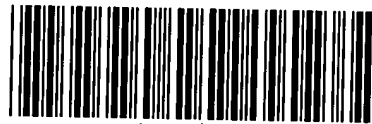


COMPANY REGISTRATION NUMBER: 11104432

Bally Gaming and Systems Holdings Limited
Annual Report and Financial Statements
For the year ended
31 December 2020

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Bally Gaming and Systems Holdings Limited
Officers and Professional Advisers
Year ended 31 December 2020

The Board of Directors

C P James
M A B Bengtson

Registered Office

SG House
1 Howarth Court
Gateway Crescent
Oldham
OL9 9XB

Auditor

Deloitte LLP
1 City Square
Leeds
LS1 2AL

Bally Gaming and Systems Holdings Limited
Strategic Report
Year ended 31 December 2020

The Director presents the strategic report for Bally Gaming and Systems Holdings Limited ("the Company") for the year ended 31 December 2020.

Principal Activity

The Company is a holding company for Scientific Games Corporation, known as ("the Group").

Performance and KPIs

During the year the Company made a loss after tax of \$69,565,000 (2019: \$69,577,000). At the year end the Company has an investment value of \$670,420,000 (2019: \$670,420,000) and net liabilities of \$202,385,000 (2019: \$132,820,000)

The entity's principal activity is a holding company. As a holding company there are not considered to be any KPIs. The Company is continuing to undertake liquidation proceedings for six of the dormant entities which it indirectly holds, these have been presented within note 6 of the financial statements.

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 Scientific Games Corporation 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 relationship 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 Scientific Games Corporation 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 one main stakeholder which is 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 lenders and owners. All decisions made by the Director are fully aligned with the interests of these members.

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.

Bally Gaming and Systems Holdings Limited

Strategic Report (*continued*)

Year ended 31 December 2020

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.

Brexit

On 31 December 2020, following long negotiations, the UK formally left the European Union. The group is now operating in a post-Brexit environment; experience to date suggests the impact of Brexit on the Company is minimal. Whilst the longer-term outcomes cannot be predicted with any degree of accuracy, management will continue to monitor the situation closely.

Covid-19

During the year, the Coronavirus pandemic had an impact on a number of the Company's investment holdings; however, the impact was limited, and the financial impact was not as large as in many other industries. As such, there has been no impairment of any of the Company's investment holdings as a result of the Coronavirus pandemic.

Going concern

The Company is a holding company for Scientific Games Corporation. The Company does not have an active trading position and currently holds net current liabilities of \$4,577,000 and net liabilities of \$202,385,000 at 31 December 2020. 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 are 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 11 November 2021 and signed on it's behalf by:



C P James
Director

Bally Gaming and Systems Holdings Limited

Director's Report

Year ended 31 December 2020

The Director presents the annual report, together with the audited financial statements for Bally Gaming and Systems Holdings Limited for the year ended 31 December 2020.

Directors

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

M Quartieri (resigned 26 June 2020)

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

C P James (appointed 15 October 2021)

M A B Bengtson (appointed 15 October 2021)

Dividends

There have been no dividends proposed or paid during the year. (2019: nil)

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.

Director Indemnity

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

Disclosure of Information in the Strategic Report

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

Auditor

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all 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 Holdings Limited

Director's Report (*continued*)

Year ended 31 December 2020

Sale of business

On 29 June 2021, the entity's parent company, Scientific Games Corporation, announced as part of its strategic review that it intends to divest its Sports Betting business. Bally Gaming and Systems Holdings Limited indirectly holds a number of subsidiaries that form a part of the Sports betting business unit. Following this on 27 September 2021, Scientific Games Corporation announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. This agreement is subject to regulatory and shareholder approval.

Approved by the Board on 11 November 2021 and signed on it's behalf by:



C P James
Director

Bally Gaming and Systems Holdings Limited
Statement of Director's Responsibilities
Year ended 31 December 2020

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

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and 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 judgments 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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.

Bally Gaming and Systems Holdings Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems Holdings Limited

Year Ended 31 December 2020

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of 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 14.

