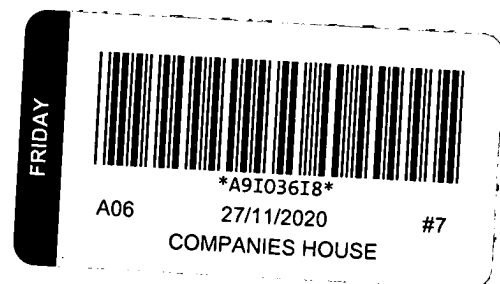


Annual Report and Financial Statements

Sporting Odds Limited

For the year ended 31 December 2019



SPORTING ODDS LIMITED

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SPORTING ODDS LIMITED

COMPANY INFORMATION

DIRECTORS

A Lewis
W Longton

INDEPENDENT AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
London
E14 5GL

REGISTERED OFFICE

3rd Floor
One New Change
London
EC4M 9AF

COMPANY NUMBER

03655231

SPORTING ODDS LIMITED

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company's principal activity is the offering of interactive betting over the internet to customers under an interim Greek licence. The Company forms part of the GVC Holdings PLC Group (the Group).

The Company's key financial performance indicators during the year were as follows:

	2019	2018
	£'000	£'000
Revenue	53,703	43,795
Profit/(loss) for the financial year	49,103	(171,775)
Shareholders' deficit	92,757	141,860

Revenue has increased by £9,908,000 since the prior year driven by increased customer activity.

Profit for the year had increased by £220,878,000 since the prior year. This is driven slightly by revenue increases as discussed above, but the more significant impact has been driven by the activity described in note 13.

The shareholders deficit has reduced by £49,103 000 as a direct result of the profit made in the year.

Please see the paragraph below for information regarding to an ongoing tax assessment.

FUTURE DEVELOPMENTS

During 2020 the Greek Government published new regulations for the online gambling industry in Greece, which will completely replace the interim licensing regime when they take effect, expected to be in 2021. The Company has applied for a license under the new regulations to operate the Sportingbet brand in Greece. Two other companies within the Group have applied for licenses to operate the bwin and Vistabet brands in Greece. If and when those new licenses are awarded, expected to be in 2021, the Company expects to sell its bwin and Vistabet businesses to those other companies.

PRINCIPAL RISK AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are broadly grouped as:

- **Economic risk**
The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.
- **Competitor risk**
The Directors of the Company manage competition through close attention to market research and benchmarking with competition.
- **Financial risk**
The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.
- **Legal and regulatory risk**

From time to time the Company may be subject to legal claims and actions. The Company takes legal advice as to the likelihood of success of the claims and actions and no provision or disclosure is made where the Directors feel, based on that advice, that action is unlikely to result in a material loss or a sufficiently reliable estimate of the potential obligation cannot be made. Further information about any ongoing claims is given in note 13.

GVC Holdings PLC reviews and evaluates key risks and uncertainties faced by the group as part of the reviews undertaken at its regular board meetings. The impact of risks and uncertainties of the Company is considered as part of this review process.

The Company has no other significant risks or uncertainties other than those that arise from being a part of the GVC Holdings PLC. The significant risks or uncertainties, including the Company's exposure to financial risk management and BREXIT are dealt with on pages 60 to 66 presented in the Annual Report 2019 of GVC Holdings PLC.

SPORTING ODDS LIMITED

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

S172 STATEMENT

In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172(1)(a) to (f).

When making decisions throughout the year the directors have taken into consideration, and had regard to, the Company's shareholders, stakeholders, business relationships, employees, reputation for high standards, the community and environment and the impact of the Board's decision making on the long term success of the business.

The Company is a wholly owned subsidiary of GVC Holdings PLC and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy, employee well-being, and environmental and social responsibility set by the GVC group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the GVC group and are committed to driving further improvements in shareholder and stakeholder engagement.

The 2019 annual report and accounts for GVC Holdings PLC can be found here: <https://gvc-plc.com/wp-content/uploads/2020/04/GVC-2019-Annual-Report-and-Accounts.pdf>

FINANCIAL POSITION

As at 31 December 2019 the Company had net liabilities of £92,757,000 (31 December 2018: £141,860,000).

On behalf of the board



W Longton

Director

20 November 2020

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Registered Office : 3rd Floor One New Change, London, EC4M 9AF
Company Number: 03655231

The Company has paid no dividends during the year (2018: £nil). The directors do not recommend payment of a further dividend for the year (2018: £nil).

FINANCIAL RISK MANAGEMENT

GOING CONCERN

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, to meet its liabilities as they fall due for that period. This includes assurances that the Group will provide support to the Company in relation to the Greek tax enquiry (see note 13).

