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Super Group (SGHC) Limited

Consolidated Financial Statements for the three years ended

December 31, 2022, 2021 and 2020

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Super Group (SGHC) Limited

Index to Consolidated Financial Statements

Contents	**Page:**
Company Information	2
Directors' Report	3
Report of Independent Registered Public Accounting Firm	5
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended December 31, 2022, 2021 and 2020	7
Consolidated Statements of Financial Position as at December 31, 2022 and 2021	8
Consolidated Statements of Changes in Equity for the years ended December 31, 2022, 2021 and 2020	9
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020	10
Notes to Consolidated Financial Statements	12

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Super Group (SGHC) Limited

Company Information

Directors:	J Le Poidevin R Dutnall R Hasson A van Wyk N Menashe E Grubman J Collins J Jossel N Branch
Company Registration:	69022
Registered Office:	Kingsway House Havilland Street St. Peter Port Guernsey GY1 2QE
Administration Office:	Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 1AR
Independent Auditor:	BDO LLP 55 Baker Street London W1U 7EU

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Super Group (SGHC) Limited

Directors' Report

The Directors present the report and financial statements of Super Group (SGHC) Limited (the "Company") for the year ended 31 December 2022.

Incorporation

The Company was incorporated in Guernsey on March 29, 2021 under The Companies (Guernsey) Law, 2008 (as amended).

Directors

The Directors in office during the year ended 31 December 2022 and to date is listed on page 2.

Dividends

During the year (2021: nil) there were no dividends paid to the shareholders.

Principal Activities

The principal activity of the Group is that of the operation of a number of interactive gaming services under licenses granted by gaming authorities in various jurisdictions. The Company is the ultimate holding company of the Super Group (SGHC) Limited group.

Results

The results for the year are reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 7.

Going Concern

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting to prepare the annual financial statements.

Subsequent Events

The Directors performed a review of events subsequent to the reporting date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements other than those already disclosed in note 26.

Statement of Directors' responsibilities

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

The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS as issued by the IASB). 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 the financial statements, the Directors are required to:

a. select suitable accounting policies and apply them consistently;

b. state whether applicable International Financial Reporting Standards as issued by the International Accounting Standards Board, have been followed, subject to any material departures disclosed and explained in the financial statements;

c. make judgements and accounting estimates that are reasonable and prudent; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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.

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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 (Guernsey) Law, 2008, as amended.

The Directors are responsible for ensuring there is no relevant audit information of which the Company's auditor is not aware and that the Directors have taken all steps deemed necessary to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reporting Framework

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Appointment of independent auditor

BDO LLP will continue as the group's auditors.

By order of the Board - for and on behalf of the Directors

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Alinda Van Wyk
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A van Wyk
Date: June 7, 2023

DocuSigned by:
John Le Poidevin
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J Le Poidevin
Date: June 7, 2023

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Independent Auditor's Report

The Members
Super Group (SGHC) Limited
St Peter Port, Guernsey

Opinion

We have audited the consolidated financial statements of Super Group (SGHC) Limited and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of 31 December 2022, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, including the required comparative information, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements: (i) present fairly, in all material respects, the consolidated financial position of the Company as of 31 December 2022, and the consolidated financial performance and its consolidated cash flows for the year then ended, including the required comparative information, (ii) have been properly prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (collectively "IFRS") and (iii) have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit, which include relevant ethical requirements in the United States of America and the Financial Reporting Council's Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Management are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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. 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.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Directors and Those Charged With Governance for the Consolidated Financial Statements

As explained more fully in the Statement of Directors' responsibilities within the Directors' Report, the Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the Directors are required to evaluate whether there are conditions or events, considered in the aggregate, that cast substantial doubt about the Company's ability to continue as a going concern for at least, but not limited to, twelve months from December 31, 2022; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Directors, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude on the appropriateness of the Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

DocuSigned by:

BDO LLP

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BDO LLP

Chartered Accountants
London, United Kingdom
June 7, 2023

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Super Group (SGHC) Limited

Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the years ended December 31, 2022, 2021 and 2020

	Note	2022 € '000s	2021 € '000s	2020 € '000s
Revenue	5	1,292,210	1,320,658	908,019
Direct and marketing expenses	6	(979,300)	(896,494)	(612,689)
Other operating income		5,491	8,042	—
General and administrative expenses	6	(144,084)	(142,752)	(114,538)
Transaction fees	17.1	(22,969)	(7,107)	—
Depreciation and amortization expense	6	(66,729)	(83,560)	(55,407)
Profit from operations		**84,619**	**198,787**	**125,385**
Finance income		2,222	1,312	257
Finance expense	8	(1,345)	(6,370)	(10,991)
Gain on derivative contracts	19	4,148	15,830	—
Foreign exchange on revaluation of warrants and earnout liabilities	17.2, 17.3	(25,047)	—	—
Share listing expense	17.1	(126,252)	—	—
Change in fair value of warrant liability	17.2	34,518	—	—
Change in fair value of earnout liability	17.3	237,354	—	—
Change in fair value of options	19	6,292	—	—
Gain on bargain purchase	4	—	16,349	34,995
Profit before taxation		**216,509**	**225,908**	**149,646**
Income tax (expense)/benefit	9	(34,240)	9,970	(429)
Profit for the year		**182,269**	**235,878**	**149,217**
Profit for the year attributable to:				
Owners of the parent		181,439	235,878	149,217
Non-controlling interest		830	—	—
		182,269	**235,878**	**149,217**
Other comprehensive loss items that may be reclassified subsequently to profit or loss				
Foreign currency translation		(3,915)	(816)	(388)
Other comprehensive loss for the year		**(3,915)**	**(816)**	**(388)**
Total comprehensive income for the year		**178,354**	**235,062**	**148,829**
Total comprehensive income for the year attributable to:				
Owners of the parent		177,524	235,062	148,829
Non-controlling interest		830	—	—
		178,354	**235,062**	**148,829**
Weighted average shares outstanding, basic	10	490,017,400	472,171,426	462,967,450
Weighted average shares outstanding, diluted	10	490,035,080	472,171,426	462,967,450
Earnings per share, basic	10	0.37	0.50	0.32
Earnings per share, diluted	10	0.37	0.50	0.32

The accompanying notes are an integral part of these consolidated financial statements.

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Super Group (SGHC) Limited

Consolidated Statements of Financial Position
as at December 31, 2022 and 2021

	Note	2022 € '000s	2021 € '000s
ASSETS			
Non-current assets			
Intangible assets	11	164,676	172,954
Goodwill	11	61,553	25,023
Property, plant and equipment	13	14,031	12,498
Right-of-use assets	20	14,165	14,541
Deferred tax assets	9	23,294	24,108
Regulatory deposits	19	11,809	8,594
Loans receivable	19	25,524	25,516
Investments in non-listed equity	19	1,781	1,686
		316,833	**284,920**
Current assets			
Trade and other receivables	14	116,800	169,252
Income tax receivables		40,349	35,806
Restricted cash	19	148,240	60,296
Cash and cash equivalents	19	254,778	293,798
		560,167	**559,152**
TOTAL ASSETS		**877,000**	**844,072**
Non-Current liabilities			
Lease liabilities	20	10,308	10,896
Deferred tax liability	9	8,707	9,248
Interest-bearing loans and borrowings	19	—	764
Derivative financial instruments	19	15,129	—
		34,144	**20,908**
Current liabilities			
Lease liabilities	20	6,951	5,353
Deferred consideration	4,19	—	13,200
Interest-bearing loans and borrowings	19	1,203	3,008
Trade and other payables	15	155,304	147,353
Customer liabilities	19	50,246	51,959
Provisions	23	43,745	47,715
Income tax payables		50,761	40,524
		308,210	**309,112**
TOTAL LIABILITIES		**342,354**	**330,020**
EQUITY			
Issued capital	16.1	289,753	269,338
Foreign exchange reserve	16.2	(6,009)	(2,094)
Retained profit		234,333	246,808
Equity attributable to owners of the parent		**518,077**	**514,052**
Non-Controlling Interest		16,569	—
EQUITY		**534,646**	**514,052**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**877,000**	**844,072**

The consolidated set of financial statements were approved by the Board of Directors and authorized for issue on June 7, 2023:

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A van Wyk

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J Le Poidevin

The accompanying notes are an integral part of these consolidated financial statements.

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Super Group (SGHC) Limited

Consolidated Statements of Changes in Equity
for the years ended December 31, 2022, 2021 and 2020

	Note	Issued capital € '000s	Foreign Exchange reserve € '000s	Earnout reserve € '000s	Retained profit/ (Accumulated deficit) € '000s	Equity attributable to owners of the parent € '000s	Non-Controlling Interest € '000s	Total equity € '000s
Equity as at January 1, 2020		**55,001**	**(890)**	**—**	**(128,287)**	**(74,176)**	**—**	**(74,176)**
Profit for the year		—	—	—	149,217	149,217	—	149,217
Other comprehensive loss for the year		—	(388)	—	—	(388)	—	(388)
Total comprehensive income		**—**	**(388)**	**—**	**149,217**	**148,829**	**—**	**148,829**
Issue of share capital	16.1	6,221	—	—	—	6,221	—	6,221
Dividends paid	22	—	—	—	(10,000)	(10,000)	—	(10,000)
Total transactions with owners		**6,221**	**—**	**—**	**(10,000)**	**(3,779)**	**—**	**(3,779)**
Equity as at December 31, 2020		**61,222**	**(1,278)**	**—**	**10,930**	**70,874**	**—**	**70,874**
Equity as at December 31, 2020		**61,222**	**(1,278)**	**—**	**10,930**	**70,874**	**—**	**70,874**
Profit for the year		—	—	—	235,878	235,878	—	235,878
Other comprehensive loss for the year		—	(816)	—	—	(816)	—	(816)
Total comprehensive income		**—**	**(816)**	**—**	**235,878**	**235,062**	**—**	**235,062**
Issue of share capital	16.1	16,222	—	—	—	16,222	—	16,222
Shares issued to extinguish loans	16.1	202,625	—	—	—	202,625	—	202,625
Shares repurchased	16.1	(10,731)	—	—	—	(10,731)	—	(10,731)
Total transactions with owners		**208,116**	**—**	**—**	**—**	**208,116**	**—**	**208,116**
Equity as at December 31, 2021		**269,338**	**(2,094)**	**—**	**246,808**	**514,052**	**—**	**514,052**
Equity as at December 31, 2021		**269,338**	**(2,094)**	**—**	**246,808**	**514,052**	**—**	**514,052**
Profit for the year		—	—	—	181,439	181,439	830	182,269
Other comprehensive loss for the year		—	(3,915)	—	—	(3,915)	—	(3,915)
Total comprehensive income		**—**	**(3,915)**	**—**	**181,439**	**177,524**	**830**	**178,354**
Capital reorganization		—	—	—	(1,427)	(1,427)	—	(1,427)
Issue of share capital, net of transaction costs	17.1	226,349	—	—	—	226,349	—	226,349
Shares repurchased	17.1	(222,345)	—	—	—	(222,345)	—	(222,345)
Acquisition of new business	4	—	—	—	—	—	17,127	17,127
Dividends paid		—	—	—	—	—	(1,388)	(1,388)
RSU expense	18	—	—	—	24,261	24,261	—	24,261
Initial recognition of earnout liability	17.3	—	—	(249,955)	—	(249,955)	—	(249,955)
Derecognition of private warrants	17.2	—	—	—	746	746	—	746
Shares issued in exchange for public warrants	17.2	16,411	—	—	—	16,411	—	16,411
Derecognition of earnout liability	17.3	—	—	249,955	(217,494)	32,461	—	32,461
Total transactions with owners		**20,415**	**—**	**—**	**(193,914)**	**(173,499)**	**15,739**	**(157,760)**
Equity as at December 31, 2022		**289,753**	**(6,009)**	**—**	**234,333**	**518,077**	**16,569**	**534,646**

The accompanying notes are an integral part of these consolidated financial statements.

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Super Group (SGHC) Limited

Consolidated Statements of Cash Flows
for the years ended December 31, 2022, 2021 and 2020

	Note	2022 € '000s	2021 € '000s	2020 € '000s
Cash flows from operating activities				
Profit for the year		182,269	235,878	149,217
Add back:				
Income tax expense/(benefit)		34,240	(9,970)	429
Write off of goodwill	11	278	—	—
Loss on disposal of assets		2,383	2,184	88
Change in fair value of warrant liability	17.2	(34,518)	—	—
Change in fair value of earnout liability	17.3	(237,354)	—	—
Change in fair value of options	19	(6,292)	—	—
Gain on derivative contracts		(4,148)	(15,830)	—
Foreign exchange on revaluation of warrants and earnout liabilities	17.2, 17.3	25,047	—	—
Share listing expense	17.1	126,252	—	—
RSU expense	18	24,261	—	—
Depreciation and amortization expense	6	66,729	83,560	55,407
Provision for write-offs of trade and other receivables	14	8,618	2,608	—
Waiver of loans		1,335	(2,339)	—
Gain on bargain purchase		—	(16,349)	(34,995)
(Decrease)/increase in provisions	23	(3,935)	3,425	5,200
Finance income		(2,222)	(1,312)	(257)
Finance expense		1,050	5,861	10,991
Unrealized foreign currency loss/(gain)		2,910	101	(2,036)
Changes in working capital:				
Decrease/(increase) in trade and other receivables		47,050	(19,192)	(30,940)
(Decrease)/increase in trade and other payables		(27,742)	(36,970)	8,679
(Decrease)/increase in customer liabilities		(4,170)	6,251	5,304
Change in restricted cash		(7,084)	(7,336)	2,814
Decrease in provisions		—	(706)	(13,666)
Cash from operating activities		**194,957**	**229,864**	**156,235**
Withholding taxes paid on subsidiaries dividends	9	(5,611)	(761)	(143)
Corporation tax rebates received		1,846	12,718	—
Corporation tax paid		(24,356)	(31,968)	(4,767)
Net cash flows from operating activities		**166,836**	**209,853**	**151,325**

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Super Group (SGHC) Limited

Consolidated Statements of Cash Flows (continued)
for the years ended December 31, 2022, 2021 and 2020

	Note	2022 € '000s	2021 € '000s	2020 € '000s
Cash flows from investing activities				
Cash received in interest		1,700	981	257
Acquisition of intangible assets		(21,229)	(23,606)	(10,142)
Acquisition of property, plant and equipment		(6,311)	(3,147)	(1,973)
Acquisition of businesses, net of cash acquired	4	7,282	19,813	29,835
Cash used in financial assets		(95)	(1,686)	—
Restricted cash guarantee		(79,293)	(40,795)	—
Issuance of loans receivable	19	(22,022)	(570)	(23,863)
Issuance of related party loans receivable		—	(640)	—
Receipts from loans receivable		8,528	34,337	—
Settled derivative contracts	19	17,132	2,846	—
Cash used in regulatory deposits		(2,215)	(5,693)	48
Net cash flows used in investing activities		**(96,523)**	**(18,160)**	**(5,838)**
Cash flows from financing activities				
Shares repurchased	17.1	(224,322)	(10,731)	—
Proceeds from shares issued net of transaction costs	17.1	170,632	3,072	6,221
Cash paid for deferred consideration	19	(13,200)	(4,050)	(66,027)
Dividends paid to non-controlling interests		(1,388)	—	—
Dividends paid to owners of the parent	22	—	—	(10,000)
Proceeds from interest-bearing loans and borrowings		—	—	7,142
Repayment of interest-bearing loans and borrowings	19	(26,679)	(24,641)	(15,779)
Repayment of lease liabilities - interest	20	(1,196)	(532)	(707)
Repayment of lease liabilities - principal	20	(7,026)	(2,881)	(1,938)
Net cash flows used in financing activities		**(103,179)**	**(39,763)**	**(81,088)**
(Decrease)/increase in cash and cash equivalents		**(32,866)**	**151,930**	**64,399**
Cash and cash equivalents at beginning of the year		293,798	138,540	74,365
Effects of exchange rate fluctuations on cash held		(6,154)	3,328	(224)
Cash and cash equivalents at end of the year		**254,778**	**293,798**	**138,540**

Investing and financing transactions that do not require the use of cash and cash equivalents were not included in the Consolidated Statements of Cash Flows. Refer to notes 17 and 19 for additional information about these transactions.

The accompanying notes are an integral part of these consolidated financial statements.

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1 General information and basis of preparation

General information

Super Group (SGHC) Limited ("Super Group" or the "Company") is a holding company primarily engaged, through its operating subsidiaries, in the business of online sports betting and casino games.

The Company is a limited company incorporated under the Companies (Guernsey) Law, 2008 (the "Companies Law") on March 29, 2021. The registered office is located at Kingsway House, Havilland Street, St Peter Port, Guernsey.

Super Group and its subsidiaries (together the "Group") operate a number of interactive gaming services under licenses granted by gaming authorities in various countries. Super Group is the ultimate holding company of the Group. These interactive gaming services consist mainly of casino games of chance and sports betting. The Group is focused on the delivery of a converged interactive gaming experience allowing its customers to interact with its games under several brands on a variety of platforms. The Group also licenses the Betway brand to companies external to the Group.

