

Super Group (SGHC) Limited

Consolidated Financial Statements for the three years ended
December 31, 2023, 2022 and 2021

Super Group (SGHC) Limited
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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 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

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 2023.

Incorporation

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

Directors

The Directors who served during the year were:

J Le Poidevin

R Dutnall

R Hasson

A van Wyk

N Menashe

E Grubman

J Collins (resigned December 31, 2023)

J Jossel

N Branch

Dividends

During the year (2022: 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 29.

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.

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 5, 2024

DocuSigned by:

John Le Poidevin

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J Le Poidevin

Date: June 5, 2024

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 2023, 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 2023, 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.

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, 2023; 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

BDO LLP

Chartered Accountants
London, United Kingdom
June 5, 2024

Super Group (SGHC) Limited

Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the years ended December 31, 2023, 2022 and 2021
(€ '000s, except for shares and earnings per share)

	Note	2023	2022	2021
Revenue	5	1,436,117	1,292,210	1,320,658
Direct and marketing expenses	6	(1,136,870)	(979,300)	(896,494)
General and administrative expenses	6	(148,153)	(144,084)	(142,752)
Depreciation and amortization expense	6	(82,189)	(66,729)	(83,560)
Impairment of goodwill	11	(35,949)	—	—
Other operating income		6,071	5,491	8,042
Finance income		8,912	2,222	1,312
Finance expense		(2,726)	(1,345)	(6,370)
Gain on derivative contracts	19	—	4,148	15,830
Change in fair value of options	19	(28,642)	6,292	—
Transaction fees	23.1	—	(22,969)	(7,107)
Share listing expense	23.1	—	(126,252)	—
Change in fair value of warrant liability	23.2	—	34,518	—
Change in fair value of earnout liability	23.3	—	237,354	—
Foreign exchange on revaluation of warrants and earnout liabilities	23.2, 23.3	—	(25,047)	—
Gain on bargain purchase	4	209	—	16,349
Profit before taxation		16,780	216,509	225,908
Income tax (expense) / benefit	8	(25,386)	(34,240)	9,970
(Loss) / Profit for the year		(8,606)	182,269	235,878
(Loss) / Profit for the year attributable to:				
Owners of the parent		(10,551)	181,439	235,878
Non-controlling interest		1,945	830	—
		(8,606)	182,269	235,878
Other comprehensive loss items that may be reclassified subsequently to profit or loss				
Foreign currency translation		(631)	(3,915)	(816)
Change in fair value of investment in non-listed equity		(784)	—	—
Other comprehensive loss for the year		(1,415)	(3,915)	(816)
Total comprehensive (loss) / income for the year		(10,021)	178,354	235,062
Total comprehensive (loss) / income for the year attributable to:				
Owners of the parent		(11,966)	177,524	235,062
Non-controlling interest		1,945	830	—
		(10,021)	178,354	235,062
Weighted average shares outstanding, basic	9	498,243,792	490,017,400	472,171,426
Weighted average shares outstanding, diluted	9	498,243,792	490,035,080	472,171,426
(Loss) / Earnings per share, basic (cents)	9	(2.12)	37.03	49.96
(Loss) / Earnings per share, diluted (cents)	9	(2.12)	37.03	49.96

The results shown above are derived wholly from continuing operations.

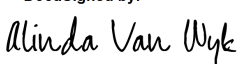
The accompanying notes on pages 12 to 73 are an integral part of these consolidated financial statements.