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 directors' 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 Holdings Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems Holdings Limited (continued)
Year Ended 31 December 2020

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

Year Ended 31 December 2020

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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 Holdings Limited
Independent Auditor's Report to the Members of Bally Gaming and Systems Holdings
Limited (*continued*)
Year Ended 31 December 2020

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

11 November 2021

Bally Gaming and Systems Holdings Limited
Statement of Comprehensive Income
Year ended 31 December 2020

		2020	2019
	Note	\$000	\$000
Interest payable on intercompany loans		(69,565)	(69,577)
Loss before tax		<u>(69,565)</u>	<u>(69,577)</u>
Tax on loss	5	<u>—</u>	<u>—</u>
Loss after taxation		<u><u>(69,565)</u></u>	<u><u>(69,577)</u></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 an integral part of these financial statements.

Bally Gaming and Systems Holdings Limited
Statement of Financial Position
Year ended 31 December 2020

	Note	2020 \$000	2019 \$000
Non-current assets			
Investments in subsidiaries	6	670,420	670,420
		<u>670,420</u>	<u>670,420</u>
Current assets			
Debtors	7	975	974
		<u>975</u>	<u>974</u>
Total assets		<u>671,395</u>	<u>671,394</u>
Non-current liabilities			
Inter group loan and interest	8	(868,228)	(798,661)
		<u>(868,228)</u>	<u>(798,661)</u>
Current liabilities			
Creditors	9	(5,552)	(5,553)
		<u>(5,552)</u>	<u>(5,553)</u>
Net liabilities		<u>(202,385)</u>	<u>(132,820)</u>
Equity			
Called up share capital	10	—	—
Share premium	11	5,874	5,874
Profit and loss account		(208,259)	(138,694)
		<u>(202,385)</u>	<u>(132,820)</u>

The notes form part of these financial statements.

Approved by the Board and authorised for issue on 11 November 2021.



C P James
Director
Company registration number: 11104432

Bally Gaming and Systems Holdings Limited
Statement of Changes in Equity
Year ended 31 December 2020

	Called up share capital (Note 10) \$000	Share premium (Note 11) \$000	Profit and loss account \$000	Total equity \$000
At 1 December 2019	—	4,900	(69,117)	(64,217)
Loss for the period and total comprehensive expense	—	—	(69,577)	(69,577)
Issue of shares	—	974	—	974
Balance at 31 December 2019	<u>—</u>	<u>5,874</u>	<u>(138,694)</u>	<u>(132,820)</u>
Loss for the period and total comprehensive expense	—	—	(69,565)	(69,565)
At 31 December 2020	<u>—</u>	<u>5,874</u>	<u>(208,259)</u>	<u>(202,385)</u>

Bally Gaming and Systems Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General Information

Bally Gaming and Systems Holdings 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 its registered office is:

SG House
1 Howarth Court
Gateway Crescent
Oldham
OL9 9XB

2. Significant accounting policies

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 on a going concern basis using the historical cost convention.

The Company was 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 financial statements of the ultimate parent company, Scientific Games Corporation, which is a company registered in the United States of America - see note 9.

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 Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

2. Significant accounting policies (continued)

Summary of disclosure exemptions (continued)

At the date of authorisation of these financial statements, The Company 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 by the EU:

Amendments to References to the Conceptual Framework in IFRS Standards	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>
IAS 1 and IAS 8 (amendments)	<i>Definition of material</i>
Annual amendments to IFRS Standards 2018-2020	<i>Annual amendments to IFRS Standards 2018-2020</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 8 (amendments)	<i>Definition of accounting estimates</i>

Functional currency

The functional currency of the entity is US dollars as management considers this currency to best reflect its underlying assets and liabilities as well as the economic environment it operates in.

Going concern

The Company is a holding company for Scientific Games Corporation, which is considered to be the wider Group. The Company does not have an active trading position and has net current liabilities of \$4,577,000 and net liabilities of \$202,385,000 (2019: \$132,820,000) at 31 December 2020. 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 are 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.

Investments

Investments are stated at cost, less any impairments.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of investments and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments.

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (*continued*)
Year ended 31 December 2020

2. Significant accounting policies (*continued*)

Taxation

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

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Foreign currencies

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

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

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

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (*continued*)
Year ended 31 December 2020

2. Significant accounting policies (*continued*)

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.

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.

3. 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:

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

3. Judgements and key sources of estimation uncertainty (continued)

Investment in subsidiaries

The Company reviews the carrying value of its investments by comparing the fair value of the investment to its carrying value. 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. No impairment charge was recognised in the year ended 31 December 2020.

4. Auditor's Remuneration

	2020	2019
	\$	\$
Fees payable for the audit of the financial statements	11,500	10,600
Fees payable for non-audit services	<u>—</u>	<u>—</u>

Fees payable to the Company's auditors are borne by a fellow Group company.