The consolidated financial statements of the Group for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on June 7, 2023.

Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Super Group was incorporated with the purpose of reorganizing the previous group headed by SGHC Limited (hereinafter “SGHC”) and to execute an agreement dated April 23, 2021 with new investors (hereinafter the “Business Combination Agreement”) to effect a public listing of shares (hereinafter the “Transaction”) on the New York Stock Exchange ("NYSE"). On January 27, 2022 (the “Closing Date”) the Company completed the merger pursuant to the Business Combination Agreement, by and among SGHC, Super Group, Sports Entertainment Acquisition Corp ("SEAC"), a NYSE publicly traded special purpose acquisition company based in the United States, Super Group Holding Company Merger Sub, Inc ("Merger Sub"), a Delaware corporation and a wholly-owned subsidiary of Super Group, which resulted in the public listing of the Group.

Prior to the closing date, SGHC shareholders (“Pre-Closing Holders”) exchanged all issued shares in SGHC for newly issued shares in Super Group at an agreed ratio of 8.51 to 1. As a consequence of the exchange previously existing shareholders of SGHC obtained 458,721,777 ordinary shares in Super Group, equating to 93.58% of the issued capital of Super Group at the Closing Date. As a result of the share exchange prior to the closing, this ratio resulted in each individual SGHC shareholder maintaining the same ownership percentage in Super Group as each shareholder had in SGHC.

On the Closing date, SEAC merged with and into Merger Sub, with SEAC as the surviving company continuing as a wholly owned subsidiary of Super Group and at the effective time of the merger, each share of Class A common stock of SEAC was cancelled and extinguished and converted into the right to receive one ordinary share of no par value of Super Group.

Super Group could not be considered a separate entity acting in its own right, and the economic substance of its incorporation and the holding of SGHC shares constitutes a reorganization of the Group for the sole purpose of the public listing. As such, Super Group did not meet the definition of a business under IFRS 3 and therefore the transaction was accounted for as a capital reorganization. Under a capital reorganization, the consolidated financial statements of Super Group reflect the pre-combination book values. Consequently, management has concluded that Super Group should recognize in its consolidated financial statements the net assets of SGHC and subsidiaries as per their preceding carrying amounts, and that comparatives should be re-presented, as the consolidated financial statements of Super Group are a continuation of those of SGHC. The opening retained earnings of Super Group has been reflected in the Consolidated Statement of Changes in Equity as of the date of common control, which is determined to be January 27, 2022. Therefore, the comparable consolidated financial information as of December 31, 2021 and for the years ended December 31, 2021 and December 31, 2020 represent consolidated financial information of SGHC.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

1 General information and basis of preparation (continued)

Following the capital reorganization, SGHC is a wholly owned subsidiary of Super Group. The comparative financial statements are based on the operations of SGHC prior to the capital reorganization. Comparative earnings per share, basic and diluted were restated for the effect of the capital reorganization.

The accounting principles set out below, unless stated otherwise, have been applied consistently for all years presented in the consolidated financial statements. Super Group's fiscal year ends December 31. All intercompany transactions are eliminated during the preparation of the consolidated financial statements.

These consolidated financial statements are presented in Euros being the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 2.11.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated. All amounts presented are rounded to the nearest thousand except when otherwise indicated. Due to rounding, differences may arise when individual amounts or percentages are added together.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies

The following principal accounting policies have been used consistently in the preparation of these consolidated financial statements.

2.1 Going concern

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will continue in operation for at least a period of one year after the date these consolidated financial statements are issued, and contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Management continues to monitor the impact of various geopolitical events, including the disruption arising from the aftermath of the COVID-19 pandemic, elevated levels of global inflation, recessionary risks and the ongoing war in Ukraine.

After having reviewed in detail the current trading position, forecasts and prospects of the Group, and the terms of trade in operation with customers and suppliers, management is satisfied that the Group has sufficient resources available to continue in operational existence for the foreseeable future. Management have prepared cash flow forecasts that model the impact of the aforementioned events and concluded that the Group has the ability to manage its committed expenditure to ensure that it has sufficient working capital to continue to meet its obligations as they fall due.

The Group has recognized net profit of €182.3 million for the year ended December 31, 2022 (2021: €235.9 million), (2020: €149.2 million) and generated cash flows from operations for the year ended December 31, 2022 of €166.8 million (2021: €209.9 million) (2020: €151.3 million). As of December 31, 2022 current assets exceeded current liabilities by €252.0 million (2021: €250.0 million). The Group is in an retained profit position and has sufficient cash and cash equivalents as at December 31, 2022 to meet its current obligations.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for a period of at least one year from the date of issuance of these financial statements, June 7, 2023, and therefore have prepared the consolidated financial statements on a going concern basis.

2.2 Recent accounting pronouncements

The following amendments became effective in 2022, but did not have a material impact on the consolidated financial statements of the Group:

- Amendments to IAS 37: Onerous contracts - Cost of Fulfilling a Contract (effective date January 1, 2022);
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use (effective date January 1, 2022);
- Amendments to IFRS 1, IFRS 9 and IAS 41: Annual Improvements to IFRS Standards 2018 - 2020 (effective date January 1, 2022); and
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective date January 1, 2022).

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.2 Recent accounting pronouncements (continued)

Standards issued not yet applied

The following IFRSs have been issued but have not been applied in these consolidated financial statements. Their adoption is not expected to have a material effect on the Group's consolidated financial statements.

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date January 1, 2023);
- Amendments to IAS 8: Definition of Accounting Estimates (effective date January 1, 2023);
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date January 1, 2023);
- IFRS 17 Insurance Contracts (effective date January 1, 2023); and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective date January 1, 2024); an
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (effective date January 1, 2024).

2.3 Basis of Consolidation

A subsidiary is an entity controlled by the Group. The Group controls an entity when it has power over the entity, it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's consolidated financial statements include the accounts of the Company and its subsidiary undertakings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any residual gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.4 Revenue recognition

The Group generates revenue through income earned from online gaming activities, comprising online casino games and sports betting, as well as brand licensing agreements. All revenue is recognized net of the fair value of customer incentives and value-added tax ('VAT') and goods and services tax ('GST') in countries where they are applicable.

Online casino and sports betting

Revenues generated from online casino games and sports betting are classified as derivative financial instruments accounted for in accordance with IFRS 9, 'Financial Instruments'. These derivatives are initially recognized at fair value, representing the amount staked by the customer adjusted for any customer incentives. They are subsequently remeasured when the outcome and the transaction price is known and the amount payable is confirmed, at which point the movement is recorded as a gain or loss in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. As such gains and losses arise from similar transactions, they are offset within revenue.

The Group recognizes revenue transactions at the fair value of the consideration received or receivable at the point the transactions are settled. Any open positions at year end are fair valued with the resulting gain or loss recorded in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Customer liabilities related to these timing differences are accounted for as derivative financial instruments, further discussed in note 19.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.4 Revenue recognition (continued)

Sports betting and online casino revenue represents the net house win adjusted for the fair market value of gains and losses on open betting positions and certain customer incentives.

Brand licensing agreements

Revenue also includes brand licensing revenues generated by the provision of the Betway brand to other online gambling companies, which is accounted for in accordance with IFRS 15, 'Revenue from Contracts with Customers,' by applying the five step model.

The transaction price for brand licensing contracts are composed of monthly licensing fees, monthly brand exploitation fees, and sports and e-sports contributions. Sports and e-sports contributions are variable elements which are calculated as a percentage of Group's yearly global expenditure on sponsorship agreements. While the amount of these expenditures will fluctuate from year-to-year it is within the Group's control and is considered to be predictable. The variable portion of consideration is only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Brand licensing agreements allow the contracting partner to use the Group brands for the life of the contract in exchange for a fee which is billed and paid monthly. The agreements are a series of distinct services that are substantially the same and have the same pattern of transfer with the customer simultaneously receiving and consuming the benefits provided by the services. The revenue recognized by the Group on brand licensing agreements is allocated evenly on a monthly basis over the life of the contract in line with the delivery of the services and benefits.

2.5 Intangible assets

Intangible assets are principally comprised of customer databases, brands, marketing and data analytics know-how, licenses, exclusive rights licenses, acquired technology, internally-generated software development costs and goodwill. All such intangible assets are stated at cost less accumulated amortization and impairment.

Goodwill

Goodwill acquired in business combinations is recognized as an intangible asset with any impairment in carrying value being charged to the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Statements of Profit or Loss and Other Comprehensive Income on the acquisition date.

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken at least annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Intangible assets arising on acquisitions

Intangible assets are recognized on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights and are recorded initially at fair value at the date of acquisition. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Customer databases

Customer databases represent the customer database acquired in business combinations.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.5 Intangible assets (continued)

Brands

Brands represent the brands acquired in business combinations.

Licenses

Licenses represent gaming and sports betting licenses that are a prerequisite for online casino or sport betting together with supplier and outsourcing contracts.

Exclusive license rights

Exclusive license rights represents sole and exclusive rights to operate products under license agreements.

Marketing and data analytics know-how

Marketing and data analytics know-how represents customer and regulatory data analytics associated with player behaviors and the regulatory environment which represents material barriers to entry for both casino and sports betting activities.

Acquired technology

Acquired technology represents internally developed assets and other technology acquired in business combinations.

Internally-generated software development costs

Research costs are expensed as incurred, and development costs are only recognized as internally-generated software if all recognition criteria according to IAS 38, 'Intangible Assets,' are met. Expenses that can be directly allocated to development projects are capitalized provided that:

- the completion of the intangible asset is technically feasible;
- the Group has the intention to complete the intangible asset and to use or to sell it;
- the intangible asset can be sold or used internally;
- the intangible asset will generate future benefits in terms of new business opportunities, cost savings or economies of scale;
- sufficient technical and financial resources are available to complete the development and to use or sell the intangible asset, and
- expenditures can be measured reliably. Direct costs include not only the personnel expenses for the development team, but also the costs for external consultants and developers.

Amortization

Amortization is provided at rates calculated to write off the valuation of each asset over its expected useful life, as follows:

Intangible Asset	Useful economic life
Customer databases	2-5 years diminishing balance method
Brands	Assessed separately for each asset, with lives ranging up to 20 years
Marketing and data analytics know-how	4-5 years straight line
Licenses	1-5 years straight line
Exclusive license rights	3 years straight line
Acquired technology	2-6 years straight line
Internally-generated software development costs	2-5 years straight line

The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.6 Research and development costs

Research and development costs that are not eligible for capitalization have been expensed in the year incurred totaling €17.7 million for the year ended December 31, 2022 (2021: €16.5 million) (2020: €18.5 million). These expenses are included in the 'Direct and Marketing expenses' line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2.7 Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Property plant and equipment	Useful economic life
Leasehold property improvements	Over the life of the lease or the useful life of the asset, whichever is shorter
Furniture and fittings	3-5 years straight line
Office equipment	3-5 years straight line
Computer hardware and software	3-5 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the net carrying amount of the asset and is recorded as income or expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2.8 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation at each reporting date and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.8 Taxes (continued)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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 not taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income ('OCI') or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was recognized during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and are subsequently measured at amortized cost, fair value through OCI or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15, 'Revenue from Contracts with Customers'.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.9 Financial instruments (continued)

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling cumulative gains and losses (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes:

- trade receivables and other receivables which include amounts due from payment service providers and customers under brand licenses;
- loans receivable which include loans to shareholders;
- regulatory deposits which are amounts held by the regulators or ring fenced as a result of regulatory requirements in the various jurisdictions in which the Group operates; and
- restricted cash balances.

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at banks, cash in transit and processor bank balances, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Restricted cash represents cash held at banks by the Group, but which is used as security for specific arrangements and to which the Group has restricted access. Restricted cash is comprised mostly of cash held on the Consolidated Statement of Financial Position in designated client fund accounts to cover monies owed to customers, as per the terms of the various licensed jurisdictions, and as a financial guarantee on a loan facility extended by Standard Bank to Digital Gaming Corporation ("DGC"). Refer to note 19. Restricted cash balances are classified as other financial assets held at amortized cost and further classified as current or non-current depending on when the restriction first ends.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's Consolidated Statement of Financial Position) when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset; or
- the Group has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

There are three approaches to recognizing ECLs, the general, simplified or the purchased or originated credit-impaired approach. The Group applies the simplified approach to the following financial assets:

- Trade and other receivables that do not contain a significant financing component as required under IFRS 9.
- Trade receivables that result from transactions within the scope of IFRS 15 (i.e. trade receivables relating to brand licensing agreements).

The Group applies the low credit risk simplification approach to the following financial assets:

- Loans receivable that do not contain a significant financing component as required under IFRS 9.
- Restricted cash that meets the definition of a financial guarantee contract that is not accounted for at fair value through profit and loss under IFRS 9.

The Group measures loss allowances for trade receivables based on the lifetime ECLs and only tracks changes in credit risk at each reporting date. The Group monitors trade and other receivables based on credit risk characteristics and aging of the receivables.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than a week overdue. The Group considers a financial asset to be in default if the borrower is unlikely to pay its obligations to the Group in full or the financial asset is more than a month overdue.

Presentation of allowance for ECL in the Consolidated Statement of Financial Position

The expected credit loss allowance for each type of financial asset (i.e. trade receivables) is deducted from the gross carrying amount of the assets (i.e. contra-asset). Impairment losses are presented within the Direct and marketing expenses line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Financial assets with low risk

The Group applies a low credit risk approach to loans receivable, regulatory deposits and cash and cash equivalents. The Group uses a 12-month ECL and does not assess whether a significant increase in credit risk has occurred at the reporting date.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Write-off

Write-offs are recognized, when the Group has no reasonable expectations of recovering a financial asset either in its entirety or a portion thereof. The Group always assesses after 365 days whether or not a trade receivable needs to be written off.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities are referenced in note 19.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

Financial liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in the Consolidated Statements of Profit or Loss and Other Comprehensive Income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative financial instrument is entered into and subsequently remeasured at fair value and changes therein are generally recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Derivative financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Amounts received from customers on sportsbook events that have not occurred by the Consolidated Statement of Financial Position date are derivative financial instruments and have been designated by the Group on initial recognition as financial liabilities at fair value through profit or loss and the resulting gains and losses from bets are included in revenue.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Other financial instruments carried at fair value through profit and loss and Other comprehensive income (excluding those recognized in Revenue)

All financial assets measured at fair value through profit and loss (FVTPL) and other comprehensive income (FVTOCI) are recorded at fair value, being their transaction price, in the Consolidated Statement of Financial Position. The Group has elected to designate certain financial assets held as equity instruments as financial instruments carried at fair value with changes in fair value recognized in the Consolidated Statement of Other Comprehensive Income. All other assets that meet the definition of a derivative are carried at fair value through profit and loss.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, referred to as a day 1 gains or losses. In those cases where fair value is based on valuation techniques for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the inputs become observable, or when the instrument is derecognized.

Subsequently, if there are no day 1 gains or losses on initial recognition, financial assets at FVTPL are re-measured each period and the re-measurement is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Financial assets at FVTOCI remeasurements are recognized in other comprehensive income.

Debt equity swaps

When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognized initially, the Group measures them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, in accordance with paragraph 3.3.3 of IFRS 9 Financial Instruments. The equity instruments issued are recognized initially and measured at the date the financial liability (or part of that liability) is extinguished.

Earnout Liability

The earnout liability, was initially recognized at fair value at inception with an offsetting entry made to earnout reserve. The earnout liability was subsequently re-measured at fair value at each reporting date and at the date of its extinguishment using a Monte Carlo valuation simulation, with the changes in fair value recognized in the ‘change in fair value of earnout liability’ line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

As all the earnout shares were held by Pre-Closing Holders, management concluded that the derecognition of the liability represents a transaction with owners and derecognized the liability with an offsetting entry made to earnout reserve in the Consolidated Statement of Changes in Equity. The remaining balance was then reclassified from earnout reserve into retained profit in the Consolidated Statement of Changes in Equity. Refer to note 17.3 for further information.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Warrant Liability

Warrants were comprised of public and private placements with both classified and accounted for as derivative financial liabilities and initially recognized at their fair value. The warrants were subsequently re-measured at fair value at each reporting date and at the date of their extinguishment with changes in fair value recognized in the 'change in fair value of warrant liability' line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fair value of the public warrants up to their extinguishment was determined using their quoted market price and their derecognition was accounted for based on the fair value of Super Group's shares exchanged during the Offer and Consent Solicitation (the "Offer"), which is described in note 17.2. The fair value of the shares issued in exchange of the public warrants was recognized in the 'shares issued in exchange for public warrants' line as an issued capital increase in the Consolidated Statement of Changes in Equity and the difference between the fair value of the shares issued and the fair value of the public warrant liability was recognized in the 'change in fair value of warrant liability' line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fair value of the private warrants up to their extinguishment was determined using a Black Scholes model and their derecognition represented a transaction with owners and was recognized in retained profit in the Consolidated Statement of Changes in Equity.