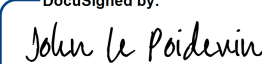
Super Group (SGHC) Limited
Consolidated Statements of Financial Position
as at December 31, 2023 and 2022

	Note	2023 € '000s	2022 € '000s
ASSETS			
Non-current assets			
Intangible assets	10	193,395	164,676
Goodwill	10	94,915	61,553
Property, plant and equipment	12	17,406	14,031
Right-of-use assets	13	24,866	14,165
Deferred tax assets	8	36,703	23,294
Regulatory deposits		11,951	11,809
Loans receivable	14	89,090	25,524
Investments in non-listed equity		174	1,781
		468,500	316,833
Current assets			
Trade and other receivables	15	154,615	116,800
Income tax receivables		12,535	40,349
Restricted cash	16	38,287	148,240
Cash and cash equivalents	17	241,923	254,778
Loans receivable	14	6,719	—
Assets held for sale	18	38,292	—
		492,371	560,167
TOTAL ASSETS		960,871	877,000
Non-Current liabilities			
Lease liabilities	13	23,919	10,308
Deferred tax liability	8	4,684	8,707
Derivative financial instruments	19	2,056	15,129
Deferred and contingent consideration	4	322	—
		30,981	34,144
Current liabilities			
Lease liabilities	13	5,226	6,951
Deferred and contingent consideration	4	2,392	—
Interest-bearing loans and borrowings		87	1,203
Trade and other payables	20	195,392	155,304
Customer liabilities	19	67,592	50,246
Provisions	21	44,826	43,745
Income tax payables		25,840	50,761
Derivative liability associated with assets held for sale	19	42,600	—
Liabilities associated with assets held for sale	18	7,140	—
		391,095	308,210
TOTAL LIABILITIES		422,076	342,354
EQUITY			
Issued capital	22.1	289,753	289,753
Treasury shares	22.2	(2,632)	—
Accumulated other comprehensive deficit	22.3	(7,424)	(6,009)
Retained profit		240,618	234,333
Equity attributable to owners of the parent		520,315	518,077
Non-Controlling Interest		18,480	16,569
EQUITY		538,795	534,646
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		960,871	877,000

The consolidated set of financial statements were approved by the Board of Directors and authorized for issue on June 5,

2024:

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 A van Wyk

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 J Le Poidevin

The accompanying notes on pages 12 to 73 are an integral part of these consolidated financial statements.

Super Group (SGHC) Limited
Consolidated Statements of Changes in Equity
for the years ended December 31, 2023, 2022 and 2021

	Note	Issued capital € '000s	Treasury shares € '000s	Accumulated other comprehensive deficit € '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 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	22.1	16,222	—	—	—	—	16,222	—	16,222
Shares issued to extinguish loans	22.1	202,625	—	—	—	—	202,625	—	202,625
Shares repurchased	22.1	(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	23.1	226,349	—	—	—	—	226,349	—	226,349
Shares repurchased	23.1	(222,345)	—	—	—	—	(222,345)	—	(222,345)
Acquisition of new business	4	—	—	—	—	—	—	17,127	17,127
Dividends paid to non-controlling interest		—	—	—	—	—	—	(1,388)	(1,388)
RSU expense	24	—	—	—	—	24,261	24,261	—	24,261
Initial recognition of earnout liability	23.3	—	—	—	(249,955)	—	(249,955)	—	(249,955)
Derecognition of private warrants	23.2	—	—	—	—	746	746	—	746
Shares issued in exchange for public warrants	23.2	16,411	—	—	—	—	16,411	—	16,411
Derecognition of earnout liability	23.3	—	—	—	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
Equity as at December 31, 2022		289,753	—	(6,009)	—	234,333	518,077	16,569	534,646
(Loss) / Profit for the year		—	—	—	—	(10,551)	(10,551)	1,945	(8,606)
Other comprehensive loss for the year		—	—	(1,415)	—	—	(1,415)	—	(1,415)
Total comprehensive (loss) / income		—	—	(1,415)	—	(10,551)	(11,966)	1,945	(10,021)
Shares repurchased	22.2	—	(2,632)	—	—	—	(2,632)	—	(2,632)
RSU expense	24	—	—	—	—	16,836	16,836	—	16,836
Issue of share capital, net of transaction costs		—	—	—	—	—	—	1	1
Dividends paid to non-controlling interest		—	—	—	—	—	—	(35)	(35)
Total transactions with owners		—	(2,632)	—	—	16,836	14,204	(34)	14,170
Equity as at December 31, 2023		289,753	(2,632)	(7,424)	—	240,618	520,315	18,480	538,795

The accompanying notes on pages 12 to 73 are an integral part of these consolidated financial statements.