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

POLITICAL DONATIONS

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

SPORTING ODDS LIMITED

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

DIRECTORS' INDEMNITIES AND INSURANCE

GVC Holdings PLC maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, have received an indemnity from the group to the extent permitted by law throughout the period and up to the date of signing this report. Neither the indemnity nor the insurance will provide cover in situations where a director has acted fraudulently or dishonestly.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office following a resolution put to the shareholders at the Annual General Meeting.

MODERN SLAVERY

GVC Holdings PLC and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The Group's full modern slavery statement can be found at <https://gvc-plc.com/corporate-responsibility/modern-slavery-statement/>.

On behalf of the Board



W Longton
Director

20 November 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTING ODDS LIMITED

Opinion

We have audited the financial statements of Sporting Odds Limited ("the company") for the year ended 31 December 2019 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTING ODDS LIMITED (continued)

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Michael Harper

Michael Harper (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London, E14 5GL
23 November 2020

SPORTING ODDS LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £'000 Total	<u>2018</u> £'000 Total
Revenue	5a	53,703	43,795
Cost of sales		(22,799)	(20,650)
Operating expenses		(710)	(1,305)
Operating profit before separately disclosed items		30,194	21,840
Separately disclosed items	5b	24,271	(187,628)
Profit/(loss) before taxation	5c	54,465	(165,788)
Tax on profit/(loss)	7	(5,362)	(5,987)
Profit/(loss) and total comprehensive income/(loss) for the financial year		49,103	(171,775)

All items dealt with in arriving at the profit/(loss) before taxation relate to continuing operations unless otherwise stated.

There are no items of other comprehensive income/(loss) in the year presented. Therefore, no separate statement of comprehensive income has been prepared.

The notes on pages 11 to 18 form an integral part of these financial statements.

SPORTING ODDS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2019**Company number: **00775667**

		<u>2019</u>	<u>2018</u>
	<u>Note</u>	£'000	£'000
CURRENT ASSETS			
Trade and other receivables	8	161,853	107,976
Cash at bank and in hand		8,760	7,876
		<u>170,613</u>	<u>115,852</u>
CURRENT LIABILITIES			
Trade and other payables	9	(214,107)	(138,643)
Provisions for liabilities and charges	10	(49,263)	(119,069)
		<u>(263,370)</u>	<u>(257,712)</u>
NET CURRENT LIABILITIES		<u>(92,757)</u>	<u>(141,860)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(92,757)</u>	<u>(141,860)</u>
NET LIABILITIES		<u>(92,757)</u>	<u>(141,860)</u>
EQUITY			
Issued share capital	11	1,000	1,000
Share premium account		1,500	1,500
Retained deficit		<u>(95,257)</u>	<u>(144,360)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(92,757)</u>	<u>(141,860)</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the board of directors on 20 November 2020 and were signed on its behalf by:



W Longton
Director

20 November 2020

SPORTING ODDS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called share capital	Share premium account	Retained earnings/ (deficit)	Total shareholders' funds/(deficit)
	£'000	£'000	£'000	£'000
At 31 December 2017	1,000	1,500	27,415	29,915
Loss and total comprehensive loss for the year	-	-	(171,775)	(171,775)
At 31 December 2018	1,000	1,500	(144,360)	(141,860)
Profit and total comprehensive income for the year	-	-	49,103	49,103
At 31 December 2019	1,000	1,500	(95,257)	(92,757)

The notes on pages 11 to 18 form an integral part of these financial statements.

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

Sporting Odds Limited ('the Company') is a private company limited by shares incorporated and domiciled in England and Wales within the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' Report.

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors.

2. BASIS OF PREPARATION

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling, which differs from the Company's functional currency of Euros. Any differences arising on the translation from Euros to Sterling have been taken into account in arriving at the operating profit. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The accounting policies which follow in note 4 set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) IAS 1 Presentation of Financial Statements
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of IAS16.73 (e) comparative information
- d) IAS 8.30-31 Accounting Policies, Changes in Accounting Estimates and Errors;
- e) IAS 24 Related Party Disclosures
- f) the requirements of paragraph 17 of IAS 24;
- g) Paragraphs 113 (a), 114, 115, 118, 119a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contacts with Customers.
- h) Disclosures in respect of the compensation of Key Management Personnel; and
- i) Disclosures of transactions with a management entity that provides key management personnel services to the Company.
- j) IFRS 2 Share Based Payments in respect of group settled share based payments

As the consolidated financial statements of GVC Holdings Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- k) IFRS 2 Share-Based Payments in respect of group settled share-based payments
- l) Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- m) Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

New standards and IFRIC interpretations

The Company has adopted the following IFRSs in these financial statements:

- a) IFRS 16: Leases.
- b) IFRIC 23: Uncertainty over Income Tax Treatments.
- c) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- d) Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures.
- e) Amendments to IFRS 9: Prepayments Features with Negative Compensation.
- f) Annual Improvements to IFRS Standards 2015-2017 Cycle.