2.10 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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2 Accounting policies (continued)

2.11 Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value is determined. The gain or loss arising on translation is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Group companies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

When translating the subsidiary's respective functional currencies into the Group's presentation currency, which is Euros, assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated using the exchange rates at the reporting date. Income and expense items are translated using the average rates prevailing during the year. Equity is translated at historical exchange rates. All resulting foreign currency translation differences are recognized in OCI and accumulated in the foreign currency translation reserve. If a foreign operation is entirely disposed of or control is lost due to a partial disposal, the cumulative amount of the translation reserve relating to that foreign operation is reclassified to profit or loss and is part of the gain or loss on disposal.

2.12 Pension costs

The Group makes contributions to defined contribution plans. Contributions are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as they become payable in accordance with the rules of the schemes. For the year ended December 31, 2022 €2.5 million (2021: €2.1 million; 2020: €1.6 million) was charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2.13 Capital management

The Group's objectives, when managing capital, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to minimize the cost of capital.

If financing is required, management will consider whether debt or equity financing is more appropriate and proceed accordingly.

The capital employed by the Group is composed of equity attributable to the shareholders, as detailed in the Consolidated Statement of Changes in Equity.

2.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation 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. For further details refer to note 23.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.15 Business combinations

Business combinations are accounted for using the acquisition method with assets and liabilities acquired recorded at the acquisition date fair value. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition-date fair value, and the amount of any non-controlling interest share ('NCI') in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in General and administrative expenses.

The Group also applies the pooling of interest method when the acquisition of a business either lacks substance or is a business combination under common control. When the pooling of interest method is applied, the assets and liabilities of all combining parties will be reflected at their predecessor carrying amounts.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the fair value of assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

2.16 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.17 Leases

The Group is a lessee and enters into contracts to lease office property and motor vehicles.

Determining whether an arrangement contains a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for both a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group assesses whether the contract meets three key evaluations under IFRS 16 'Leases'

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the time the asset is made available to the Group; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

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2 Accounting policies (continued)

2.17 Leases (continued)

Measurement and recognition of leases as a lessee

Right-of-use asset

At lease commencement date, the Group recognizes a right-of-use asset and lease liability. The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and if applicable an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

After the commencement date, the Group measures the right-of-use asset applying the cost model under IFRS 16 'Leases'. The right-of-use of asset is measured at cost less accumulated amortization and accumulated impairment losses and is adjusted for re-measurement of the lease liability. Amortization is calculated on a straight-line basis over the lease term.

At the commencement date, the Group measures the lease liability at the present value of the lease payments (currently only consisting of fixed payments), discounted using the interest rate implicit in the lease, if that rate is readily available, or the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate ('IBR') as the discount rate as the rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

The Group has elected to adopt the practical expedient and apply a single discount rate to the identified portfolio of leases having similar remaining lease term, similar underlying assets and in a similar economic environment.

The Group determines the lease term beginning with the non-cancellable period including the extension of the lease term for any renewal options that are reasonably certain to be exercised or the term by which an entity will exercise an option to terminate a contract. The Group performs an assessment on a lease-by-lease basis and once they have assessed whether the renewal option or termination option is reasonably certain to be exercised will this be included within the lease term.

The Group has elected to apply the practical expedient to combine lease and non-lease components into a single lease component as non-lease components are not material to the Group.

Lease liabilities

The lease liability is measured at amortized cost using the effective interest rate method. The liability is increased as a result of interest accrued on the balance outstanding and is reduced for lease payments made. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has already been reduced to zero.

On the Consolidated Statement of Financial Position, right-of-use assets and lease liabilities are presented on a separate line.

Short-term leases and leases of low value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that are short term. The payments in relation to these leases are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the lease term. The Group has not elected to apply the low value asset practical expedient as these items are immaterial.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

2 Accounting policies (continued)

2.18 Restricted Stock Units ("RSU") Awards

The Group operates an equity incentive plan which may be settled in shares or cash at the discretion of the Group. The Group intends to settle the RSUs in shares, and, therefore classified them as an equity settled share-based payment plan in accordance with IFRS 2, Share-based Payments.

The cost of equity-settled transactions is determined by the fair value at the date of grant. The fair value of the shares conditionally granted is measured using the market price of the shares at the time of grant. The cost is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the vesting period.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has lapsed and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year represents the movement in cumulative expense recognized as at the beginning and end of that year.

Payroll taxes related to the RSUs are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in accordance with the vesting. Payroll taxes are settled in cash and are therefore recognized as a liability in the Consolidated Statement of Financial Position.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the service condition being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. These estimates are based on historical turnover rates and Group's forecast and are adjusted at each measurement date.

The Company considered the value of dividends to be paid during the vesting period to be nil.

3 Critical accounting estimates and judgments

The preparation of financial statements under IFRS requires the Group to make estimates and judgments that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated along with other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Although these estimates and judgements made by the Company's management were based on the best information available at December 31, 2022, it is possible that events which might take place in the future would require their adjustment in future periods.

Included below are the areas that management believe require estimates, judgments and assumptions which have the most significant effect on the amounts recognized in the financial statements.

3.1 Critical accounting estimates and judgments pursuant to the Transaction

On the Closing Date, Super Group completed the merger pursuant to the Transaction described further in notes 1 and 17.

Regarding this Transaction the Group has considered the following main estimations and judgements:

(a) SGHC acquisition

From an accounting perspective, the acquisition of SGHC and subsidiaries qualifies as a 'business combination involving entities or businesses under common control' which is not in the scope of IFRS 3. IFRS has currently no guidance on how to account for these kinds of transactions.

After analyzing all the factors involving the Transaction, and based on main interpretations used by other issuers, the Group has concluded that Super Group cannot be considered as a separate entity acting in its own right as an acquirer in a business combination (it acts on behalf of the same shareholders of SGHC) and the economic substance of its incorporation and the holding of the SGHC shares is intended only for a reorganization of the Group with the sole purpose to effect the public listing.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

3 Critical accounting estimates and judgments (continued)

3.1 Critical accounting estimates and judgments pursuant to the Transaction (continued)

Consequently, the Group has decided that Super Group recognizes in its consolidated financial statements the net assets of SGHC and its subsidiaries as per their previous carrying amounts (book value/pooling of interests (carry-over basis) accounting) and will apply this accounting treatment to similar transactions in the future. Refer to note 1 and note 17 for further details.

(b) Acquisition of SEAC

The acquisition of SEAC is not within the scope of IFRS 3 as SEAC does not meet the definition of a business in accordance with IFRS 3.

Therefore, Super Group has not acquired a business through the transaction but accounted for the SEAC shares in accordance with IFRS 2, Share-based payments. SEAC has been treated as the “acquired” company for financial reporting purposes and its net assets have been recognized at historical cost, with no goodwill or other intangible assets recorded.

As a result of this Transaction, SEAC shareholders became shareholders of Super Group. Based on IFRS 2, and from an analysis of the transaction, it has been considered that the excess of fair value of Super Group shares and warrants issued ("SEAC's Consideration") over the fair value of SEAC’s identifiable net assets acquired represents compensation for the service of share exchange listing for its shares and has been expensed as incurred in the share listing expense line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of Super Group at Closing Date (see note 1 and note 17).

(c) Warrant Liability

Public and private warrants were originally issued by SEAC to its public shareholders and its sponsors and converted on the closing date of the Business Combination Agreement, into a right to acquire one ordinary share of Super Group on substantially the same terms as were in effect immediately prior to the closing date.

According to management’s assessment, both the public and private warrants were accounted within the scope of IAS 32 and were classified as a derivative financial liability. In accordance with IFRS 9, derivatives that are classified as financial liabilities shall be measured at fair value with subsequent changes in fair value to be recognized in profit and loss.

The total warrant liability balance was composed of both public and private warrants. The public warrants were classified as level 1 category in the fair value hierarchy due to the use of an observable market price in an active market. The private warrants qualified for the level 3 category in the fair value hierarchy due to the fact that they were not traded in an active market and their fair value was determined using unobservable inputs in a Black-Scholes valuation model. Both the public and private warrants were derecognized during the year ended December 31, 2022 as further discussed in note 17.2.

The determination of the fair value of private warrants using an option pricing model is affected by estimates and assumptions regarding a number of complex and subjective variables.

The key valuation assumptions and inputs for the private warrants at the derecognition date are as follows:

Share price ($)	2.83
Exercise price ($)	11.5
Volatility	45.7 %
Time to expiration (years)	2.76
Risk-free rate	4.36 %

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3 Critical accounting estimates and judgments (continued)

3.1 Critical accounting estimates and judgments pursuant to the Transaction (continued)

The determination of these assumptions were as follows:

- *Volatility*

  Since there is no trading history for our ordinary shares, the expected price volatility for our ordinary shares was estimated using the average historical volatility of industry peers' shares as of the grant date of our options over a period of history commensurate with the expected life of the options. When making the selection of our industry peers to be used in measuring implied volatility of traded call options, we considered the similarity of their products and business lines, as well as their stage of development, size and financial leverage.

- *Risk-free rate*

  We derived the risk-free interest rate assumption from the yield, as of the grant date of the applicable options, of government bonds with a maturity corresponding to the expected life of the awards being valued.

(d) Earnout Liability

Earnout Shares were issued by Super Group to the Pre-Closing Holders as part of the consideration transferred in the SEAC merger. According to management's assessment, Earnout Shares were within the scope of IAS 32, Financial Instruments: Presentation as the arrangement could have resulted in Super Group issuing a variable number of shares in the future. In accordance with IAS 32, the Earnout Shares were classified as current financial liabilities.

The earnout liability qualified for the level 3 category in the fair value hierarchy due to the fact they were not traded in an active market and their fair value was arrived at by using appropriate valuation techniques using a Monte Carlo valuation simulation. This liability was derecognized in the year ended December 31, 2022 as discussed in note 17.3.

The key valuation assumptions and inputs at the derecognition date are as follows:

	Tranche I ($11.50)	**Tranche II ($12.50)**	**Tranche III ($14.00)**
Share price ($)	3.03	3.03	3.03
Exercise price ($)	0	0	0
Volatility	45.7 %	45.7 %	45.7 %
Time to expiration (years)	4.125	4.125	4.125
Risk-free rate	4.23 %	4.23 %	4.23 %

The determination of these assumptions are in line with those described in point (c) above.

(e) Treatment of transaction costs

In accordance with IAS 32, Super Group has analyzed the total costs incurred in the Transaction to determine which were incremental and directly attributable to the issue of new shares, and hence are to be deducted from equity directly rather than being expensed through profit or loss.

Some costs have been considered 100% attributable to the issuance of the new shares in exchange for cash, while other costs incurred related to a combination of the issuance of new shares and obtaining the listing. For this latter group of costs, only the part that could be attributed to the issuance of new shares in exchange for cash are deducted from equity, the percentage of which was determined as the ratio of the number of new shares issued in exchange for cash compared to the total number of outstanding shares after the Transaction.

In the year ended December 31, 2022, the Group incurred costs of €24.5 million related to the Transaction, of which €23.0 million were allocated to Pre-Closing Holders and expensed on the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the remaining amount of €1.5 million were considered directly attributable costs for the issuance of new shares and applied as a reduction to share capital. In the year ended December 31, 2021 and prior to the shareholder approval, costs of €7.1 million were incurred on the Transaction and were expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

3 Critical accounting estimates and judgments (continued)

3.2 Other critical judgments

(a) Internally-generated software development costs

Costs relating to internally-generated software development costs are capitalized if the criteria for recognition as assets are met. The initial capitalization of costs is based on management's judgment of technological feasibility including the following:

- the intention to complete the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate resources to complete the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset.

In making this judgment, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure not eligible for capitalization is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

(b) Consolidation of entities where the Group has potential voting rights (control)

The Group entered into a purchase agreement for the acquisition of DGC on April 7, 2021. The purchase agreement was subject to conditions that had not been met at the reporting date and therefore the transaction could not complete. Management assessed the relevant facts and circumstances of this transaction and determined that the Group does not control DGC as at the reporting date. The Group has completed the DGC acquisition in January, 2023. Please refer to note 26 for subsequent events related to DGC acquisition.

The Group entered into a purchase agreement for the acquisition of BlueJay Limited ('BlueJay') on April 19, 2021, respectively. On January 31, 2022, the timeframe agreed to fulfil BlueJay purchase conditions has expired and the contract was automatically terminated. The transaction did not have a material impact on the consolidated financial statements as the parties were not liable to each other under the circumstances that led to the termination.

The same assessment was made concerning Verno Holdings Limited ('Verno') regarding a call option agreement entered into April 16, 2021, which allowed the Group to purchase a 100% of the shares in Verno. When assessing the relevant facts and circumstances, management determined that the Group did not control Verno as the option was not substantive. However, on August 18, 2022, an amendment to the original contract was issued and allowed the Group to immediately exercise the option and the acquisition was completed on September 1, 2022. Therefore, the Group is consolidating Verno from the acquisition date as described in note 4.

3.3 Critical accounting estimates

(a) Income taxes

The Group operates in a number of international jurisdictions and as such is subject to a range of different income and other tax regimes with differing and potentially complex legislation. This requires the Group to make judgements on the basis of detailed tax analysis and recognize payables or provisions and disclose contingent liabilities as appropriate.

Management evaluates uncertain positions where the tax judgment is subject to interpretation and remains to be agreed with the relevant tax authority. Provisions for uncertain income tax positions are made using judgment of the most likely tax expected to be paid or the expected value, based on a qualitative assessment of all relevant information. In assessing the appropriate provision for uncertain items, the Group considers progress made in discussions with tax authorities and expert advice on the likely outcome and recent developments in case law, legislation and guidance.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

3 Critical accounting estimates and judgments (continued)

3.3 Critical accounting estimates (continued)

(b) Legal and regulatory

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from a small number of regulatory authorities and other parties in respect of its activities. The Group has taken advice as to the manner in which it should respond and the likely outcomes of such matters. For any material ongoing and potential regulatory reviews and legal claims against the Group, an assessment is performed to consider whether an obligation or possible obligation exists and to determine the probability of any potential outflow to determine whether a claim results in the recognition of a provision or disclosure of a contingent liability. Refer to note 23 for provisions raised on uncertain legal or regulatory matters.

(c) Provisions and contingencies for indirect gaming taxes

The Group may be subject to indirect taxation in the form of GST, VAT, withholding tax, duty or similar, and gaming taxes on transactions which the Group have treated as exempt from such taxes. Where the Group accounts for taxes on revenues in relevant jurisdictions, the method of calculation of such taxes as applied by the Group in determining the relevant tax payable may be challenged by revenue authorities. As such, revenue earned from players located in any particular jurisdiction may give rise to further taxes in that jurisdiction.

The nature of the Group's international operations can give rise to situations where customers can access to the Group's websites from jurisdictions where the Group is not registered for indirect taxes, or where the indirect, gaming and or withholding tax treatment is uncertain. Where the Group considers that it is probable that indirect taxes or withholding taxes are payable to relevant tax authorities, provision is made for the Group's best estimate of the tax payable, unless it cannot be reliably measured. The Group regularly reviews the judgements made in order to assess the need for provisions and disclosures in its financial statements. To the extent that the final outcome of such matters differs to management's assessment at any reporting dates, such differences may impact the financial results or contingent liabilities disclosed in the year in which such determination is made. Further details can be found in notes 23 and 24 to the financial statements.

(d) Fair value of acquired intangible assets

Intangible assets are recognized on business combinations if they are separable from the acquired entity or arise from other contractual or legal rights and are recorded initially at fair value. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. In applying these appropriate valuation techniques management makes estimates including estimates of future economic benefits, cash flows, and the appropriateness of discount rates or the estimated cost and time to create an equivalent intangible asset. Please refer to note 4 and note 11 where the respective acquired balances are included.

Key assumptions made in connection with measurement of intangible assets relating to the Verno acquisition in the current year and 2021 acquisitions noted in note 4 include:

- the discount rates of between 11% and 13% (2021: between 19% and 31%);
- the royalty rates of 2% (2021: between 1% and 2%);
- the estimated useful lives which range from 4 to 10 years (2021: between 2.5 and 10 years);
- the expected annual retention rates of existing customers for each of the next four (2021: five) years split by customer vintage; and
- estimated cash flows and projected financial information where management considers historical performance and industry assessments among other sources before further applying its own experience and knowledge of the industry in making judgments and estimates.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

3 Critical accounting estimates and judgments (continued)

3.3 Critical accounting estimates (continued)

(e) Fair value of consideration transferred

In a business combination in which the acquirer and the acquiree (or its former owners) exchange equity interests or other forms of consideration, the Group determines acquisition-date fair value of the consideration transferred. The Group applied this guidance in the acquisition of Verno Holdings Limited ("Verno"). The Group estimated the fair value of the option exercised using as key assumptions the appropriate third-party valuation of the underlying shares and appropriate discount rate for the present value of the exercise price of the option and expected dividends.