5. Tax on loss

	2020	2019
	\$000	\$000
Current taxation		
UK corporation tax	<u>—</u>	<u>—</u>

The tax assessed on the loss for the period is lower than the standard rate of corporation tax in the UK of 19.00%.

	2020	2019
	\$000	\$000
Loss before taxation	<u>(69,565)</u>	<u>(69,577)</u>
Tax @ 19.00%	(13,217)	(13,219)
Disallowable interest expense	2,760	10,954
Group relief surrendered	<u>10,457</u>	<u>2,265</u>
Tax on loss	<u>—</u>	<u>—</u>

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 Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. Investments

	2020	2019
	\$000	\$000
At 1 January	670,420	669,446
Acquisitions in the year	—	974
As at 31 December	<u>670,420</u>	<u>670,420</u>

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
Bally Gaming & Systems UK Limited	Direct	1 Howarth Court, Gateway Crescent, Oldham OL9 9XB	100% (10,000 ordinary shares of £0.01 each and 375,000 preference shares of £1 each)	Intermediate holding company
E-Sys Technologie Em Informatica S.A	Indirect	Rua José Marques Pinheiro Filho, no. 301, Piso Superior, Vila Harmonia, CEP 14802-480, Araraquara, São Paulo, Brazil	70%	Content studio
Red7 Mobile Limited	Indirect	2nd Floor, Royal Talbot House, 2 Victoria Street, Bristol, BS1 6BB	100%	Content studio
Customized Games Limited	Indirect	1 Howarth Court, Gateway Crescent, Oldham OL9 9XB	100%	Content studio
SG Digital UK Holdings Limited	Indirect	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 (Americas) LLC	Indirect	6601 Bermuda Road, Las Vegas, Nevada, 89119, USA	100%	Distribution of digital sports and casino gaming
1044200B.C. Limited	Indirect	666 Burrard Street, Suite 1700, Park Place, Vancouver, BC, V6C 2X8, Canada	100%	Inactive entity
NYX Digital Gaming (OB Holdings) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company * Put into a liquidation process in January 2019
NYX Interactive AB	Indirect	Vastra Järnvägsgränd 7, 111 64, Stockholm, Sweden	100%	Distribution of digital casino gaming
NextGen Gaming Pty Limited	Indirect	Levels 5 and 6, 99 Mount Street, North Sydney, NSW 2060	100%	Content studio

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. 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
ELKAB Studios AB	Indirect	111 64, Stockholm, Sweden	<10%	Content studio
CryptoLogic Limited	Indirect	The Grange, St. Peters Port, Guernsey, GY1 2QJ	100%	Inactive entity
CryptoLogic Malta Holding Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Inactive entity
WagerLogic Casino Software Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Inactive entity
CryptoLogic Malta Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Inactive entity
CryptoLogic Asia Pacific Pte Limited	Indirect	180 Clemenceau Avenue, #02-02, Haw Par Centre, Singapore	100%	Inactive entity
CryptoLogic Callco ULC	Indirect	1300-1969 Upper Water Street, Purdy's Wharf Tower II, Halifax, NS B3J 3R7	100%	Inactive entity
CryptoLogic Exchange Corporation	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9,	100%	Inactive entity
CryptoLogic Inc	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9,	100%	Inactive entity
Davisville Game Studio Inc	Indirect	199 Bay Street, Suite 5300, Commerce Court West, Toronto, ON M5L 1B9,	100%	Inactive entity
WagerLogic Limited	Indirect	P.C. 1095, Nicosia, Cyprus	100%	Inactive entity

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. 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
NYX Digital Gaming (Services) Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Distribution of digital casino gaming
NYX Digital Gaming (International) Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Distribution of digital casino gaming

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. 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 Gaming (Malta) Limited	Indirect	Vincenti Buildings, 28/19, Suite 1685, Strait Street, Valletta, Malta	100%	Inactive entity
Les Studio Side City 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
OpenBct Technologies 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 (Gibraltar) Limited	Indirect	57/63 Line Wall Road, PO Box 199, Gibraltar	100%	Distribution of digital sports and casino gaming
NYX Digital Gaming (USA) LLC	Indirect	6601 Bermuda Road, Las Vegas, Nevada, 89119, USA	100%	Distribution of digital sports and casino gaming
NYX Digital Gaming (OB SPV) Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company * Put into a liquidation process in January 2019
NYX Interactive Malta Limited	Indirect	Villa Semenzi, 8, Sir, Temi Zammit Avenue Ta' Xbiex XBX1011 Malta	100%	Distribution of digital casino gaming
NextGen Gaming (USA) LLC	Indirect	6601 Bermuda Road, Las Vegas, Nevada, 89119, USA	100%	Distribution of digital sports and casino gaming
Betdigital Limited	Indirect	3a & 3b Radley Road Industrial Estate, Abingdon, Oxfordshire, OX14 3RY	100%	Content studio