Super Group (SGHC) Limited

Consolidated Statements of Cash Flows
for the years ended December 31, 2023, 2022 and 2021

	Note	2023 € '000s	2022 € '000s	2021 € '000s
Cash flows from operating activities				
(Loss) / Profit for the year		(8,606)	182,269	235,878
Add back:				
Income tax expense / (benefit)	8	25,386	34,240	(9,970)
Write off of goodwill	10	—	278	—
Impairment of goodwill	11	35,949	—	—
Loss on disposal of assets		4,564	2,383	2,184
Loss on disposal of investment in non-listed equity		936	—	—
Change in fair value of warrant liability	23.2	—	(34,518)	—
Change in fair value of earnout liability	23.3	—	(237,354)	—
Change in fair value of options	19	28,642	(6,292)	—
Gain on derivative contracts	19	—	(4,148)	(15,830)
Other impairment losses	10	344	—	—
Foreign exchange on revaluation of warrants and earnout liabilities	23.2, 23.3	—	25,047	—
Share listing expense	23.1	—	126,252	—
RSU expense	24	16,836	24,261	—
Depreciation and amortization expense	6	82,189	66,729	83,560
Provision for write-offs of trade and other receivables	15	12,398	8,618	2,608
Waiver of loans	25	2	1,335	(2,339)
Gain on bargain purchase	4	(209)	—	(16,349)
(Decrease) / increase in provisions	21	1,081	(3,935)	3,425
Finance income		(8,912)	(2,222)	(1,312)
Finance expense		2,646	1,050	5,861
Net foreign currency losses		10,670	2,910	101
Changes in working capital:				
Decrease / (increase) in trade and other receivables		(39,024)	47,050	(19,192)
(Decrease) / increase in trade and other payables		8,527	(27,742)	(36,970)
(Decrease) / increase in customer liabilities		14,769	(4,170)	6,251
Change in restricted cash		(12,030)	(7,084)	(7,336)
Settlement of provisions		—	—	(706)
Cash from operating activities		176,158	194,957	229,864
Withholding taxes paid on subsidiaries dividends	8	(223)	(5,611)	(761)
Corporation tax rebates/refunds received		30,868	1,846	12,718
Corporation tax paid		(73,954)	(24,356)	(31,968)
Net cash flows from operating activities		132,849	166,836	209,853

Super Group (SGHC) Limited

Consolidated Statements of Cash Flows (continued)
for the years ended December 31, 2023, 2022 and 2021

	Note	2023 € '000s	2022 € '000s	2021 € '000s
Cash flows from investing activities				
Cash received in interest		5,154	1,700	981
Acquisition of intangible assets		(44,446)	(21,229)	(23,606)
Acquisition of property, plant and equipment		(9,106)	(6,311)	(3,147)
Acquisition of businesses, net of cash acquired	4	(10,269)	7,282	19,813
Cash used in financial assets		—	(95)	(1,686)
Extension of restricted cash guarantee	16	(18,604)	(79,293)	(40,795)
Release of restricted cash guarantee	16	138,499	—	—
Issuance of loans receivable		(70,913)	(22,022)	(570)
Issuance of related party loans receivable		—	—	(640)
Receipts from loans receivable		4,814	8,528	34,337
Settled derivative contracts	25	—	17,132	2,846
Cash used in regulatory deposits		(142)	(2,215)	(5,693)
Net cash flows used in investing activities		(5,013)	(96,523)	(18,160)
Cash flows from financing activities				
Shares repurchased	22.2, 23.1	(2,632)	(224,322)	(10,731)
Proceeds from shares issued	23.1	—	170,632	3,072
Cash paid for deferred consideration	25	—	(13,200)	(4,050)
Dividends paid to non-controlling interests		(35)	(1,388)	—
Proceeds from interest-bearing loans and borrowings	25	18,594	—	—
Repayment of interest-bearing loans and borrowings	25	(139,436)	(26,679)	(24,641)
Repayment of lease liabilities - interest	13	(1,844)	(1,196)	(532)
Repayment of lease liabilities - principal	13	(5,811)	(7,026)	(2,881)
Net cash flows used in financing activities		(131,164)	(103,179)	(39,763)
(Decrease) / increase in cash and cash equivalents		(3,328)	(32,866)	151,930
Cash and cash equivalents at beginning of the year		254,778	293,798	138,540
Effects of exchange rate fluctuations on cash held		(9,527)	(6,154)	3,328
Cash and cash equivalents at end of the year		241,923	254,778	293,798