(f) Impairment of goodwill and other intangible assets

The Group is required to test, on an annual basis, whether intangible assets not yet in use and indefinite-life assets have suffered any impairment. The Group is required to test other intangibles if events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable amount is determined by comparing the carrying amount of the indefinite-lived asset with its recoverable amount. To determine the recoverable amount management performs a valuation analysis based on the higher of Value in Use ('VIU') and Fair Value Less Cost of Disposal ('FVLCD') in accordance with IAS 36, 'Impairment of Assets.' The use of these methods requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in note 11.

(g) Useful lives of intangible assets

The Group acquired significant intangible assets in connection with acquisitions completed during the year ended December 31, 2022. Management has applied estimates in determining the useful lives for these acquired intangible assets using information regarding, among other things, details of the contractual terms, historical customer activity and attrition, forecasted cash flow information and market conditions and trends.

(h) Provision for expected credit losses

The Group recognizes an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. The Group measures loss allowances based on various factors such as credit risk characteristics, aging of receivables, and current and forward-looking information based on publicly available information affecting the ability of the debtors to settle the receivables. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a critical estimate.

4 Business Combinations

Acquisitions in 2022

On April 16, 2021 SGHC entered into a call option to purchase 100% of the shares of Verno, exercisable during the period from April 16, 2021 to December 31, 2023, subject to certain conditions. On June 30, 2021, an amendment changed the exercise period to the interval between June 30, 2023 and December 21, 2023. Following the completion of a regulatory settlement with the UK Gambling Commission on a preexisting investigation, a further amendment dated August 18, 2022 allowed the option to be immediately exercisable by the Group and the acquisition was completed on September 1, 2022. The consideration transferred for Verno was €22.5 million, which is the fair value of the option of €21.4 million and cash consideration of €1.1 million. Acquisition costs related to the transaction were immaterial. The acquisition was accounted for as a business combination in accordance with IFRS 3. Verno, a Guernsey incorporated company, holds a majority stake in Jumpman Gaming Limited ("Jumpman"), a small, UK-focused casino business, which has built and owns all its proprietary technology and operates a number of interactive gaming services under license granted by the gaming authorities in the United Kingdom and Alderney. The Group acquired Verno to expand its footprint in the UK as well as into other markets.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

4 Business Combinations (continued)

The preliminary fair values of the identifiable assets and liabilities assumed as at the acquisition date was:

	Verno Group Holdings Limited as at September 1, 2022 € '000s
Assets	
Property, plant and equipment	1,491
Customer databases	12,831
Brands	1,576
Marketing and data analytics know-how	10,579
Acquired technology	1,163
Right-of-use assets	521
Regulatory deposits	1,000
Trade and other receivables	3,118
Cash and cash equivalents	8,385
	40,664
Liabilities	
Lease liabilities	(671)
Interest-bearing loans and borrowings	(23,445)
Trade and other payables	(12,309)
Customer liabilities	(2,457)
	(38,882)
Net identifiable assets acquired	**1,782**
Non-Controlling interest	(17,127)
Goodwill	37,869
Purchase consideration	**22,524**

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4 Business Combinations (continued)

The fair value of the trade receivables is the same as the gross amount of trade receivables and it is expected that the full contractual amounts can be collected.

Verno has ongoing tax assessments that were not included in the identifiable net assets mentioned above, as a reliable estimate cannot be made as at December 31, 2022. The Group and its legal counsel are engaging with the relevant tax authorities to obtain more details about the queries and will update their assessment throughout the one year measurement period.

The Group has elected to measure the non-controlling interest in Jumpman at fair value. The fair value of the non-controlling interest has been determined by applying a 20% discount for lack of control to the non-controlling interest share of the fair value of Jumpman at the acquisition date.

Goodwill arising on the acquisition comprise the value of expected synergies arising from the acquisition. The goodwill recognized on acquisitions of €37.9 million has been fully allocated to Jumpman CGU. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, the acquired entity contributed the following to revenue and profit before tax of the Group:

	€ '000s
Revenue	29,927
Profit before taxation	1,946

Had the acquired entity been acquired at the beginning of the reporting period, the revenue and profit before tax of the Group would have been as follows:

	€ '000s
Revenue	1,338,784
Profit before taxation	222,394

Purchase consideration

The following table summarizes the acquisition date preliminary fair value of each major class of consideration transferred:

	€ '000s
Cash	1,103
Fair value of option	21,421
Total consideration transferred	**22,524**

The following table summarizes the net cash flows on acquisition:

	Cash paid € '000s	**Net cash acquired with the subsidiaries € '000s**	**Net cash flow on acquisition € '000s**
Verno Holdings Limited	(1,103)	8,385	7,282

The acquisition accounting for the above acquisition remains provisional for one year from the acquisition date and may change if new information is obtained relating to the conditions that existed at the acquisition date.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

4 Business Combinations (continued)

Acquisitions in 2021

On January 11, 2021, SGHC entered into a call option over 100% of the outstanding shares of Raging River. SGHC exercised the option on April 8, 2021. SGHC concluded that the option and potential voting rights were substantive on the date of issuance in accordance with IFRS 10 Consolidated Financial Statements ('IFRS 10'), resulting in the acquisition of Raging River on January 11, 2021. These rights were determined to be substantive based on management's ability to direct the relevant activities of Raging River when decisions about its relevant activities are being made. The consideration transferred for the acquisition of Raging River was €17.2 million, which is the present value of the exercise price of the option (€2.1 million), fair value of the SGHC shares transferred (less any payment made by the previous Raging River shareholders) (€13.1 million), and good faith payment of dividends (€2 million) paid to the shareholders of Raging River. The acquisition was accounted for as a business combination in accordance with IFRS 3. Raging River operates licensed interactive online gaming services. The Group acquired Raging River to expand its online gaming services into a new market.

On April 9, 2021, SGHC purchased 100% of the outstanding shares of the following entities, the acquisitions of which were accounted for as a business combination under IFRS 3:

- Webhost Limited ('Webhost'), a company that provides hosting services for gaming platforms. The consideration transferred for the acquisition of Webhost was in the form of cash amounting to €2.9 million.
- Partner Media Limited ('Partner Media') and Buffalo Partners Limited ('Buffalo Partners'), companies that provide affiliate and other marketing services. The consideration transferred for the acquisitions of Partner Media and Buffalo partners was in the form of cash amounting to €0.7 million and €2.5 million, respectively.

On April 14, 2021, the Company acquired 100% of the outstanding shares of DigiProc Consolidated Limited ('DigiProc'), a company that provides back office services which support the operating entities within the Group.

The consideration transferred for the acquisition of DigiProc was in the form of cash amounting to €9.2 million. The acquisition was accounted for as a business combination in accordance with IFRS 3.

On April 16, 2021, the Group acquired 100% of the outstanding shares of Digiprocessing (Mauritius) Limited ('Digiprocessing'), a company that provides back office services which support the operating entities within the Group. The transaction was consummated through a transfer of shares from the previous shareholder to DigiProc for no consideration. The acquisition was accounted for as a business combination in accordance with IFRS 3.

On April 19, 2021, the Company acquired 100% of the outstanding shares of Raichu Investments Proprietary Limited ('Raichu'), a company that provides back office services which support the operating entities within the Group. The consideration transferred for the acquisition of Raichu was assumed debt from the sellers of €2.8 million and the balance in cash amounting to €1.6 million. The acquisition was accounted for as business combination in accordance with IFRS 3.

On September 2, 2021, the Group purchased 100% of the outstanding shares of Smart Business Solutions S.A., a company in the process of applying for a gaming license. The consideration transferred for the acquisition of Smart Business Solutions S.A. was in the form of cash amounting to €0.08 million.

On October 14, 2021 the Group purchased 100% of the outstanding shares of 11908120 Canada Inc. (d.b.a. TheSpike.gg), a company that provides marketing services. The consideration transferred for the acquisition of TheSpike.gg was in the form of cash amounting to €0.2 million.

On December 1, 2021, SGHC purchased 100% of the outstanding shares of the following entities, the acquisition of which was accounted for as a business combination under IFRS 3:

- Haber Investments Limited ('Haber'), a company that provides back office services which support the operating entities within the Group. The consideration transferred for the acquisition of Haber was in the form of deferred consideration amounting to €13.2 million, that was settled in January 2022.
- Red Interactive Limited ('Red Interactive'), a company that provides marketing services. The consideration transferred for the acquisition of Red Interactive was in the form of cash amounting to €2.2 million.

The Group acquired these businesses, apart from Raging River, in order to bring marketing and other support services within the Group.

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4 Business Combinations (continued)

The fair values of the identifiable assets and liabilities assumed of these companies as at the dates of acquisition were:

	Note	Raging River Trading Proprietary Limited as at January 11, 2021 € '000s	Webhost Limited as at April 9, 2021 € '000s	Partner Media Limited as at April 9, 2021 € '000s	Buffalo Partners Limited as at April 9, 2021 € '000s	Digiproc Consolidated Limited as at April 14, 2021 € '000s	Digiprocessing (Mauritius) Limited as at April 16, 2021 € '000s	Raichu Investments Proprietary Limited as at April 19, 2021 € '000s	Smart Business Solution S.A. as at September 2, 2021 € '000s	The Spike.GG as at October 15, 2021 € '000s	Red Interactive Limited as at December 1, 2021 € '000s	Haber Investments Limited As at December 1, 2021 € '000s	Total € '000s
Assets													
Property, plant and equipment	13	89	1,066	—	—	82	1	1,355	—	—	243	4,884	**7,720**
Customer databases	11	11,062	—	—	—	—	—	—	—	—	—	131	**11,193**
Marketing and data analytics know-how	11	18,165	—	—	—	—	—	—	—	—	—	—	**18,165**
Licenses	11	242	—	—	—	—	—	—	—	—	—	—	**242**
Acquired technology	11	—	—	—	—	623	—	—	—	—	17	—	**640**
Loans receivable		—	—	21	—	6,206	—	—	—	—	118	—	**6,345**
Right-of-use assets	20	36	—	—	—	—	—	2,150	—	—	1,251	3,411	**6,848**
Deferred tax assets		20	—	—	—	—	—	33	—	—	—	—	**53**
Trade and other receivables		3,949	1,501	469	10,912	2,636	20	5,099	1	—	2,273	16,163	**43,023**
Restricted cash		72	—	—	—	—	—	—	—	—	—	—	**72**
Cash and cash equivalents		10,301	1,038	732	4,887	5,916	30	1,162	—	—	3,353	13,759	**41,178**
		43,936	**3,605**	**1,222**	**15,799**	**15,463**	**51**	**9,799**	**1**	**—**	**7,255**	**38,348**	**135,479**
Liabilities													
Lease liabilities	20	(39)	—	—	—	—	—	(2,174)	—	—	(1,362)	(5,027)	**(8,602)**
Interest-bearing loans and borrowings		—	(1,404)	—	—	(5,985)	—	(1,987)	(69)	—	—	(1,296)	**(10,741)**
Trade and other payables		(5,371)	(496)	(175)	(13,070)	(3,437)	(1)	(1,063)	—	(36)	(1,405)	(14,375)	**(39,429)**
Customer liabilities		(1,999)	—	—	—	—	—	—	—	—	—	—	**(1,999)**
Deferred tax liabilities		(8,354)	—	—	—	(6)	—	(1,251)	—	—	(5)	(109)	**(9,725)**
Income tax payables		(913)	—	—	—	(34)	—	(269)	—	—	(451)	(482)	**(2,149)**
		(16,676)	**(1,900)**	**(175)**	**(13,070)**	**(9,462)**	**(1)**	**(6,744)**	**(69)**	**(36)**	**(3,223)**	**(21,289)**	**(72,645)**
Total identifiable net assets at fair value		**27,260**	**1,705**	**1,047**	**2,729**	**6,001**	**50**	**3,055**	**(68)**	**(36)**	**4,032**	**17,059**	**62,834**
Goodwill	11	—	1,195	—	—	3,199	—	1,323	76	278	—	—	**6,071**
Bargain purchase arising on acquisition		(10,047)	—	(347)	(214)	—	(50)	—	—	—	(1,832)	(3,859)	**(16,349)**
Purchase consideration		**17,213**	**2,900**	**700**	**2,515**	**9,200**	**—**	**4,378**	**8**	**242**	**2,200**	**13,200**	**52,556**

The fair value of the trade receivables is the same as the gross amount of trade receivables and it is expected that the full contractual amounts can be collected.

A business combination in which the net of the acquisition-date amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred is considered a bargain purchase and this difference is recognized as a gain in the Consolidated Statement of Profit or Loss and Comprehensive Income as at the acquisition date.

Goodwill arising on acquisitions comprise the value of expected synergies arising from the acquisition. Goodwill acquired through business combinations is allocated to the Betway and Spin cash generating units ('CGUs'), which are also operating and reportable segments. The goodwill recognized on acquisitions of €6.1 million has been allocated to the CGUs as follows: Spin €2.4 million and Betway €3.7 million respectively. The allocation between Betway CGU and Spin CGU is based on the 10 year average net revenue forecast split between the two CGU. None of the goodwill recognized is expected to be deductible for income tax purposes.

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4 Business Combinations (continued)

The bargain purchases identified are explained as follows:

The acquisitions were treated as business combinations in terms of IFRS 3, however, the purchases were considered a reorganization in order to combine the entities with the larger group. In terms of the most significant bargain purchase for Raging River, the shareholders sold the businesses at a lower price seeing an opportunity to participate in an enlarged group with a more balanced product mix either as a shareholder or as a director and were willing to accept a lower price.

The remaining acquisitions giving rise to bargain purchases relate to the purchase of marketing and back office service entities that currently derive income from the provision of services to current group entities.

From the date of acquisition, the acquired entities contributed the following to revenue and profit before tax of the Group:

	For the period from the acquisition dates through December 31, 2021
	€ '000s
Revenue	113,007
Profit before taxation	47,046

Of the amounts included above, €110.8 million of revenue and €36.4 million of profit before taxation relates to the acquisition of Raging River Trading Proprietary Limited.

Had the acquired entities been acquired at the beginning of the year ended December 31, 2021, the revenue and profit before tax of the Group would have been as follows:

	€ '000s
Revenue	1,322,854
Profit before taxation	238,507

Revenues do not increase significantly following the purchase of the back office and marketing entities as their revenue is derived predominantly from the Group and is therefore eliminated on consolidation. The Group has the future benefit that it will experience the cost savings from these mark-ups.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

4 Business Combinations (continued)

Purchase consideration

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

	Shares issued at fair value € '000s	Dividends paid to previous shareholders € '000s	Liabilities assumed € '000s	Deferred consideration € '000s	Cash paid € '000s	Purchase consideration transferred € '000s
Raging River Trading Proprietary Limited	13,149	1,961	—	—	2,103	17,213
Webhost Limited	—	—	—	—	2,900	2,900
Partner Media Limited	—	—	—	—	700	700
Buffalo Partners Limited	—	—	—	—	2,515	2,515
Digiproc Consolidated Limited	—	—	—	—	9,200	9,200
Digiprocessing (Mauritius) Limited	—	—	—	—	—	—
Raichu Investments Proprietary Limited	—	—	2,881	—	1,497	4,378
Smart Business Solutions S.A.	—	—	—	—	8	8
TheSpike.GG	—	—	—	—	242	242
Red Interactive Limited	—	—	—	—	2,200	2,200
Haber Investments Limited [1]	—	—	—	13,200	—	13,200
	13,149	1,961	2,881	13,200	21,365	52,556

[1] The deferred consideration for the acquisition of Haber Investments Limited was settled in 2022.

The following table summarizes the net cash flow on acquisition:

	Cash paid € '000s	Net cash acquired with the subsidiaries € '000s	Net cash flow on acquisition € '000s
Raging River Trading Proprietary Limited	(2,103)	10,301	8,198
Webhost Limited	(2,900)	1,038	(1,862)
Partner Media Limited	(700)	732	32
Buffalo Partners Limited	(2,515)	4,887	2,372
Digiproc Consolidated Limited	(9,200)	5,916	(3,284)
Digiprocessing (Mauritius) Limited	—	30	30
Raichu Investments Proprietary Limited	(1,497)	1,162	(335)
Red Interactive Limited	(2,200)	3,353	1,153
Haber Investments Limited	—	13,759	13,759
Smart Business Solutions S.A.	(8)	—	(8)
TheSpike.GG	(242)	—	(242)
	(21,365)	41,178	19,813

The Raichu Sale and Purchase Agreements call for a portion of the consideration for the shares transferred in the acquisition of Raichu by SGHC in the amount of €2.8 million to be assumed from the previous shareholders and paid according to the terms of the previous shareholders loan agreement with Bellerive Global Services Limited. The terms of the loan call for interest to be recognized daily on any outstanding balance at a South African prime rate minus 3% per annum.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

5 Segment reporting

The Group's Chief Operating Decision Maker ('CODM') has been identified as the Chief Executive Officer, who makes key decisions regarding the strategy of and allocation of resources among the separately managed brands. Factors considered in determining the operating segments include how decisions are made regarding recent acquisitions and how budgets are determined and reviewed. These factors are relevant at a brand level. Operating segments are based on the reports reviewed by the CODM at the brand level to make strategic decisions and allocate resources.