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. 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
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
OBTopco Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company
OnGame Services AB	Indirect	Vastra Järnvägsgratan 7, 111 64, Stockholm, Sweden	100%	Intermediate holding company * Put into a liquidation process in January 2019
OB Midco Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company * Put into a liquidation process in January 2019
DMWSL 699 Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company * Put into a liquidation process in January 2019
OB Financing Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company * Put into a liquidation process in January 2019
OB Acquisition Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company
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

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

6. 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 Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Distribution of digital sports and casino gaming
OpenBet North America Corporation	Indirect	199 Bay Street, Suite 4000, Commerce Court West, Toronto, ON M5L 1A9, Canada	100%	Distribution of digital sports and casino gaming
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
Electracade 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 Limited	Indirect	Tower Two Collins Square Level 3, 6727 Collins Street, Docklands VIC 3008	100%	Distribution of digital sports and casino gaming
OpenBet Hellas S.A.	Indirect	7 Fragkoklisias Street, Marousi 15125, Athens, Greece	100%	Content studio
NYX Gaming (Krakow) sp z.o.o	Indirect	Al. 29 Listopada 20, 31-401, Krakow	100%	Content studio
NT Media Limited	Indirect	4th Floor, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT	100%	Intermediate holding company

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

7. Debtors

	2020	2019
	\$000	\$000
Amounts owed by parent company	975	974
	<u>975</u>	<u>974</u>

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

8. Inter group loan

	2020	2019
	\$000	\$000
Inter group loan repayable > 5 years	662,546	662,546
Inter group loan interest > 5 years	205,682	136,114
	<u>868,228</u>	<u>798,661</u>

The Inter group loan is repayable on termination after 10 years from inception in January 2018; \$662,546,000 remains payable from the initial loan value of \$664,546,000. There is no security for the loans. The interest rate on the loan is 10.5%.

9. Creditors

	2020	2019
	\$000	\$000
Amounts owed to ultimate parent company	4,578	4,579
Amounts owed to fellow subsidiary	974	974
	<u>5,552</u>	<u>5,553</u>

Amounts owed to the ultimate parent company and fellow subsidiaries are unsecured, interest free and are repayable on demand. All related party transactions are carried out on arm's length transaction basis.

10. Called Up Share Capital

Issued, authorised and fully paid:

	2020		2019	
	No.	\$000	No.	\$000
10,002 Ordinary shares of \$0.01 each	<u>10,002</u>	<u>—</u>	<u>10,002</u>	<u>—</u>

Bally Gaming and Systems Holdings Limited
Notes to the Financial Statements (continued)
Year ended 31 December 2020

11. Share premium account

	2020	2019
	\$000	\$000
On 1 January	5,880	4,900
Premium arising on acquisition	—	6
Premium arising on issue of share	—	974
Balance at 31 December	<u>5,880</u>	<u>5,880</u>

12. Remuneration of key management personnel

The Director was paid by other Group companies and her remuneration is disclosed in those financial statements. It is not possible to determine the element of her remuneration that relates to her role as a Director of the Company.

13. Ultimate parent disclosure

The immediate parent company is SG Gaming Incorporated (formerly known as Bally Gaming Incorporated) which is registered in the United States of America. The Company's ultimate parent Company is Scientific Games Corporation which is incorporated and registered in the United States of America. This is both the largest and smallest company to produce consolidated financial statements. Copies of these financial statements, in which the Company's results are consolidated, can be obtained from Scientific Games Corporation, 6601 Bermuda Road, Las Vegas, NV 89119.

14. Post Statement of Financial Position event

On 29 June 2021, the entity's parent company, Scientific Games Corporation, announced as part of its strategic review that it intends to divest its Sports Betting business. Bally Gaming and Systems Holdings Limited indirectly holds a number of subsidiaries that form a part of the Sports betting business unit. Following this on 27 September 2021, Scientific Games Corporation announced it had entered into a definitive agreement to sell its Sports Betting business to Endeavor Group Holdings, Inc. This agreement is subject to regulatory and shareholder approval.