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 23 and 25 for additional information about these transactions.

The accompanying notes on pages 12 to 73 are an integral part of these consolidated financial statements.

Super Group (SGHC) Limited

Notes to Consolidated Financial Statements

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, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on June 5, 2024.

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 consolidated financial information as of and for the year December 31, 2021 represent consolidated financial information of SGHC only.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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 2.12.

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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, regulatory and macroeconomic events, including the elevated levels of global inflation, recessionary risks and the ongoing wars in Ukraine and Gaza.

Despite these challenges, management is satisfied that the Group has sufficient resources available to continue in operational existence for the foreseeable future after having reviewed in detail the current trading position, forecasts, and prospects of the Group, and the terms of the trade in operation with customers and suppliers. 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 loss of €8.6 million for the year ended December 31, 2023 (2022: net profit of €182.3 million), (2021: net profit of €235.9 million) and generated cash flows from operations for the year ended December 31, 2023 of €132.8 million (2022: €166.8 million) (2021: €209.9 million). As of December 31, 2023 current assets exceeded current liabilities by €101.3 million (2022: €252.0 million). The Group is in a retained profit position as at December 31, 2023.

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 5, 2024, and therefore have prepared the consolidated financial statements on a going concern basis.

2.2 Recent accounting pronouncements

The following amendments became effective in 2023, but did not have a material impact on the consolidated financial statements of the Group:

- 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).

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.2 Recent accounting pronouncements (continued)

Pillar Two legislation

IAS 12 was amended to add a temporary exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/ income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantively enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates in, and the Group has applied the temporary exception for said jurisdictions.

The Pillar Two legislation will be effective in certain jurisdictions for the Group’s financial year beginning January 1, 2024, with certain other jurisdictions expected to introduce the rules with effect from January 1, 2025 (or later). The Group is in the process of assessing the potential exposure arising from Pillar Two legislation.

Guernsey has committed to implementing both an “Income Inclusion Rule” and a domestic minimum tax to provide for a 15% effective tax rate for large multinationals that will apply from January 1, 2025 and, based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in Guernsey and Malta, where the expected Pillar Two effective tax rate is likely to be lower than 15%.

Quantitative information to accurately assess exposure to Pillar Two Top-up Tax is currently not known or cannot be reasonably estimated. Exposure may also exist in other jurisdictions, albeit to a lesser extent than for Guernsey and Malta. The Group continues to progress on the assessment and expects to complete the assessment during 2024.

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: Classification of Liabilities as Current or Non-current (effective date January 1, 2024);
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (effective date January 1, 2024);
- Amendments to IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements (effective date January 1, 2024); and
- Amendments to IAS 21: Lack of exchangeability (effective date January 1, 2025).

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

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.

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 have the same pattern of transfer with the customer simultaneously receiving and consuming the benefits provided. The revenue recognized by the Group on brand licensing agreements is thus allocated evenly on a monthly basis over the life of the contract in line with the delivery of the services and benefits.