The identified reportable segments are described below:

Betway:

Premier single brand online sportsbook focused business with a global footprint and strategic partnerships with teams and leagues worldwide. Betway additionally recovers sponsorship marketing spend through brand license agreements.

Spin:

Premier multi-brand online casino focused business with established market leadership in high-growth markets. This reportable segment aggregates Spin and Jumpman, which was acquired in the business combination with Verno (see note 4). Jumpman expands the Group multi-brand casino footprint in the UK, with a similar product offering and regulatory framework when compared to Spin.

Amounts recorded in the 'other' column represents head office costs.

Information related to each reportable segment is set out below. Adjusted EBITDA is an alternative performance measure used by management as they believe that this information is the most relevant indicator in evaluating the results of the respective segments relative to other entities that operate in the same industry. Adjusted EBITDA is not a GAAP measure, is not intended as substitute for GAAP measures and may not be comparable to performance measures used by other companies.

	2022 Betway € '000s	2022 Spin € '000s	2022 Other[2] € '000s	2022 Total € '000s
Revenue	714,165	578,045	—	1,292,210
Direct and marketing expenses	(609,924)	(365,110)	(4,266)	(979,300)
Other operating Income	3,669	1,609	213	5,491
General and administrative expenses	(61,657)	(57,538)	(24,889)	(144,084)
Transaction fees	—	—	(22,969)	(22,969)
Depreciation and amortization expense	(27,809)	(35,963)	(2,957)	(66,729)
Profit from operations	**18,444**	**121,043**	**(54,868)**	**84,619**
Adjusted EBITDA[1]	49,152	157,006	(7,619)	198,539

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

5 Segment reporting (continued)

	2021 Betway € '000s	2021 Spin € '000s	2021 Other[2] € '000s	2021 Total € '000s
Revenue	687,752	632,906	—	1,320,658
Direct and marketing expenses	(511,708)	(381,223)	(3,563)	(896,494)
Other operating Income	5,090	587	2,365	8,042
General and administrative expenses	(71,550)	(57,678)	(13,524)	(142,752)
Transaction fees	—	—	(7,107)	(7,107)
Depreciation and amortization expense	(49,528)	(33,107)	(925)	(83,560)
Profit from operations	**60,056**	**161,485**	**(22,754)**	**198,787**
Adjusted EBITDA[1]	109,584	194,592	(14,722)	289,454

	2020 Betway € '000s	2020 Spin € '000s	2020 Other[2] € '000s	2020 Total € '000s
Revenue	394,525	513,494	—	908,019
Direct and marketing expenses	(310,547)	(302,058)	(84)	(612,689)
General and administrative expenses	(38,984)	(71,082)	(4,472)	(114,538)
Depreciation and amortization expense	(24,602)	(30,804)	(1)	(55,407)
Profit from operations	**20,392**	**109,550**	**(4,557)**	**125,385**
Adjusted EBITDA[1]	44,993	140,354	(4,555)	180,792

[1] Adjusted EBITDA is a non-GAAP measure in the above segment note and is defined as profit for the year before depreciation, amortization, impairment, finance income, finance expense, gain on bargain purchase, transaction fees, gain on derivative contracts, share listing expense, foreign exchange on revaluation of warrants and earnouts, change in fair value of warrant and earnout liabilities, recognition of fair value of option, RSU awards granted in connection to the transaction and tax expense/credit.

[2] General and Administrative expenses €24.9 million (2021: €13.5 million) (2020: €4.5 million) disclosed as "Other" comprises employment, legal, accounting and other central administrative costs incurred at a Super Group (SGHC) Limited level.

Direct and marketing expenses €4.3 million (2021: €3.6 million) (2020: €0.1 million) disclosed as "Other" comprises direct employment costs, which mainly comprises of RSU' and head office personnel.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

5 Segment reporting (continued)

The reconciliation of non-GAAP information on reportable segments to amounts reported in the financial statements:

	2022 € '000s	2021 € '000s	2020 € '000s
Profit for the year	**182,269**	**235,878**	**149,217**
Income tax expense/(benefit)	34,240	(9,970)	429
Finance income	(2,222)	(1,312)	(257)
Finance expense	1,345	6,370	10,991
Depreciation and amortization expense	66,729	83,560	55,407
EBITDA	**282,361**	**314,526**	**215,787**
Transaction fees	22,969	7,107	—
Gain on derivative contracts	(4,148)	(15,830)	—
Gain on bargain purchase	—	(16,349)	(34,995)
Share listing expense	126,252	—	—
Foreign exchange on revaluation of warrants and earnouts	25,047	—	—
Change in fair value of warrant liability	(34,518)	—	—
Change in fair value of earnout liability	(237,354)	—	—
Change in fair value of options	(6,292)	—	—
Adjusted RSU expense[3]	24,222	—	—
Adjusted EBITDA	**198,539**	**289,454**	**180,792**

[3] Associated payroll expenses of €1.1 million (2021 and 2020: nil) are included in this line.

Disaggregation of revenue

Group revenue disaggregated by product line for the year ended December 31, 2022:

	Betway € '000s	Spin € '000s	Group revenue € '000s
Online casino[4]	237,216	577,078	814,294
Sports betting[4]	437,728	377	438,105
Brand licensing[5]	36,343	215	36,558
Other[6]	2,878	375	3,253
Total revenue	**714,165**	**578,045**	**1,292,210**

Group revenues disaggregated by product line for the year ended December 31, 2021:

	Betway € '000s	Spin € '000s	Group revenue € '000s
Online casino[4]	228,801	629,924	858,725
Sports betting[4]	385,368	1,814	387,182
Brand licensing[5]	71,053	—	71,053
Other[6]	2,530	1,168	3,698
Total revenue	**687,752**	**632,906**	**1,320,658**

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

5 Segment reporting (continued)

Group revenues disaggregated by product line for the year ended December 31, 2020:

	Betway € '000s	Spin € '000s	Group revenue € '000s
Online casino[4]	172,093	511,311	683,404
Sports betting[4]	161,080	293	161,373
Brand licensing[5]	61,352	1,890	63,242
Total revenue	**394,525**	**513,494**	**908,019**

[4] Sports betting and online casino revenues are not within the scope of IFRS 15 'Revenue from Contracts with Customers' and are treated as derivatives under IFRS 9 'Financial Instruments'.

[5] Brand licensing revenues are within the scope of IFRS 15 'Revenue from Contracts with Customers'.

[6] Other relates to profit share and outsource fees from external customers.

Geographical Information

The Group's performance can also be reviewed by considering the geographical markets and geographical locations where the Group generates revenue. The Group has not provided geographic information regarding its non-current assets as this information is not available and is impracticable to determine. Revenue from external customers for the year attributed to Canada is €541.2 million (2021: €592.4 million), (2020: €420.6 million), India is €144.5 million (2021 and 2020: below 10%) and South Africa is €181.0 million (2021 and 2020: below 10%). No other country accounts for more than 10% of total external revenues. The Group's revenue attributable to the country of domicile (Guernsey) is insignificant. The Group further analyzed revenue according to the following regions:

	2022 Betway € '000s	2022 Spin € '000s	2022 Total € '000s
Africa and Middle East	267,750	3,786	271,536
Asia-Pacific	184,668	103,183	287,851
Europe	120,804	38,749	159,553
North America	123,756	417,946	541,702
South/Latin America	17,187	14,381	31,568
	714,165	578,045	1,292,210
	%	%	%
Africa and Middle East	37 %	1 %	21 %
Asia-Pacific	26 %	18 %	22 %
Europe	17 %	7 %	12 %
North America	18 %	72 %	43 %
South/Latin America	2 %	2 %	2 %

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

5 Segment reporting (continued)

	2021 Betway € '000s	2021 Spin € '000s	2021 Total € '000s
Africa and Middle East	212,027	5,350	217,377
Asia-Pacific	201,887	127,863	329,750
Europe	129,248	19,858	149,106
North America	130,683	462,969	593,652
South/Latin America	13,907	16,866	30,773
	687,752	632,906	1,320,658
	%	%	%
Africa and Middle East	31 %	1 %	17 %
Asia-Pacific	29 %	20 %	25 %
Europe	19 %	3 %	11 %
North America	19 %	73 %	45 %
South/Latin America	2 %	3 %	2 %

	2020 Betway € '000s	2020 Spin € '000s	2020 Total € '000s
Africa and Middle East	30,220	8,603	38,823
Asia-Pacific	151,351	85,103	236,454
Europe	137,964	56,786	194,750
North America	71,667	348,946	420,613
South/Latin America	3,323	14,056	17,379
	394,525	513,494	908,019
	%	%	%
Africa and Middle East	8 %	2 %	4 %
Asia-Pacific	38 %	17 %	26 %
Europe	35 %	11 %	21 %
North America	18 %	68 %	47 %
South/Latin America	1 %	3 %	2 %

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

6 Profit from operations

	Note	2022 € '000s	2021 € '000s	2020 € '000s
Profit from operations is derived at after charging the following:				
Amortization of intangible assets	11	55,347	77,564	51,191
Depreciation of property, plant and equipment	13	5,337	3,154	2,206
Depreciation of right-of-use asset	20	6,045	2,841	2,010
Foreign exchange losses		43,683	27,142	13,913

Direct and marketing expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income are broken down as follows:

	2022 € '000s	2021 € '000s	2020 € '000s
Direct and marketing expenses			
Gaming tax, license costs and other tax	67,951	48,800	33,969
Processing & Fraud Costs	197,394	173,619	99,322
Royalties	178,203	202,856	164,636
Other operational costs	50,137	36,126	19,142
Staff costs and related expenses	130,305	79,885	47,158
Costs relating to currency movements	12,550	4,924	1,596
Marketing Expenses	342,760	350,284	246,866
	979,300	**896,494**	**612,689**

General and Administration expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income are broken down as follows:

	2022 € '000s	2021 € '000s	2020 € '000s
General and administration expenses			
Staff costs and related expenses[1]	68,311	88,859	86,506
Technical and Infrastructure costs	31,149	20,198	9,172
Other administrative costs	44,624	33,695	18,860
	144,084	**142,752**	**114,538**

1 As described in note 4, the Group had acquired Haber during the year ended December 31, 2021. Haber provides back office services which support the operating entities within the Group - this is classified as outsource costs in prior years, but represent in-house staff expenses in the year ended December 31, 2022.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

6 Profit from operations (continued)

Direct and marketing expenses and general and administrative expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income are exclusive of depreciation and amortization expenses. The depreciation and amortization expense attributable to each of these is as follows:

	2022 € '000s	2021 € '000s	2020 € '000s
Amount included in General and administration expenses	11,382	5,996	4,216
Amount included in Direct and marketing expenses	55,347	77,564	51,191
	66,729	**83,560**	**55,407**

Direct and marketing expenses as disclosed on the Consolidated Statement of Profit or Loss and Other Comprehensive Income includes the Group's cost of revenues. Cost of revenues for the year includes gaming tax, license costs, processing costs, fraud costs and royalties which amounts to €443.5 million (2021: €425.3 million), (2020: €297.9 million).

In relation to the Transaction noted in note 17, we incurred €23.0 million in transaction costs (2021: €7.1 million), which have been included in Transaction fees.

Included in Direct and Marketing Expenses are service costs incurred in relation to casino software licensing agreements, jackpot services and licensing agreements and sportsbook software licensing agreements. The Group has entered into several of these agreements with Apricot (and its affiliates and subsidiaries), a leading gaming software and content provider.

Whilst this relationship is not considered by the Company to meet the definition of a related party under IAS 24 'Related Party Disclosures', it is noted that a beneficiary of certain trusts which are the ultimate controlling shareholders of Apricot, is also a beneficiary of a trust which is a major shareholder of Super Group.

7 Staff costs

	2022 € '000s	2021 € '000s	2020 € '000s
Staff costs are as follows:			
Salaries and wages	158,231	70,272	46,100
Social security costs	7,891	5,639	4,800
RSU expense	24,261	—	—
Other pension costs	2,522	2,066	1,645
	192,905	**77,977**	**52,545**
The average monthly number of employees, including the directors', during the year was as follows:			
Average number of employees	3,891	1,664	840

Refer to note 21 'Related party transactions' for details relating to key management remuneration.

8 Finance expense

	2022 € '000s	2021 € '000s	2020 € '000s
Interest on loans, borrowings and other	391	5,873	10,306
Interest on lease liabilities	954	497	685
	1,345	6,370	10,991

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9 Income tax

	2022 € '000s	2021 € '000s	2020 € '000s
The following income taxes are recognized in profit or loss:			
Current tax expense			
Current year	27,749	9,389	13,041
Changes in estimates related to prior years	37	(189)	23
Foreign exchange adjustment	642	23	(8)
Deferred tax credit			
Origination and reversal of temporary differences	4,255	21,797	(9,580)
Origination of changes in tax rates	66	(64)	—
Changes in estimates related to prior years	—	105	—
Recognition of previously unrecognized deferred tax assets	(134)	(34,938)	—
Foreign exchange adjustment	270	47	(2)
Release of deferred tax arising on business combinations	(4,256)	(6,901)	(3,188)
Dividend tax expense	5,611	761	143
Income tax expense/(benefit) reported in profit or loss	**34,240**	**(9,970)**	**429**

The applicable tax rate for the effective tax reconciliation is taken from the Company's domestic tax rate at 0% (2021: 0%) (2020: 0%).

	2022 € '000s	2021 € '000s	2020 € '000s
Profit before taxation	216,509	225,908	149,646
At Super Group's statutory tax rate	—	—	—
Tax expense/(benefit) at statutory rate			
Rate differential between local and Group rates	33,827	20,581	3,617
Release of deferred tax arising on business combinations	(4,256)	(6,901)	(3,188)
Release/(recognition) of deferred tax arising on assessed loss	4,669	(23,650)	—
Expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**34,240**	**(9,970)**	**429**

	2022 € '000s	2021 € '000s
Reconciliation of deferred tax assets, net:		
Net deferred tax assets as of January 1	14,860	4,523
Net additions from business combinations	—	(9,672)
Recognized within income tax expense	(201)	19,954
Foreign currency translation adjustment	(72)	55
Net deferred tax assets as of December 31	**14,587**	**14,860**

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9 Income tax (continued)

	2022 € '000s	2021 € '000s
The deferred tax assets and liabilities relate to the following items:		
Taxes arising on acquired intangible assets	(6,483)	(10,740)
Intangible assets	—	10
Trade and other payables	(644)	6,417
Tax loss carried forward	15,747	20,416
RSUs	1,413	—
Other assets and prepayments	4,553	(1,244)
Reflected in the Consolidated Statement of Financial Position:		
Deferred tax assets	23,294	24,108
Deferred tax liabilities	(8,707)	(9,248)

The Group has tax losses that arose in Betway Limited of €42.2 million (2021: €57.4 million), (2020: €84.5 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2024 onwards. The losses can be carried forward indefinitely and have no expiry date.

Deferred tax assets of €10.5 million (2021: €7.0 million) have not been recognized in various subsidiaries across different jurisdictions for their assessed losses as they may not be used to offset taxable profits elsewhere in the Group. These have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. The largest portion arises out of The Rangers Limited where the losses can be carried forward indefinitely and have no expiry date.

On 8 October 2021, an agreement was reached for an international tax reform ("OECD Agreement"). Amongst other things, the OECD Agreement proposes a reallocation of a proportion of tax to market jurisdictions and seeks to apply a global minimum effective tax rate of 15%. The OECD Agreement is likely to cause changes in corporate tax rates in a number of countries in the next few years. The impact of these changes to the Group's tax assets and liabilities depends on the nature and timing of the legislative changes in each country.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

10 Earnings per share

The table below sets forth the computation for basic and diluted net income per ordinary share for the years ended December 31, 2022, 2021 and 2020:

	2022 € '000s	2021 € '000s	2020 € '000s
Profit attributable to ordinary equity holders of the Group	181,439	235,878	149,217
Weighted average number of ordinary shares, basic	490,017,400	472,171,426	462,967,450
Weighted average number of ordinary shares, diluted	490,035,080	472,171,426	462,967,450
Earnings per share, basic	0.37	0.50	0.32
Earnings per share, diluted	0.37	0.50	0.32

*Shares in issue prior to January 27, 2022 have been retrospectively adjusted for the impact of the share issuance to Pre-Closing Holders at a fixed ratio of 8.51 for 1 as described in note 1 the basis of preparation. Refer to note 16 for the ordinary shares issued and fully paid as at December 31, 2022 and 2021 reflecting the impact of the Transaction.