These new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2019, did not have a material impact on the company.

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those set out below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

Provisions for liabilities

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Going concern

Notwithstanding net current liabilities, and net liabilities of £92,757,000 as at 31 December 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, to meet its liabilities as they fall due for that period. This includes assurances that the Group will provide support to the Company in relation to the Greek tax enquiry (see note 13).

This funding is dependent on GVC Holdings PLC not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £206,209,000 and providing additional financial support during that period. GVC Holdings PLC has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date for the period forecasted. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them.

The Company classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Company at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are neither designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

4.3 Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

4.4 Revenue

Turnover is measured at the fair value of consideration received or receivable and comprises:

Casino:	net win in respect of bets placed on casino games that have concluded in the year, stated net of promotional bonuses.
Sportsbook:	gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.
Poker:	net win in respect of rake for poker games that have concluded in the period, stated net of promotional bonuses.

4.5 Separately disclosed items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense which are separately disclosed as they either reflect items which are exceptional in nature or size or are associated with the amortization of acquired intangibles. Items treated as separately disclosed include:

- regulatory charges associated with certain claims and taxes in relation to Greek gaming tax.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company. Further details are given in note 5b.

4.6 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Income tax (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

5a. PERFORMANCE BY GEOGRAPHY

The revenue by type and results for the Company split by geographical market were as follows:

	Greece		Rest of World		Total	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Casino	34,329	28,354	108	114	34,437	28,468
Sportsbook	18,024	14,196	141	147	18,165	14,343
Poker	1,091	975	-	2	1,091	977
Other	10	7	-	-	10	7
Total revenue	53,454	43,532	249	263	53,703	43,795
Costs of sales	(22,788)	(20,363)	(11)	(287)	(22,799)	(20,650)
Operating expenses	(3,689)	(1,966)	2,979	661	(710)	(1,305)
Operating profit	26,977	21,203	3,217	637	30,194	21,840
Separately disclosed items	24,274	(186,853)	(3)	(775)	24,271	(187,628)
Profit/(loss) before tax	51,251	(165,650)	3,214	(138)	54,465	(165,788)

Certain items of income in the prior year had been labelled incorrectly as "bingo", these are now reported within "other" and relate predominantly to SMS fee income.

5b. SEPARATELY DISCLOSED ITEMS

	2019	2018
	£'000	£'000
Greek tax audit assessment ^(a)	24,271	(186,853)
Other	-	(775)
	24,271	(187,628)

- (a) In January 2018, the Group announced that it had received a tax audit assessment for £186,853,000 from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011. In 2019 a release against the provision of £24,271,000 was made. See note 13 for further information.

SPORTING ODDS LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)****5c. PROFIT/(LOSS) BEFORE TAX**

This is stated after (charging)/crediting:	2019	2018
	£'000	£'000
Auditor's remuneration - audit of the financial statements	(8)	(8)
Foreign exchange gains	5,410	727
Separately disclosed items (see note 5b)	24,271	(187,628)

6. DIRECTORS' AND EMPLOYEES' REMUNERATION

No director received any emoluments in respect of services to the Company (2018: nil) and were remunerated through other group companies.

The Company does not have any employees (2018: none). Management services are provided to the Company by a fellow subsidiary company. No charge is made for these services (2018: £nil).

7. TAX ON PROFIT/(LOSS)**(a) Tax on profit/(loss) in the income statement**

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax – current year	4,324	3,828
Less: Double tax relief	(4,324)	(3,828)
	-	-
Overseas corporation tax – current year	5,403	5,987
UK corporation tax – prior year	(41)	-
Total current tax	5,362	5,987
Tax on profit/(loss) in the income statement	5,362	5,987

(b) Reconciliation of the total income tax charge

	2019	2018
	£'000	£'000
Profit/(loss) before taxation	54,465	(165,788)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	10,348	(31,500)
Adjusted for the effects of:		
Additional tax arising on foreign operations	1,079	2,144
Non-taxable release of Greek audit assessment	(5,452)	-
Non deductible expenses		35,343
Prior year tax credit	(41)	-
Group relief claimed for nil consideration	(572)	-
Total tax on loss reported in the income statement	5,362	5,987

(c) Change in corporation tax rate

In the Budget on 16 March 2016, the Chancellor announced that the standard rate of UK Corporation Tax will be reduced from 1 April 2020 to 17%. In addition, he announced that the planned reductions in rates would be delayed and amended so that the standard rate of UK Corporation Tax will be reduced from 20% to 19% from 1 April 2017, with a further reduction to 17% from 1 April 2020.

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 17%. Although the reduction to 17% is effective from 1 April 2020, this was substantively enacted on 6 September 2016.