Change in presentation - Fixed odds contingencies revenue

During the year ended December 31, 2023, the Group has changed the presentation of its disaggregated revenue by product line with respect to the classification of revenue generated from fixed odds contingencies, which has been aggregated and disclosed together with online casino revenue in note 5 as opposed to sports betting as previously presented. Fixed odds contingencies are casino style games in respect of which the odds are agreed at the time of the bet and accepted under the sports licenses in certain jurisdictions. The change in presentation aims to align the financial statements disclosures with the way the Group manages its portfolio and product offering.

This change had no impact on the Group's total revenue, profit before taxation, financial position, statement of changes in equity or cash flows for any periods presented. The change was effective for the year ended December 31, 2023 and has been applied retrospectively for comparative purposes as follows:

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.4 Revenue recognition (continued)

For the year ended December 31, 2022:

	Online casino € '000s	Sports betting € '000s
As presented in the current year	875,878	376,521
As presented in the previous year	814,294	438,105
Fixed odds contingencies revenue	61,584	(61,584)

For the year ended December 31, 2021:

	Online casino € '000s	Sports betting € '000s
As presented in the current year	890,217	355,690
As presented in the previous year	858,725	387,182
Fixed odds contingencies revenue	31,492	(31,492)

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. Goodwill was tested for impairment on November 30, 2023. 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. The current year assessment resulted in an impairment loss relating to the DGC CGU of €35.9 million. Additional disclosures are provided in note 11.

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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	1-10 years straight-line
Exclusive license rights	3 years straight-line
Acquired technology	2-10 years straight-line
Internally-generated software development costs	2-10 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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 €15.8 million for the year ended December 31, 2023 (2022: €17.7 million) (2021: €16.5 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

Leasehold property improvements

Furniture and fittings

Office equipment

Computer hardware and software

Useful economic life

Over the life of the lease or the useful life of the asset, whichever is shorter

3-6 years straight-line

3-10 years straight-line

2-5 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 Assets held for sale and associated liabilities

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use as required by IFRS 5. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Liabilities that are directly associated with assets held for sale are presented separately as a current item in the Consolidated Statement of Financial Position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. During 2023, the DGC B2B division was reclassified as a non-current asset held for sale. Additional disclosures are provided in note 18.

2.9 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.9 Taxes (continued)

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 does not give rise to equal taxable and deductible temporary differences; 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.

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 nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences; 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.10 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'.

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;
- 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets at amortized cost (continued)

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 within 90 days 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. 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 financial guarantees - refer to note 16 for further details. 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.

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 applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are calculated based on past default experience, credit risk of receivables and an assessment of the future economic environment. The ECL is calculated with reference to the aging and risk profile of the balance.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.10 Financial instruments (continued)

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.

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.

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 notes 19 and 25.

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.10 Financial instruments (continued)

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 are financial liabilities at fair value through profit or loss. The resulting gains and losses from bets are included in revenue.

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 23.3 for further information.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.10 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 23.2. 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.

2.11 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.12 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.

2.13 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 Treasury shares

Super Group's shares that were reacquired as part of the Share Repurchase Program were recognized at cost and deducted from equity within the Treasury Stock account. No gain or loss was recognized in profit or loss on the purchase, sale, issue or cancellation of the reacquired shares.

2.15 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 21.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.18 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 to adopt the practical expedient and not recognize right-of-use assets and lease liabilities for leases that are short-term and assets that are of low value. The rent expense of €3.1 million (2022: €0.6 million) (2021: €1.2 million) 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

2 Accounting policies (continued)

2.19 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, 2023, 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 believes require estimates, judgments and assumptions which have the most significant effect on the amounts recognized in the financial statements.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

3 Critical accounting estimates and judgments (continued)

3.1 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 DGC

The Group entered into a purchase agreement for the acquisition of DGC on April 7, 2021. The completion of the acquisition was conditioned upon written consent from a number of different gaming authorities in the USA and management considered that the Group was unable to exercise control over DGC before these consents were obtained. A closed period agreement was entered into on December 13, 2022 whereby even if the consents were received before January 1, 2023, the completion date of the agreement would not take place before January 1, 2023. These written consents were granted and the Group completed the DGC acquisition in January 2023. Therefore, the Group consolidated DGC from the January 2023 acquisition date, as described in note 4.