The dilutive earnings per share attributable to owners of the parent for the year ended December 31, 2022, does not include 5,691,377 (2021: nil) (2020: nil) shares relating to the potential dilutive effect of the Group RSU awards as to do so would be antidilutive. As described in note 17.2, the Company exercised its rights to exchange all publicly traded warrants for ordinary shares at an agreed ratio and extinguished any remaining private placement warrants and earnout shares. The warrants and earnout shares were not dilutive during the period they were outstanding and, therefore, were not included in the dilutive earnings per share calculation.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

11 Intangible assets

	Goodwill € '000s	Customer databases € '000s	Brands € '000s	Licenses € '000s	Exclusive license rights € '000s	Marketing and data analytics know-how € '000s	Acquired technology € '000s	Internally-generated software development costs € '000s	Total € '000s
Cost									
At January 1, 2021	18,843	15,981	74,093	3,484	55,000	99,277	29,110	11,415	307,203
Arising on business combinations	6,071	11,193	—	242	—	18,165	640	—	36,311
Disposals	—	—	—	—	—	—	(135)	(2,088)	(2,223)
Additions	—	—	—	1,994	—	—	—	21,612	23,606
Effects of movements in exchange rates	109	2	—	(10)	—	—	13	(18)	96
At December 31, 2021	**25,023**	**27,176**	**74,093**	**5,710**	**55,000**	**117,442**	**29,628**	**30,921**	**364,993**
Arising as a result of merger	—	—	—	—	—	—	—	10	10
Arising in business combinations	37,869	12,831	1,576	—	—	10,579	1,163	—	64,018
Disposals	—	—	—	(64)	—	—	—	(43)	(107)
Additions	—	—	—	863	—	—	(1,767)	22,401	21,497
Write off of goodwill	(278)	—	—	—	—	—	—	—	(278)
Effects of movements in exchange rates	(1,061)	(332)	(276)	(181)	—	122	(38)	45	(1,721)
At December 31, 2022	**61,553**	**39,675**	**75,393**	**6,328**	**55,000**	**128,143**	**28,986**	**53,334**	**448,412**
Accumulated amortization and impairment									
At January 1, 2021	—	8,607	10,273	1,612	38,903	19,576	8,129	2,466	89,566
Amortization charge for the year	—	11,913	7,307	642	16,097	25,498	11,082	5,025	77,564
Disposals	—	—	—	—	—	—	—	(131)	(131)
Effects of movements in exchange rates	—	—	—	43	—	—	(25)	(1)	17
At December 31, 2021	**—**	**20,520**	**17,580**	**2,297**	**55,000**	**45,074**	**19,186**	**7,359**	**167,016**
Amortization charge for the year	—	4,876	7,360	819	—	26,322	7,190	8,780	55,347
Disposals	—	—	—	(2)	—	—	—	(68)	(70)
Effects of movements in exchange rates	—	(50)	(1)	(29)	—	(14)	(18)	2	(110)
At December 31, 2022	**—**	**25,346**	**24,939**	**3,085**	**55,000**	**71,382**	**26,358**	**16,073**	**222,183**
Net Book Value									
At December 31, 2021	**25,023**	**6,656**	**56,513**	**3,413**	**—**	**72,368**	**10,442**	**23,562**	**197,977**
At December 31, 2022	**61,553**	**14,329**	**50,454**	**3,243**	**—**	**56,761**	**2,628**	**37,261**	**226,229**

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12 Impairment reviews

For impairment testing, goodwill acquired through business combinations has all been allocated to the Betway, Spin and Jumpman CGUs, which are also operating segments.

The Group performs an annual impairment review for goodwill by comparing the carrying amount of the Betway, Spin and Jumpman CGUs with their recoverable amount. Management performed a valuation analysis in accordance with IAS 36 Impairment of Assets, to assess the recoverable amount for the Betway, Spin and Jumpman CGUs. This was then compared to CGUs carrying amount at the testing date, to identify whether the CGUs were impaired. This is an area where management exercises judgment and estimation, as discussed in note 3. Testing is carried out by allocating the carrying value of these assets to the respective CGUs and determining the recoverable amounts for the CGUs through the higher of Value in Use ('VIU') and Fair Value Less Cost of Disposal ('FVLCD') calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are not considered to be impaired. Each CGU is not larger than an operating segment, which are described in note 5.

Carrying amount of goodwill allocated to each of the CGUs:

	2022 € '000s	2021 € '000s
Betway	22,239	22,604
Spin	2,419	2,419
Jumpman	36,895	—
Total	**61,553**	**25,023**

The Group considers the relationship between its recent equity transactions and its book value, among other factors, when reviewing for indicators of impairment.

The following information lists the key procedures Management has performed to estimate the carrying amount of each of its CGUs. As stated above, an impairment review was performed on the Spin CGU, but detailed disclosures are not provided as Spin goodwill is considered to be immaterial.

Jumpman and Betway CGUs

The recoverable amounts of the Jumpman and Betway CGUs were based on VIU. The VIU for each CGU was estimated using discounted cash flows ('DCF'). The DCF was then compared with a market approach based on market multiples from listed peers for consistency purposes under a FVLCD approach.

The key assumptions used in the estimation of the each DCF are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry segments in which the CGUs operate (online casino and sport betting). The forecasts assumptions are based on historical data and market trends. The valuation assumptions are based on external sources (macro-economic and market data from listed peers) and internal sources:

As at December 31, 2022:

	Betway	Jumpman
Pre-tax discount rate	21.6 %	13.5 %
Long-term growth rate	2.0 %	2.0 %

As at December 31, 2021:

	Betway
Pre-tax discount rate	22.2 %
Long-term growth rate	2.0 %

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12 Impairment reviews (continued)

The discount rates applied in each DCF are a post-tax measurement estimated using CAPM with reference to market participants' gearing and betas. In the calculation of the DCF, the cash flow projections included specific estimates over a eight-year period for Betway and five-year period for Jumpman. The projection period reflects the point that all markets in operation as of 2022 have reached maturity, with the long-term growth rate applied thereafter. To reflect regulatory risks and certain risks identified in the forecasts, a specific risk premium was adopted in the discount rate, where relevant.

The estimated recoverable amount of the Betway CGU significantly exceeded its carrying amount.

For the Jumpman CGU, the headroom is approximately €7.7m, which corresponds to 12.1% of its recoverable amount. Under reasonably possible scenarios, a decline of 1% in the long-term growth rate would not cause an impairment and an increase of the pre-tax discount rate of 2% would cause a €1.7m impairment loss.

Certain risk premium adjustments were applied to the discount rates, to reflect different regulatory risks in the jurisdictions each CGU operates.

	Betway	Jumpman
Change in pre-tax discount rate	1.3%	N/A

The consistency check under the FVLCD approach was based on revenue and EBITDA multiples observed from listed peers as of the impairment review date. The implied multiples in the DCF estimates performed by the Company were more conservative than the listed peers EBITDA multiples.

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13 Property, plant and equipment

	Leasehold property improvements € '000s	Computer hardware & software € '000s	Office equipment € '000s	Furniture & fittings € '000s	Total € '000s
Cost					
At January 1, 2021	**3,847**	**5,606**	**506**	**1,228**	**11,187**
Additions	860	1,808	236	243	3,147
Disposals	(8)	(496)	(92)	(41)	(637)
Arising on business combinations	2,252	4,805	358	305	7,720
Effects of movements in exchange rates	255	487	51	101	894
At December 31, 2021	**7,206**	**12,210**	**1,059**	**1,836**	**22,311**
Additions	3,433	2,327	251	300	6,311
Disposals	(356)	(387)	(91)	(46)	(880)
Arising on business combinations	916	107	138	330	1,491
Effects of movements in exchange rates	(433)	(598)	(115)	(129)	(1,275)
At December 31, 2022	**10,766**	**13,659**	**1,242**	**2,291**	**27,958**
Accumulated depreciation					
At January 1, 2021	**2,323**	**3,684**	**129**	**408**	**6,544**
Depreciation	500	2,224	189	241	3,154
Disposals	(5)	(384)	(78)	(33)	(500)
Effects of movements in exchange rates	113	438	21	43	615
At December 31, 2021	**2,931**	**5,962**	**261**	**659**	**9,813**
Depreciation	1,382	3,173	340	442	5,337
Disposals	(89)	(208)	(53)	(33)	(383)
Effects of movements in exchange rates	(192)	(520)	(59)	(69)	(840)
At December 31, 2022	**4,032**	**8,407**	**489**	**999**	**13,927**
Net book value					
At December 31, 2021	4,275	6,248	798	1,177	12,498
At December 31, 2022	6,734	5,252	753	1,292	14,031

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

14 Trade and other receivables

	2022 € '000s	2021 € '000s
Processor receivables	46,734	63,495
Trade receivables	28,966	56,346
Inventory	94	40
Other receivables	3,001	3,453
Prepayments	38,005	45,918
	116,800	**169,252**

Processor receivables are balances due from Payment Service Providers ('PSPs'). The Group considers the majority of these PSPs as financial institutions that have high creditability in the market and strong payment profiles. During the year an amount of €8.6 million (2021: €2.6 million) was added to the ECL allowance.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The expected credit losses calculated under IFRS 9 for trade and other receivables are considered by management to be immaterial.

15 Trade and other payables

	2022 € '000s	2021 € '000s
Trade payables	63,735	77,651
Other taxation and social security	8,032	9,835
Other payables	1,874	1,106
Accruals	81,663	58,761
	155,304	**147,353**

Management considers that the carrying amount of trade and other payables approximates their fair value.

All amounts included in trade and other payables are repayable on demand, non-interest bearing and are not secured on the assets of the Group.

16 Equity

	2022 Number of shares	2021 Number of shares	2020 Number of shares
Ordinary shares issued and fully paid as at December 31 (as previously reported)	—	**54,553,972**	**53,863,810**
Retrospective application of capital reorganization	—	409,592,675	404,410,920
Ordinary shares issued and fully paid as at January 1 *	**483,715,049**	**464,146,647**	**458,274,730**
Share buy-back during the year	(24,993,271)	(5,886,567)	—
Issued during the year	31,475,691	25,454,969	5,871,917
Shared issued in exchange for public warrants	5,595,748	—	—
RSU vested during the year	2,094,504	—	—
Ordinary shares issued and fully paid as at December 31	**497,887,721**	**483,715,049**	**464,146,647**

*Shares in issue prior to January 27, 2021 have been retrospectively adjusted for the impact of the share issuance to Pre-Closing Holders at a fixed ratio of 8.51 for 1 as described in note 1.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

16.1 Issued capital

On March 12, 2020 and March 17, 2020, the Company issued 5,871,917 no par registered shares to minority shareholders in Fengari and SG Media (formerly Pelion) in exchange for €1.4 million and €4.8 million, respectively, to align its shareholding with that of SGHC. The €6.2 million received for the issuance of shares has been recorded to issued share capital.

On January 27, 2021 the Company bought back 5,886,567 of its shares from its shareholders for €10.7 million. This transaction has been be treated as a reduction of issued capital.

On March 12, 2021, the Company issued 1,958,378 no par registered shares to minority shareholders in SGHC in exchange for the acquisition of Raging River for a fair value of €16.7 million. The shareholders paid an amount of €3.6 million towards the issue of shares. The €16.7 million for the issuance of shares has been recorded to issued capital.

On June 25, 2021, external loans with a value of €202.6 million were novated from a number of Group subsidiaries to SGHC. This debt was then further novated to the shareholders of the Company registered at close of business on that date, in consideration for an aggregate additional 23,496,592 ordinary shares in the Company, in the same pro-rata proportions as the shareholding percentages just prior to this loan novation and share issue.

On January 27, 2022, the Company completed the Business Combination Agreement to effect a public listing in NYSE. The accounting implications of the Transaction to the Company's issued capital are described in note 17.

As discussed in note 17.2, on December 12, 2022, the Company announced that it would exercise its rights to exchange all public warrants for Super Group ordinary shares. On December 14, 2022, the Company issued 5,332,141 Super Group ordinary shares in exchange for the 21,328,401 public warrants which were tendered to the Company. On December 29, 2022, the Company issued 263,607 Super Group ordinary shares for the 1,171,585 non-tendered public warrants.

For the year ended December 31, 2022, the Company issued 2,094,504 (2021: nil) ordinary shares upon the vesting of restricted stock units.

16.2 Foreign exchange reserve

The foreign exchange reserve relates to retranslation of the Group’s foreign subsidiaries with a non-Euro functional currency into the Parent’s presentation currency.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

16 Equity (continued)

16.3 Entities with significant influence over the Group

During the year ended as at December 31, 2022, the Group did not have an ultimate controlling party as no entity is deemed to have control over the Group. Instead, both Knuttson Ltd and Chivers Ltd are considered to exercise significant influence by way of holding 47.54% and 19.76% respectively (2021: 48.94% and 20.34%), respectively, of the issued share capital of Super Group as at December 31, 2022 and 2021.

17 Accounting Considerations relating to the Transaction

17.1 Issued capital

As a result of the Transaction described in note 1, the Pre-Closing Holders exchanged all issued shares in SGHC for newly issued shares in Super Group at a fixed ratio of 8.51 for 1. The issuance of these shares to Pre-Closing Holders has been presented as if the shares had been issued at the beginning of the earliest year presented.

SEAC is not considered a business as defined by IFRS 3, Business Combinations given it consists predominately of cash in the Trust Account. As Super Group acquired SEAC's cash balance and other net assets and SEAC's public listing through the issuance of its shares and warrants, the merger transaction is accounted for under IFRS 2, Share-based Payment. Under this method of accounting, there is no acquisition accounting and no recognition of goodwill. SEAC is treated as the acquired company for financial reporting purposes.

The difference in the fair value of the SEAC's Consideration (i.e. 31,475,691 shares, 22,499,986 public warrants and 11,000,000 private warrants issued by Super Group) over the fair value of the identifiable net assets of SEAC represents a service for the listing of Super Group and is recognized as a share-based payment expense.

The fair value of SEAC's Consideration on January 27, 2022 was as follows:

- Closing share price of SEAC's shares as traded on NYSE which was $8.14 per share (€7.19), net of transaction costs, resulting in a value of €226.4 million.
- Closing price of SEAC's public warrants as traded on NYSE which was $1.63 per warrant (€1.44), resulting in a value of €32.3 million.
- The valuation of the private warrants using the Black Scholes valuation at a total amount of €14.1 million.

The net assets of SEAC of €146.2 million (including cash and cash equivalents in the amount of €170.6 million) were assumed by Super Group and the issuance of ordinary shares and warrants by Super Group was recognized at fair value of €272.8 million, with the resulting difference amounting to €126.3 million representing the listing expense recognized on the transaction.

Transaction fees related to the Transaction amounted to €24.5 million in the year ended December 31, 2022, of which €23.0 million were allocated to Pre-Closing Holders and expensed with the remaining amount of €1.5 million allocated to new share ownership and applied as a reduction to share capital. Transactions fees related to the Transaction of €7.1 million incurred in the year ended December 31, 2021 and prior to the shareholder approval were expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Concurrently with the execution of the Business Combination Agreement, Super Group, SGHC, and certain Pre-Closing Holders entered into repurchase agreements pursuant to which the Company repurchased Super Group a total of 24,993,271 shares from such shareholders. Loans have been assumed in connection with the shares repurchased of €222.3 million with the Pre-Closing Holders in exchange for an agreed portion of their Super Group shares at a value of $10 (€8.9) per share. Subsequently in the year, the amount was settled in cash for €224.3 million.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

17 Accounting Considerations relating to the Transaction (continued)

17.2 Warrants

Pursuant to the Business Combination Agreement, a total of 22,499,986 public and 11,000,000 private warrants were issued by Super Group as part of SEAC's Consideration. The warrants were initially classified as financial liabilities with any movements in the value of the warrants reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Each warrant entitled the holder to purchase one Super Group ordinary share at a price of $11.50 per share, subject to certain adjustments.

In an attempt to simplify the Company's capital structure, increase its public float, and reduce the potential dilutive impact of the warrants, the Group made an Offer to the holders of its public warrants wherein each public warrant holder was offered to receive 0.25 ordinary shares of the Group for each public warrant tendered by such holder and exchanged. This Offer was subject to a variety of conditions described in a Registration Statement filled with the U.S. Securities and Exchange Commission on November 22, 2022 (the "Registration Statement"). If the Offer was accepted, the Company would require all outstanding public warrants to be converted to Super Group ordinary shares with the public warrant holders who consented to the amendment and tendered their warrants receiving 0.25 Super Group ordinary shares per public warrant and those who did not receiving 0.225 ordinary shares per public warrant. Further, if this Offer was accepted all private warrants would be cancelled for no consideration. Additionally, conditional on the completion of the Offer, each of the Pre-Closing Holders agreed to irrevocably and unconditionally waive their respective rights to receive earnout shares arising from the earnout obligation.

On December 12, 2022, the Company announced that 21,328,401 (or 95%) of the Company's outstanding public warrants were tendered prior to the expiration date and that it met the conditions set in the Registration Statement. Therefore, the Company would exercise its rights to exchange all non-tendered outstanding public warrants for Super Group ordinary shares at a ratio of 0.225 per warrant and cancel the remaining private placement warrants for no consideration.

