republic of Ireland	100%	Inactive entity
NYX Digital Gaming (Malta Holdings) Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Intermediate holding company
Les Studio Side City Inc / Side City Studios Inc	Indirect	385, Place d'Youville, Suite 300 Montreal, QC H2Y 2B7, Canada	100%	Content studio
NYX Digital Gaming (Gibraltar II) Limited	Indirect	57/63 Line Wall Road, PO Box 199, Gibraltar	100%	Inactive entity
NYX Digital Gaming (Guernsey) Limited	Indirect	The Grange, St. Peters Port, Guernsey, GY1 2QJ	100%	Intermediate holding company
Jadestone Networks (Malta) Ltd	Indirect	Level 3, Suite No 816, Tower Business Centre, Tower Street, Swatar BKR 4013, Malta	100%	Distribution of digital sports and casino gaming
SG Digital Gaming (Malta) Limited	Indirect	Vincenti Buildings, 28/19, Suite 1685, Strait Street, Valletta VLT 1432, Malta	100%	Inactive entity

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

10 Debtors

Non current debtors

	2021	2020
	£000	£000
Amounts owed by subsidiaries	22,872	—
Amounts owed by other group companies	548	—
Total debtors due after more than one year	<u>23,420</u>	<u>—</u>

Amounts owed by subsidiaries and other group companies are unsecured, interest free and repayable on demand. Although these amounts are repayable on demand, they are not expected to be settled within the next twelve months.

Current debtors

	2021	2020
	£000	£000
Trade debtors	—	53
Amounts owed by other group companies	1,837	2,551
Amounts owed by subsidiaries	3,148	26,019
Amounts owed by immediate parent company	2,673	2,620
	<u>7,658</u>	<u>31,243</u>

Amounts owed by other group companies, subsidiaries and the immediate parent company are unsecured, interest free and repayable on demand. All related party transactions are carried out on an arm's length transaction basis.

11 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to other group companies	20,889	20,560
Amounts owed to subsidiaries	1,325	1,235
Other taxes and social security	162	188
Accruals and deferred income	17	12
Shares classified as liabilities (see note 13)	375	375
Accrued preference dividend (see note 13)	364	364
	<u>23,132</u>	<u>22,734</u>

Amounts owed to other group companies and subsidiaries are unsecured, interest free and repayable on demand. All related party transactions are carried out on an arm's length transaction basis.

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2021

12 Provision for liabilities

	2021	2020
	£000	£000
At 1 January	—	(1,358)
Settlement	—	1,358
At 31 December	—	—

The deferred consideration to the former owners of Red7 Mobile Limited was paid on 12 February 2020.

13 Called up share capital and reserves

	2021	2020
	£000	£000
Allotted and fully paid		
7,500 ordinary 'A' shares of £0.01 each	—	—
2,500 ordinary 'B' shares of £0.01 each	—	—
	<u>—</u>	<u>—</u>
Allotted and fully paid		
375,000 redeemable preference shares of £0.01 each	375	375

The preference shares of the Company carry a cumulative right to dividends at a rate of 7.5% per annum. The preference shareholders have the right to one vote per share whilst preference dividends remain unpaid.

All the preference shares in the Company became redeemable in May 2003 when the Company was sold to SG Gaming Incorporated (formerly known as Bally Gaming Incorporated)

The arrears of fixed cumulative preference dividends are as follows:

	2021	2020
	£000	£000
Accrued preference dividend	<u>364</u>	<u>364</u>

14 Share premium account

	2021	2020
	£000	£000
Balance at 1 January and 31 December	<u>491,109</u>	<u>491,109</u>

Bally Gaming and Systems UK Limited
Notes to the Financial Statements (*continued*)
For the Year Ended 31 December 2021

15 Immediate parent disclosure

The immediate parent company is Bally Gaming and Systems Holdings Limited, which is registered in England and Wales. The ultimate parent and controlling party is Light & Wonder, Inc. (formerly known as Scientific Games Corporation) which is incorporated and registered in the United States of America. This is both the smallest and largest company to prepare consolidated accounts. Copies of these financial statements, in which the Company's results are consolidated, can be obtained from Light & Wonder, Inc. 6601 Bermuda Road, Las Vegas, NV 89119.

16 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. Bally Gaming and Systems UK Limited indirectly holds a number of subsidiaries that form a part of the Sports betting business unit. Following this on 27 September 2021, Light & Wonder, Inc. announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. The divestment of the Sports Betting business completed on 30 September 2022 and a number of the Company's indirect subsidiaries were disposed on this date.