(c) Classification of DGC B2B division as held for sale

As discussed in note 18, the Group entered into an option agreement with Mahigaming LLC ("Mahi"), an entity nominated by Games Global, in which it granted a call option to Mahi to purchase DGC's B2B division, subject to Mahi having received all gaming approvals necessary for Mahi to acquire and operate the B2B division in accordance with the applicable gaming laws. The option was set to expire on June 30, 2024 was exercised in February 2024.

Significant judgment was exercised by management to determine whether Mahi would be able to obtain the gaming approvals before the option expiration date and the period in which those approvals would be obtained. After analyzing similar transactions and the stage of the then ongoing approval process for Mahi, management's assessment at December 31, 2023 was that the transaction would be completed before June 30, 2024. Therefore, the DGC B2B division was classified as held for sale as of December 31, 2023. Please see note 29 for further information.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

3 Critical accounting estimates and judgments (continued)

3.2 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.

(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 21 for provisions raised on uncertain legal or regulatory matters and note 27 for disclosure around current contingencies.

(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 21 and 27 to the financial statements.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

3 Critical accounting estimates and judgments (continued)

3.3 Critical accounting estimates (continued)

(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 10 where the respective acquired balances are included.

Key assumptions made in connection with measurement of intangible assets relating to the acquisitions in the current year and 2022 acquisitions noted in note 4 include:

- the discount rates of 10% (2022: between 11% and 13%);
- the royalty rates are not applicable in current year (2022: 2%);
- the estimated useful lives which range from 1 to 10 years (2022: between 4 and 10 years);
- the expected annual retention rates of existing customers for each of the next three to five (2022: four) 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.

When accounting for the acquisition of DGC, management has applied the procedures above when apportioning the fair value of the acquired intangible assets and goodwill of DGC between its B2B and B2C divisions.

(e) 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 10.

(f) Useful lives of intangible assets

The Group acquired significant intangible assets in connection with acquisitions completed during the year ended December 31, 2023. 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. The estimated useful lives are reviewed at the end of each reporting period to determine whether the useful lives are still appropriate. Any changes in the estimates are accounted for on a prospective basis.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

4 Business Combinations

Acquisitions in 2023

On April 7, 2021, the Group entered into an agreement to acquire 100% of the issued share capital of Digital Gaming Corporation Limited ("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, nine 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 be terminated due to the purchase of DGC. A closed period agreement was entered into on December 13, 2022 whereby even if the consents were received before January 1, 2023, the completion date of the agreement would not take place before January 1, 2023. These written consents were granted and the Group completed the DGC acquisition on January 1, 2023 (which is considered to be the acquisition date).

The fair value of the consideration transferred for the acquisition of DGC was in the form of cash of €11.7 million, paid upon the transaction closing. The Group also assumed the loan facility extended by Standard Bank to DGC as part of the transaction (see note 16), which is included in the fair value of identifiable liabilities assumed. The loan facility was settled in full on June 30, 2023 and the related restrictions on Group's cash related to this facility were lifted upon settlement. Acquisition costs related to the transaction were immaterial. The acquisition has been accounted for as a business combination in accordance with IFRS 3.

On August 1, 2023, the Group acquired 75% of the outstanding shares of SportCC ApS ("SportCC"), a company which provides sports data and content services and entered into a put and call option arrangement to acquire the remaining 25% outstanding shares. Management concluded that the put and call option gives the Group present ownership over the remaining shares not immediately acquired by the Group and, as such, has not recognized non-controlling interest.