On December 14, 2022, the Company issued 5,332,141 Super Group ordinary shares in exchange for the 21,328,401 public warrants which were tendered to the Company discharging itself of any remaining liability for the tendered warrants as of this date. On December 29, 2022 the Company issued 263,607 Super Group ordinary shares in exchange for the non-tendered public warrants and canceled the private warrants discharging itself of any remaining liability for the non-tendered public warrants and private warrants.

The fair value of the 5,595,748 Super Group ordinary shares issued in exchange for the public warrants was €16.4 million considering the price of Super Group ordinary shares at December 14, 2022 ($3.13 per share). The combined amount for changes in fair value during the year and upon the derecognition of €19.8 million was recorded in the 'change in fair value of warrant liability' line item within the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Immediately prior to derecognition, the fair value of the private placement warrants was €0.7 million. The combined amount for changes in the fair value during the year and up until the date the derecognition of €14.7 million was recorded in the "change in fair value of warrant liability' line item within the Consolidated Statement of Profit and Loss and Other Comprehensive Income. The derecognition of the private warrant liability was made with an offsetting entry to retained profit in the Statement of Changes in Equity, as all the private placement warrants were held by Pre-Closing Holders and, therefore, which represents a transaction with owners.

The total foreign exchange effect on public and private warrants combined of €5.2 million was recorded in the 'foreign exchange on revaluation of warrants and earnout liabilities' line item within the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

17 Accounting Considerations relating to the Transaction (continued)

17.3 Earnout Reserves

Pursuant to the Business Combination Agreement, Pre-Closing Holders were granted a contingent right to receive up to 50,969,088 earnout shares subject to attainment of certain stock price hurdles over a five-year period from the Closing Date. The earnout shares were recognized in the same manner as a dividend and recorded to earnout reserves as they were giving value to existing shareholders. The earnout shares were valued at €250.0 million on January 27, 2022 using an option pricing model.

As outlined in the "Warrants" section above, the recipients of the earnout shares agreed to unconditionally waive their right to receive the earnout shares without any compensation if the Offer to public warrant holders was accepted. Therefore, upon the acceptance of the Offer on December 12, 2022, the Group was discharged of any remaining liability for the earnout shares and the liability was derecognized at that date.

Immediately prior to derecognition, the fair value of the earnout shares was €32.5 million. The combined amount for changes in fair value during the year and up until the date of the derecognition of €237.4 million was recorded in the ‘change in fair value of earnout liability’ line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The foreign exchange effect on earnout of €19.9 million was recorded in the 'foreign exchange on revaluation of warrants and earnout liabilities' line item within the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

As all the earnout shares were held by Pre-Closing Holders, management concluded that the derecognition of the liability represents a transaction with owners. Therefore, its derecognition was made with an offsetting entry to earnout reserve in the Statement of Changes in Equity. The remaining earnout reserve was derecognized with a reclassification entry recorded to retained profit.

18 Restricted Stock Units ('RSUs') Awards

The Group has granted RSUs to its executives and employees as part of a long-term Employee Incentive Package ("EIP"). The Board of Directors is charged with determining who receives awards, granting awards and setting terms and conditions. They also have the ability to delegate these powers to other committees or officers of Super Group.

The total shares available to award under the plan is 43,312,150 (“Share Reserve”). The Share Reserve increases by 3% annually beginning on January 1, 2022 through 2031. The Share Reserve is a limit on the number of shares that may be issued from awards that were granted under this Plan and does not the limit the granting of awards. The Company will keep available at all times the number of shares reasonably required to satisfy its obligations to issue shares pursuant to such awards. Shares issued under the plan will be new shares.

RSUs are subjected to vesting, issuance and forfeiture conditions. All the awards granted to date by the Group have a 3-year vesting period, in which 1/3 of the RSUs vest on each of the first, second and third anniversaries of the Vesting Commencement Date, subject to the plan participant continuously remaining at the Group, save in the event of death.

The shares provided under the RSUs awards are entitled for dividend rights and will be settled upon vesting. No rights of a shareholder are given to RSU holders until the RSUs are settled in shares of the Company.

The table below summarizes the key conditions of the awards outstanding as at December 31, 2022:

Plan	Grant date	Vesting commencement Date	Fair value at grant date (USD)	Total RSUs awarded	Terminated RSUs	Vested RSUs
RSU EIP 2021	May 31, 2022	December 31, 2022	7.00	6,704,500	342,500	2,094,504
RSU Executive Plan 2022	November 16, 2022	January 31, 2023	3.63	781,620	—	—
RSU EIP 2022	December 1, 2022	January 31, 2023	3.10	888,942	—	—
				8,375,062	**342,500**	**2,094,504**

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18 Restricted Stock Units ('RSUs') Awards (continued)

The RSU expense, excluding payroll taxes, for the year ended December 31, 2022 was €24.3 million (2021: nil) (2020: nil), which includes an one off RSU expense of €23.1 million (2021: nil) (2020: nil) related to awards following the Transaction. The total fair value of the RSUs vested during the year ended December 31, 2022 was €5.9 million (2021: nil).

The total unrecognized compensation cost related to outstanding RSUs as of December 31, 2022, including payroll and employee income tax, was €23.4 million (2021: nil). The unrecognized expense is expected to be recognized over a weighted average period of 1.3 years (2021: nil).

19 Financial instruments - fair values and risk management

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Fair values

Fair values vs carrying amounts

The following are the fair values and carrying amounts of financial assets and liabilities in the Consolidated Statement of Financial Position:

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2022	2022	2021	2021
	€ '000s	€ '000s	€ '000s	€ '000s
Assets				
Loans receivable	25,524	25,524	25,516	25,516
Trade and other receivables	75,700	75,700	119,841	119,841
Regulatory deposits	11,809	11,809	8,594	8,594
Restricted cash	148,240	148,240	60,296	60,296
Cash and cash equivalents	254,778	254,778	293,798	293,798
Financial assets				
Investments in non-listed equity instruments	1,781	1,781	1,686	1,686
Total	**517,832**	**517,832**	**509,731**	**509,731**
Liabilities				
Derivative financial instruments	15,129	15,129	—	—
Trade and other payables	129,074	129,074	134,930	134,930
Lease liabilities	17,259	17,259	16,249	16,249
Deferred consideration	—	—	13,200	13,200
Interest-bearing loans and borrowings	1,203	1,203	3,772	3,772
Customer liabilities (at fair value through profit/ loss)	50,246	50,246	51,959	51,959
Total	**212,911**	**212,911**	**220,110**	**220,110**
Net	**304,921**	**304,921**	**289,621**	**289,621**

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19 Financial instruments - fair values and risk management (continued)

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs for the asset or liability that are based on observable market data (i.e. observable inputs); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Basis for determining fair value though profit and loss

The following are the significant methods and assumptions used to estimate the fair values for the financial instruments above.

Financial instruments carried at amortized cost

All financial instruments measured at amortized cost approximate their fair value because the EIR is not materially different to the applicable market rates during the term of these instruments.

Loans receivable

The Group entered into a loan agreement with Apricot Investments Limited ('Apricot') on November 14, 2022 to loan funds to be used exclusively in the development of a sportsbook gaming system. The Group will loan Apricot a maximum of €58 million to be paid in eight instalments from November 15, 2022 until June 15, 2023. The term of the loan is 5 years and is to be repaid in full on or by November 14, 2027. The interest rate on the loan is 1% above the Bank of England rate per annum, payable annually in arrears in each year of the term. On December 31, 2022 the closing balance of the loan was €18.3 million (2021: nil). The Group has other external loans receivable of €7.2 million. In addition, the Company issued loans of €22.0 million in the year ended December 31, 2022

Financial instruments carried at fair value through other comprehensive income

Investments in non-listed equity instruments

On 17 May 2021, Merryvale Limited purchased preference shares in Beryllium Ventures Pte. Ltd for which the Group holds a non-controlling interest. These investments were irrevocably designated at fair value through OCI as the Group considers this investment to be strategic in nature. The fair value of the investment is recognized at the fair value of the transaction price as the transaction is between entities that are unrelated. Any movement in the fair value of the investment between the date of acquisition and year end is immaterial.

Financial instruments carried at fair value through profit and loss

Derivative financial instruments (Level 3)

Customer Liabilities

Customer liabilities are fair valued as at year end to reflect the movement in odds between the date a bet was placed and the odds as at year end.

Funding and option arrangements

The Group entered into three separate funding and option arrangements with Bellerive Capital Limited ("BCL") under which the Group provided a funding contribution for the sole purpose of BCL acquiring a 100% interest in Digiprocessing, Richhill (previous parent company of Raichu), and Haber respectively. Per the agreement, any proceeds received by BCL from the investment entities in excess of the initial contributions shall be allocated between the Group and BCL after deduction of any relevant expenses incurred by BCL. As part of this allocation, the Group earned €4.1 million during the year ended December 31, 2022 (2021: €15.8 million) which were proceeds received in excess of the initial funding contribution. This has been recognized as other income in the Consolidated statements of Profit or Loss and Other Comprehensive Income. During the year ended December 31, 2022 cash proceeds of €17.1 million was received in relation to these funding and option arrangements (2021: €2.8 million).

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19 Financial instruments - fair values and risk management (continued)

Option to sell B2B Division of DGC

The Group has entered into an option agreement with Mahigaming LLC ('Mahi'), an entity nominated by Games Global, in which it grants a call option ('B2B Option') to Mahi to purchase the B2B Division of DGC for $2.5 million ("Option Consideration"), adjusted for revenues earned and operating expenses incurred by the B2B Division. The Mahi Option was initially set to expire on April 07, 2023 and will lapse automatically if it is not exercised. Prior to December 31, 2022, the Option Consideration was increased to $10 million and the expiration date extended to June 30, 2024.

Mahi's rights to exercise the B2B Option are conditional to the completion of following events:

- Completion of the acquisition of the entire issued capital of DGC by the Group;
- Mahi (or one of its nominees) having received all gaming approvals necessary for Mahi to acquire and operate the B2B Division in accordance with the applicable gaming laws.

As discussed in note 26, the first condition was met in January, 2023 when the Group completed the acquisition of DGC. Mahi's regulatory approvals are ongoing and were not obtained by the date the financial statements were authorized for issue. Management expects that the exercise of the B2B Option will not happen within 12 months, as the remaining gaming approvals are likely to take more time to be satisfied. Therefore, the B2B Option was classified as a non-current liability on the Consolidated Statement of Financial Position.

Upon the initial recognition of the B2B Option, the Group recognized a financial liability for the transaction price of $100 relating to the amount received to enter into the option agreement.

In determining the fair value of the B2B Option as at December 31, 2022, the Group applied a valuation technique that takes into accounting the likelihood of occurrence of each event outlined above, based on the Group and its legal counsel assessment of the probability of both conditions being met at each valuation date. This approach allows for a two-step process, which incorporates uncertainty around the satisfaction or not of each condition and the underlying B2B Division business risks using a Black Scholes model. The volatility was based on historical volatility of a group of comparable companies with a look back period equal to the time to expiry of the option at each valuation date. The B2B Option was categorized as a Level 3 instrument under the fair value hierarchy due to the non-observable inputs used in the valuation.

The fair value of the option liability as at December 31, 2022 is €15.1 million (2021: nil) and is recognized in the derivative financial instruments line within the liabilities of the Consolidated Statements of Financial Position. The change in fair value is recognized in the change in fair value of option line within the Consolidated Statement of Profit or Loss, net of the €21.4 million gain on Verno option discussed in note 4. The key valuation assumptions as at December 31, 2022 are as follows:

Exercise price ($m)	3.2
Volatility	59.17%
Time to expiration (years)	1.5
Risk-free rate	4.57%
Probability of conditions being met	58%

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19 Financial instruments - fair values and risk management (continued)

Analysis of loans and borrowings for the year ended December 31, 2022

Financial instruments carried at amortized cost

Interest-bearing loans and borrowings

At Amortized cost

	2022 € '000s	2021 € '000s
Current interest-bearing loans and borrowings		
Financial institution loan (ZAR 1.25% interest)	—	1,537
Financial institution loan (ZAR 15% interest)	1,073	1,318
Other loans (NGN 0%)	122	126
Other loans (EUR 0%)	8	27
Total current interest-bearing loans and borrowings	**1,203**	**3,008**
Non-current interest-bearing loans and borrowings		
Financial institution loan (ZAR 1.25% interest)	—	764
Total non-current interest-bearing loans and borrowings	**—**	**764**

Analysis of loans and borrowings for the year ended December 31, 2022

Facility	Maturity	Interest rate	Currency	Facility amount € '000s
Financial institution loan	On demand	15.00 %	ZAR	R75,032
Other loans	On demand	0.00 %	EUR	Unspecified
Other loans	On demand	0.00 %	NGN	Unspecified

Analysis of loans and borrowings for the year ended December 31, 2021

Facility	Maturity	Interest rate	Currency	Facility amount € '000s
Financial institution loan	June 15, 2022	15.00 %	ZAR	R75,032
Financial institution loan	August 31, 2023	1.25 %	ZAR	R49,944
Other loans	On demand	0.00 %	EUR	Unspecified
Other loans	On demand	0.00 %	NGN	Unspecified

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19 Financial instruments - fair values and risk management (continued)

Financial risk management

The Group's activities expose it to a variety of financial risks, namely, market risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group reviews and agrees on policies for managing each of these risks which are described below.

Market risk

Market risk relates to the risk that changes in prices, including sports betting prices/odds, foreign currency exchange rates and interest rates, will impact the Group's income or the value of its financial instruments. Market risk management has the function of managing and controlling the Group's exposure to market risk to within acceptable limits, while at the same time, ensuring that returns are optimized.

The management of market risk is performed under the supervision of the Group's senior management and according to the guidance approved by them.

Sports betting prices/odds

Managing the risks associated with the sportsbook bets is a fundamental part of the Group's business. Group senior management has the responsibility for the compilation of bookmaking odds and for sportsbook risk management as well as responsibility for the creation and pricing of all betting markets, and the trading of those markets through their lives.

A mix of traditional bookmaking approaches married with risk management techniques from other industries is applied, and extensive use is made of mathematical models and information technology. The Group has set predefined limits for the acceptance of sportsbook bet risks. Stake and loss limits are set by reference to individual sports, events and bet types. These limits are subject to formal approval by senior management.

Cash and cash equivalents

Cash and cash equivalents comprise of:

	2022 € '000s	2021 € '000s
Cash-in-transit	38,087	35,525
Processor bank balances	47,335	41,696
Bank balances	169,356	216,577
	254,778	**293,798**

We maintain cash and cash equivalents with major financial institutions. Our cash and cash equivalents consist of bank deposits held with banks that, at times, exceed federally or locally insured limits.

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19 Financial instruments - fair values and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that; as far as possible, it will have sufficient liquidity to meet its liabilities when they become due.

Cash flow forecasting is performed in the operating entities of the Group on a monthly basis and then aggregated by Group Finance which closely monitors the actual status per company and the rolling forecast of the Group's liquidity.

Customer funds are kept in dedicated accounts, separately from the Group's operational bank accounts in order to ensure that their liability is met. The following table shows the cash flows for financial liabilities.