SPORTING ODDS LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)****8. TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year	31 December 2019 £'000	31 December 2018 £'000
Amounts owed by group companies	43,833	66,480
Other debtors	419	73
Prepayments	32	102
Corporation tax debtor	1,353	-
Other tax debtors (see note 13)	116,216	41,321
	161,853	107,976

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand.

9. TRADE AND OTHER PAYABLES

	31 December 2019 £'000	31 December 2018 £'000
Amounts owed to group companies	206,209	121,073
Corporation tax	-	6,421
Other creditors	3,431	8,444
Other tax and social security	4,032	2,445
Accruals	435	260
	214,107	138,643

Amounts owed to group undertakings are included under amounts falling due within one year where they are subject to repayment at any time by either the Lender or the Borrower giving written notice to the other.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Total</u> £'000
At 1 January 2019	119,069
Utilised	(45,535)
Released	(24,271)
At 31 December 2019	49,263

⁽¹⁾All provisions are classified as current and include regulatory provisions associated with certain claims and taxes. See note 13 for further details.

11. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid:

	At 31 December 2019 and at 31 December 2018
	Number '000 £'000
Ordinary shares of £1 each	1,000 1,000

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or the requirements of paragraph 17 of IAS 24 Key Management Compensation. There were no transactions with any other related parties in the year (2018: £nil).

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

13. CONTINGENT LIABILITIES

In the year ended 31 December 2018, the Company recognised a charge of £186,853,000 in the Income Statement within non-trading items for potential Greek tax liabilities for the years 2010 to 2017. Of the charge recognised, €51,400,000 (£46,100,000) related to 2010/11 for which the Company received an assessment of €186,800,000 in January 2018.

2010/11

The Company's appeal against the original assessment in respect of 2010 and 2011 was heard before the Administrative Court of Appeal in Athens on 13 January 2020. Whilst there is a second court hearing to take place on 11 January 2021 to which we do not expect to hear the verdict until late 2021, the Directors remain confident that the Court will find that the original assessment was out of all proportion to the size of the Company's Greek business at the time.

By 31 December 2019 the Company had paid all bar €8,000,000 of the 2010/2011 Assessment with the last payment made in January 2020. As at 31 December 2019, the total payments made in respect of the Assessment exceed our best estimate of the liability for these years by £116,216,000, and accordingly this is recorded as a receivable in the Company's balance sheet (2018: £41,321,000). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012-2017

The enquiries from the Greek tax authorities into the subsequent years continued throughout 2019. By 31 December 2019 the Company had filed amended returns in respect of 2012-2017. The audits for 2012-2014 have been completed and all resultant liabilities settled. Based on the experience of the settlements reached so far, the Company has reassessed the provision carried against 2015-2017 and now holds a provision of £49,263,000 against these years (2018: £119,069,000 against 2013-2017). As of September 2020 the audits for 2015 and 2016 have also been completed, with the amended returns being accepted. The additional tax liabilities for these years are therefore now final and in line with the reassessed provision held as at 31 December 2019.

The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, the conclusions of the tax audits and any associated tax payments remains uncertain.

14. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company as at 31 December 2019 is Sportingbet Holdings Limited, a company with the registered address 3rd Floor, One New Change, London, EC4M 9AF and the ultimate parent undertaking at the year end was GVC Holdings PLC, a company registered in The Isle of Man. The only group preparing consolidated group financial statements which include the Company is GVC Holdings PLC for the year ended 31 December 2019.

Copies of the Annual Report and Financial Statements for GVC Holdings PLC can be obtained from the registered office of the Company at 3rd Floor One New Change, London, United Kingdom, EC4M 9AF.

15. SUBSEQUENT EVENTS

Since the year end the World Health Organisation declared a global pandemic following the Covid-19 outbreak leading to a number of countries around the world moving into a status of lockdown and preventing in certain cases any continuation of trade. This has had an impact on the GVC Holdings PLC group as it means a number of sporting events around the world have been halted. The Company's risks in this respect are aligned to that of the group.

Given the Company has a significant amount of trade placed in the Sports market there has been a noticeable impact to the trading of the Company during the pandemic. The cessation of sporting events has led to a shift of customer base from our Sportsbook to Gaming markets, but the overall favourable trends experienced by the Company prior the pandemic have continued throughout.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

SPORTING ODDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

15. SUBSEQUENT EVENTS (continued)

Since the year end the Company has been notified that a second court hearing relating to the 2010 and 2011 tax litigations will take place on 11 January 2021 with the resulting decision to follow later in 2021. Additionally, the Greek tax authorities have finalised their audits of the amended tax returns for the 2015 and 2016 financial years and have confirmed acceptance of the returns. The additional tax liabilities for those years are therefore final and in line with the revised provision held as at 31 December 2019.