The fair value of the consideration transferred for the acquisition of SportCC was in the form of cash of €6.8 million, contingent consideration of €0.6 million and the fair value of the put and call option over the remaining 25% of outstanding shares of €2.1 million. Acquisition costs related to the transaction were immaterial. The acquisition will be accounted for as a business combination in accordance with IFRS 3.

On November 1, 2023, the Group acquired 100% of the outstanding shares of 15 Marketing Limited ("15 Marketing"), a company that provides marketing services. The fair value of the consideration transferred for the acquisition of 15 Marketing was in the form of deferred consideration of €2.1 million. Acquisition costs related to the transaction were immaterial. The acquisition will be accounted for as a business combination in accordance with IFRS 3.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

4 Business Combinations (continued)

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

	Note	Digital Gaming Corporation Limited as at January 1, 2023 € '000s	SportCC ApS as at August 1, 2023 € '000s	15 Marketing Limited as at November 1, 2023 € '000s	Total € '000s
Assets					
Property, plant and equipment	12	4,113	—	698	4,811
Customer databases	10	5,733	—	—	5,733
Licenses	10	32,574	—	—	32,574
Acquired technology	10	21,546	—	—	21,546
Income tax receivables		—	—	88	88
Right-of-use assets	13	2,117	—	2,078	4,195
Deferred tax assets		263	—	—	263
Trade and other receivables		11,572	402	4,300	16,274
Cash and cash equivalents		7,701	211	366	8,278
		85,619	613	7,530	93,762
Liabilities					
Lease liabilities	13	(2,227)	—	(2,140)	(4,367)
Interest-bearing loans and borrowings		(120,989)	(3)	—	(120,992)
Trade and other payables		(23,503)	(374)	(2,969)	(26,846)
Customer liabilities		(2,577)	—	—	(2,577)
Deferred tax liabilities		(17)	—	(127)	(144)
Income tax payables		(3,475)	(7)	—	(3,482)
		(152,788)	(384)	(5,236)	(158,408)
Net identifiable assets (liabilities) acquired		(67,169)	229	2,294	(64,646)
Goodwill	10	78,872	9,303	—	88,175
Bargain purchase arising on acquisition		—	—	(209)	(209)
Purchase consideration		11,703	9,532	2,085	23,320

DGC has accumulated unused tax losses that can be deducted from future taxable profits. Given the uncertainty regarding DGC's future profitability in the foreseeable future, a deferred tax asset for DGC's unused tax losses was recognized only to the extent of the deferred tax liability recognized for the taxable temporary differences related to the identifiable intangible assets acquired in the business combination. Recognized deferred tax asset and deferred tax liability correspond to €16.9 million and were offset in the calculation of goodwill above. Unrecognized deferred tax assets related to the remainder of DGC's unused tax losses amounted to €4.6 million at acquisition date.

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

4 Business Combinations (continued)

Goodwill arising on the acquisition comprise the value of expected synergies arising from the acquisition. The goodwill recognized on the acquisition of DGC of €78.9 million has been allocated to a separate DGC CGU, while the goodwill recognized on the acquisition of SportCC ApS of €9.3 million has been allocated to the Betway CGU. None of the goodwill recognized is expected to be deductible for income tax purposes.

DGC was acquired at the beginning of the reporting period, thus the full revenue and profit before taxation have been included in the Group figures presented.

DGC contributed the following to revenue and profit before tax of the Group during the year ended December 31, 2023:

	€ '000s
Revenue	29,938
Loss before taxation	(66,281)

15 Marketing Limited and SportCC ApS did not materially contribute to revenue and profit before taxation from their respective dates of acquisition.

Had SportCC ApS and 15 Marketing Limited been acquired at the beginning of the reporting period, the revenue and profit before taxation would not have been materially different.