	Carrying Amount € '000s	Contractual cashflows € '000s	less than1 year € '000s	1 - 2 years € '000s	3 - 5 years € '000s	Over 5 years € '000s
At December 31, 2022						
Liabilities						
Trade payables	63,735	63,735	63,735	—	—	—
Accruals	63,465	63,465	63,465	—	—	—
Other payables	1,874	1,874	1,874	—	—	—
Customer liabilities (at fair value through profit/ loss)	50,246	50,246	50,246	—	—	—
Lease liabilities	17,259	22,616	7,536	7,375	7,586	119
Derivative financial instruments	15,129	15,129	—	15,129	—	—
Interest-bearing loans and borrowings - principal	661	661	661	—	—	—
Interest-bearing loans and borrowings - interest	542	542	542	—	—	—
Total	**212,911**	**218,268**	**188,059**	**22,504**	**7,586**	**119**
At December 31, 2021						
Liabilities						
Trade payables	77,651	77,651	77,651	—	—	—
Accruals	57,279	57,279	57,279	—	—	—
Other payables	1,106	1,106	1,106	—	—	—
Customer liabilities (at fair value through profit/ loss)	51,959	51,959	51,959	—	—	—
Lease liabilities	16,249	19,236	5,746	5,422	7,914	154
Deferred consideration	13,200	13,200	13,200	—	—	—
Interest-bearing loans and borrowings - principal	3,327	3,327	2,563	764	—	—
Interest-bearing loans and borrowings - interest	445	560	556	4	—	—
Total	**221,216**	**224,318**	**210,060**	**6,190**	**7,914**	**154**

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19 Financial instruments - fair values and risk management (continued)

Changes in liabilities arising from financing activities

	Interest-bearing loans and borrowings and deferred consideration € '000s	Lease liabilities € '000s	Total € '000s
At January 1, 2020	**217,365**	**9,893**	**227,258**
Cash inflows	7,142	—	7,142
Cash outflows	(15,779)	(2,645)	(18,424)
Loans novated	29,844	—	29,844
Deferred consideration paid	(66,027)	—	(66,027)
Effects of movements in exchange rates	(1,945)	128	(1,817)
New leases	—	196	196
Increase in deferred consideration	25,600	—	25,600
Arising from business combinations	6,306	815	7,121
Interest	10,306	685	10,991
At December 31, 2020	**212,812**	**9,072**	**221,884**
Cash inflows	—	—	—
Cash outflows	(24,641)	(3,413)	(28,054)
Deferred consideration paid	(4,050)	—	(4,050)
Effects of movements in exchange rates	4,124	527	4,651
Disposals	—	(347)	(347)
New leases	—	1,311	1,311
Other	25	—	25
Increase in deferred consideration	15,161	—	15,161
Loans novated - share subscription	(202,625)	—	(202,625)
Arising from business combinations	10,741	8,602	19,343
Liabilities assumed on business combination	2,881	—	2,881
Loans novated	(12)	—	(12)
Loans waived	(2,808)	—	(2,808)
Interest	5,364	497	5,861
At December 31, 2021	**16,972**	**16,249**	**33,221**
Cash outflows	(26,679)	(8,222)	(34,901)
Loans assumed in connection with the shares repurchased (See note 17.1)	222,345	—	222,345
Payments related to the repurchased shares (See note 17.1)	(224,322)	—	(224,322)
Deferred consideration paid	(13,200)	—	(13,200)
Effects of movements in exchange rates	1,875	(305)	1,570
Disposals	—	(112)	(112)
New leases	—	8,024	8,024
Arising as a result of merger	671	—	671
Arising from business combinations	23,445	—	23,445
Liabilities assumed on business combination	—	671	671
Interest	96	955	1,051
At December 31, 2022	**1,203**	**17,260**	**18,463**

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19 Financial instruments - fair values and risk management (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk also arises where cash and cash equivalents and restricted cash are deposited with banks or financial institutions. It is the Group's policy to deposit funds only with reputable institutions with an acceptable credit rating, and to keep the position under review. Management do not consider there to be a concentration of credit risk within the Group as the amounts receivable at year end are spread across a number of 3rd party supplier across multiple locations.

The Group applies the IFRS 9, 'Financial Instruments,' simplified approach for trade and other receivables that do not contain a significant financing component and those that are recognized under IFRS 15, 'Revenue from Contracts with Customers.'

The Group's sports betting and online casino business are predominantly cash businesses where there is a requirement for the customer to pay in advance of entering into a transaction. These payments are collected through payment service providers. The Group does not grant credit to customers.

As such, the majority of the Group's outstanding receivables balance is with 68 payment service providers (PSPs), some of which are global brands, and others are smaller and country specific. The Group considers these PSPs as financial institutions that have high credibility in the market and strong payment profiles.

The Group monitors trade and other receivables based on credit risk characteristics and aging of the receivables.

This is accomplished through weekly cash flow meetings where inflows from PSPs are reviewed, and on a monthly basis a 'PSP aging report' is assessed. This enables management to identify any settlements outstanding for more than a month and will then be raised for consideration of write offs. Management also considers current and forward-looking information based on publicly available information affecting the ability of the debtors to settle receivables, for example, news of a PSP declaring bankruptcy, experiencing fraud or financial difficulties, etc. Historically, write offs have been rare and immaterial, with the exception of specific one-off events.

In relation to regulatory deposits, cash and cash equivalents and loans receivable, the credit risk is low and any required provision would be non-existent or immaterial.

Restricted cash related to Digital Gaming Corporation

The Group has provided a financial guarantee on a loan facility extended by Standard Bank to DGC initially set at $50 million on April 9, 2021. This amount was subsequently increased via amendments to the facility agreement to $150 million. The actual amounts drawn down on this facility by DGC were $84.4 million (€79.3 million) in the year ended December 31, 2022 and $46.2 million (€40.8 million) in the year ended December 31, 2021.

As of December 31, 2022, the total draws on this facility amounted to $130.6 million (€121.7 million), which is the maximum credit risk exposure of the Group in the event of DGC failing to repay the loan and has been set aside within restricted cash as required by the lender.

As discussed in note 26, the Group exercised the option to acquire DGC in January 2023. The Group extended the facility to DGC in order to facilitate DGC obtaining various licenses in the USA. The provision of the facility is advantageous to the future business and the Group does not consider the guarantee to be a risk to the Group. The remaining balance of restricted cash held of €26.6 million as at December 31, 2022 (2021: €19.5 million), relates to cash held to cover monies owed to customers, as discussed in note 2.9.

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

19 Financial instruments - fair values and risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates. Foreign exchange risk arises from future commercial transactions and recognized financial assets and liabilities. Some of the Group's subsidiaries operate in local currencies, primarily GBP, GHS, NGN, CAD, ZAR. Exchange rates are monitored by Group Finance on a monthly basis to ensure that adequate measures are taken if fluctuations increase.

Effect of a quantitative change of foreign currency exchange rates of the Euro against the exposed currencies on the Group's monetary financial assets and liabilities is not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates.

The Group is mainly exposed to borrowings interest rate risk. The interest rate on borrowings is based on the variable and fixed interest rates disclosed in the analysis of financial institution loans table included in this note.

The Group monitors its treasury at least monthly and seeks to obtain a commercial rate of return from AA or above rated institutions whilst not impacting on cash flow.

20 Leases

The Group is a lessee and enters into contracts to lease office property and motor vehicles. Leases are individually negotiated and include a variety of different terms and conditions in different countries.

Lease contracts have fixed payments and are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group includes renewal options as part of the lease term when these are reasonably certain.

The Group has no material short term or low value asset leases.

Right-of-use assets

The amount recognized as right-of-use assets is as shown:

	Leasehold property € '000s	Motor vehicles € '000s	Total € '000s
At January 1, 2021	**8,929**	**27**	**8,956**
Arising on business combinations	6,848	—	**6,848**
Effects of movements in exchange rates	568	1	**569**
Additions	1,336	—	**1,336**
Disposals	(327)	—	**(327)**
Amortization	(2,826)	(15)	**(2,841)**
At December 31, 2021	**14,528**	**13**	**14,541**
Arising on business combinations	521	—	**521**
Effects of movements in exchange rates	(367)	5	**(362)**
Additions	5,625	—	**5,625**
Disposals	(115)	—	**(115)**
Amortization	(6,027)	(18)	**(6,045)**
At December 31, 2022	**14,165**	**—**	**14,165**

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

20 Leases (continued)

Lease liabilities

The recognized lease liability is as shown:

	Leasehold property € '000s	Motor vehicles € '000s	Total € '000s
At January 1, 2021	**9,047**	**25**	**9,072**
Arising on business combinations	8,602	—	**8,602**
Effects of movements in exchange rates	528	(1)	**527**
Additions	1,311	—	**1,311**
Disposals	(347)	—	**(347)**
Interest expense	496	1	**497**
Lease payments	(3,401)	(12)	**(3,413)**
At December 31, 2021	**16,236**	**13**	**16,249**
Arising on business combinations	671	—	**671**
Effects of movements in exchange rates	(304)	(1)	**(305)**
Additions	8,024	—	**8,024**
Disposals	(112)	—	**(112)**
Interest expense	954	—	**954**
Lease payments	(8,210)	(12)	**(8,222)**
At December 31, 2022	**17,259**	**—**	**17,259**

Maturity analysis - contractual undiscounted cash flows

	2022 € '000s	2021 € '000s
Less than one year	7,536	5,746
One to five years	14,961	13,336
More than five years	119	154
Total undiscounted lease liabilities	**22,616**	**19,236**

Lease liabilities

Lease liabilities included in the Consolidated Statement of Financial Position

	2022 € '000s	2021 € '000s
Current	6,951	5,353
Non-Current	10,308	10,896
Total lease liabilities	**17,259**	**16,249**

DocuSign Envelope ID: 16A173D4-761D-4FA0-BD97-F547DE60B24E

20 Leases (continued)

Amounts recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2022 € '000s	2021 € '000s	2020 € '000s
Interest on lease liabilities	954	497	685
Amortization on right-of-use assets	6,045	2,841	2,010
COVID-19 Rent Concession	—	—	(360)
	6,999	**3,338**	**2,335**

Amounts recognized in the Financing Activities of the Consolidated Statement of Cash Flows

	2022 € '000s	2021 € '000s	2020 € '000
Interest paid on lease liabilities	1,196	532	707
Principal payment on lease liabilities	7,026	2,881	1,938
Total cash outflow for leases	**8,222**	**3,413**	**2,645**

21 Related party transactions

Remuneration of key management personnel

The remuneration of the directors and executive officers (excluding non-executive directors), who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24, 'Related Party Disclosures'. These expenses are included in the 'General and administrative expenses' line item within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	2022 € '000s	2021 € '000s	2020 € '000s
Short term employee benefits	5,388	5,848	5,301
Restricted Stock Units ('RSUs') Awards	1,487	—	—
Post-employment pension and medical benefits	—	35	75
	6,875	**5,883**	**5,376**

Key management personnel services were also provided by Whitfield Management Limited. Amounts paid to Whitfield Management Limited for these services for the year ended December 31, 2022 amounted to €2.2 million (2021: €1.6 million; 2020: €0.3 million).

As of December 31, 2021, the Group has made a cash advancement to Super Group (SGHC) Limited of €0.7 million.

22 Dividends paid and proposed

	2022 € '000s	2021 € '000s	2020 € '000s
Cash dividends on ordinary shares declared and paid:			
Final dividend	—	—	10,000
	—	**—**	**10,000**
Dividend per share	—	—	0.18

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23 Provisions

	2022 € '000s	2021 € '000s
Withholding, indirect and gaming taxes		
As at the beginning of the year	**47,715**	**45,766**
Settled in the year	—	(706)
Provided in the year	1,455	3,425
Reversed in the year	(5,390)	—
Effects of movements in exchange rates	(35)	840
Amounts transferred to accruals during the year	—	(1,610)
As at the end of the year	**43,745**	**47,715**
Current	43,745	47,715
Non-current	—	—
Total provisions	**43,745**	**47,715**

Provisions have been made based on the Group's best estimate of the future cash flows, taking into account the risks and uncertainty of timing associated with each obligation.

Withholding, indirect and gaming tax provisions

The Group is subject to withholding, indirect and gaming taxes in the jurisdictions in which it operates. The Group records provisions for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain or where the Group continues to challenge the interpretations and the likelihood of tax being payable is considered probable.

The Group makes provisions for these matters based on the best estimate based on the individual facts and circumstances. Assessments made rely on advice from legal counsel and management's assessment of judgments reached on cases in similar jurisdictions, as well as estimates and assumptions which may involve a series of complex judgements about future events. To the extent that the final outcome of these matters is different than the amounts recorded, such differences may impact the Group's financial results in the year in which such determination is made.

24 Commitments and contingencies

Withholding, indirect and gaming taxes

As reflected in the critical accounting estimates and judgments disclosures in note 3, the Group reviews tax developments at each reporting date to determine if a provision should be recorded or a contingency disclosed. The Group assesses its tax liabilities taking into account current (and enacted but not yet implemented) tax law in conjunction with advice received from professional advisers and/or legal counsel. Management have assessed that the financial effect of such contingencies are either possible or probable but cannot be reliably measured due to considerable uncertainty regarding amount and/or timing.

Legal contingencies

The business is party to pending litigation in various jurisdictions and with various plaintiffs in the normal course of business. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision arise where, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arising from any of the legal proceedings can be determined.

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24 Commitments and contingencies (continued)

St. Pancras lease agreement

On September 16, 2022, the Group entered into a lease agreement with approximately €70 million of commitments, which had not commenced as of December 31, 2022, and as such, has not been recognized in the Consolidated Statement of Financial Position. The agreement has a lease term of 15 years and it is expected to commence in April 2024, when the necessary leasehold improvements to put the rented space in condition for the Group usage are concluded.

The Group is liable for the expenditures related to the leasehold improvements, which are estimated to be €15 million (included in the total commitments of €70 million) and will be incurred subsequent to the rented space being available for Group usage. As at December 31, 2022, no material leasehold improvements have been completed or disbursed. The leasehold improvements will entitle the Group to a rent free period up to 12 months and the first lease payment is expected for April 2025.

25 Subsidiaries

The table below includes the Company's principal subsidiaries as at December 31, 2022, determined as either contributing to 10% or more of the Group assets or revenues. The Company has other subsidiaries, however the assets and revenues did not exceed 10%, and the aggregate did not exceed 20% of the Group's consolidated assets or revenues for the year ended December 31, 2022:

Name	% Equity interest	Country of incorporation	Nature of business
Raging River Proprietary Limited	100%	South Africa	Gaming operations
Baytree Interactive Limited	100%	Guernsey	Gaming operations
Betway Limited	99.9%	Malta	Gaming operations
City Views Limited	100%	Guernsey	Holding company

Certain subsidiary entities of the Group are not wholly-owned. Apart from the non-controlling interest of Verno discussed in note 4, management has assessed the values of the non-controlling interests ('NCI') in these instances and determined them to be immaterial.

26 Subsequent events

Share Repurchase Program

On January 11, 2023, the Board of Directors has authorized the repurchase of up to $25 million of Super Group ordinary shares through December 31, 2023. This timeframe can also be extended or shortened by the Board of Directors, and Super Group is not obligated to repurchase any shares. Repurchases, if any, will be made from time to time on the open market at prevailing prices or in negotiated transactions off the market.

Acquisition of DGC

The Group has completed the DGC acquisition subsequent to year-end but prior to the issuance of the financial statements. On April 7, 2021, SGHC entered into an agreement to acquire 100% of the issued share capital of DGC a company holding an exclusive license to use the Betway brand in the United States of America ('USA').

DGC is an online sports betting and iGaming company with market access in up to thirteen USA states, eight of which are live today and, all utilizing the Betway brand, which it licenses from the Group on an exclusive basis. This acquisition enables the Group's USA market entry, further enhancing its global footprint.

The purchase of DGC was conditioned upon written consent from a number of different gaming authorities in the USA that gaming approvals for certain relevant jurisdictions and certain market access agreements would not terminate due to the purchase by DGC. Subsequent to year-end, in January 2023 (the 'DGC Acquisition Date'), the Group had received all of the required written consents and completed its acquisition of DGC.

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26 Subsequent events (continued)

The fair value of the consideration for DGC is €11.7 million (corresponding to $12.6 million) paid in cash upon the transaction closing. The Group will also assume the loan facility extended by Standard Bank to DGC as part of the transaction (see note 19), which is included in the fair value of identifiable liabilities assumed. Subsequent to the year ended December 31, 2022 and before the financial statements were authorized for issuance, the amount drawn in the facility was increased from €121.7 million (corresponding to $130.6 million) to €137.5 million (corresponding to $149.9 million). The acquisition will be accounted for a business combination in accordance with IFRS 3.

The preliminary fair values of the identifiable assets and liabilities assumed as at the acquisition date were:

	Digital Gaming Corporation € '000s
Assets	
Property, plant and equipment	4,113
Deferred tax asset	263
Trade and other receivables	11,572
Right-of-use assets	2,117
Cash and cash equivalents	7,701
	25,766
Liabilities	
Interest-bearing loans and borrowings	(120,989)
Income tax payable	(3,475)
Trade and other payables	(23,503)
Customer liabilities	(2,577)
Lease liabilities	(2,227)
Deferred tax liabilities	(17)
	(152,788)
Net identifiable liabilities assumed	**(127,022)**
Goodwill and other intangible assets	138,726
Purchase consideration	**11,704**

The fair value of the trade receivables is the same as the gross amount of trade receivables and it is expected that full contractual amounts can be collected.

Goodwill and other intangible assets were based on a provisional assessment of their fair value as the valuation report had not been completed by the date the financial statements were approved for issue by the Board or Directors. Goodwill acquired through the business combination will be fully allocated to the Betway cash generating unit, which is also an operating segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

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26 Subsequent events (continued)

The following table summarizes the net cash flow on acquisition:

The acquisition accounting for the above acquisition remains provisional for one year from the acquisition date and may change if new information is obtained relating to the conditions that existed at the acquisition date.

	Cash paid € '000s	Net cash acquired with the subsidiaries € '000s	Net cash flow on acquisition € '000s
Digital Gaming Corporation	(11,702)	7,668	(4,034)

Proposed sale of B2B Division of DGC

As described in the section "Option to sale B2B Division of DGC" in note 19, the Group granted the B2B Option to Mahi, an entity of Games Global, that allows Mahi or one of its nominees to purchase the B2B Division of DGC for $10 million, adjusted for revenues earned and operating expenses incurred by the B2B Division.

As described above, the Group has completed the acquisition of DGC in January 2023, which was one of the conditions necessary to allow Mahi to exercise the B2B Option. The remaining condition is Mahi obtaining approvals to acquire and operate the B2B Division in accordance with the applicable gaming laws. The process to obtain the approvals is ongoing and was not finalized on the date these financial statements were authorized for issue.

Loans receivable

The Group has made additional disbursements in connection with the loan agreement with Apricot totaling €34.8 million (see note 19).