Purchase consideration

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

	Cash paid € '000s	Fair value of option € '000s	Deferred and contingent consideration € '000s	Total consideration transferred € '000s
Digital Gaming Corporation Limited	11,703	—	—	11,703
SportCC ApS	6,844	2,059	629	9,532
15 Marketing Limited	—	—	2,085	2,085
	18,547	2,059	2,714	23,320

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
Digital Gaming Corporation Limited	(11,703)	7,701	(4,002)
SportCC ApS	(6,844)	211	(6,633)
15 Marketing Limited	—	366	366
	(18,547)	8,278	(10,269)

The acquisition accounting for SportCC and 15 Marketing 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

4 Business Combinations (continued)

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, held 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 licenses granted by the gaming authorities in the United Kingdom and Alderney. The Group acquired Verno, including the acquired interest in Jumpman, to expand its footprint in the UK as well as into other markets.

The 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 related assets	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

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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, 2023. Refer to note 27 for further details.

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 a separate Jumpman CGU. None of the goodwill recognized is expected to be deductible for income tax purposes.

Purchase consideration

The following table summarizes the acquisition date 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

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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 and online casino focused business with a global footprint and strategic partnerships with teams and leagues worldwide. Betway additionally recovers sponsorship marketing spend through brand license agreements. This reportable segment aggregates Betway and DGC, which holds an exclusive license to use the Betway brand in the USA.

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 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.

	2023 Betway € '000s	2023 Spin € '000s	2023 Other € '000s	2023 Total € '000s
Revenue	837,995	598,122	—	1,436,117
Direct and Marketing Expenses ²	(723,879)	(390,895)	(22,096)	(1,136,870)
General and Administrative Expenses ³	(77,213)	(40,666)	(30,274)	(148,153)
Depreciation and Amortization Expense	(38,504)	(41,141)	(2,544)	(82,189)
Impairment of Goodwill	(35,949)	—	—	(35,949)
Other Operating Income	3,530	712	1,829	6,071
Finance income	7,850	483	579	8,912
Finance expense	(1,288)	(11)	(1,427)	(2,726)
Change in fair value of option	—	—	(28,642)	(28,642)
Gain on bargain purchase	—	209	—	209
Profit before taxation	(27,458)	126,813	(82,575)	16,780
Adjusted EBITDA ¹	61,343	168,757	(31,922)	198,178

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

5 Segment reporting (continued)

	2022 Betway € '000s	2022 Spin € '000s	2022 Other € '000s	2022 Total € '000s
Revenue	714,165	578,045	—	1,292,210
Direct and Marketing Expenses ²	(609,924)	(365,110)	(4,266)	(979,300)
General and Administrative Expenses ³	(61,657)	(57,538)	(24,889)	(144,084)
Depreciation and Amortization Expense	(27,809)	(35,963)	(2,957)	(66,729)
Other Operating Income	3,669	1,609	213	5,491
Finance income	1,398	382	442	2,222
Finance expense	(147)	(178)	(1,020)	(1,345)
Gain on derivative contracts	2,435	1,713	—	4,148
Change in fair value of option	—	21,421	(15,129)	6,292
Transaction fees	—	—	(22,969)	(22,969)
Share listing expense	—	—	(126,252)	(126,252)
Change in fair value of warrant liability	—	—	34,518	34,518
Change in fair value of earnout liability	—	—	237,354	237,354
Foreign exchange on revaluation of warrant and earnout liabilities	—	—	(25,047)	(25,047)
Profit before taxation	22,130	144,381	49,998	216,509
Adjusted EBITDA ¹	57,922	162,941	(9,997)	210,866

	2021 Betway € '000s	2021 Spin € '000s	2021 Other € '000s	2021 Total € '000s
Revenue	687,752	632,906	—	1,320,658
Direct and Marketing Expenses ²	(511,708)	(381,223)	(3,563)	(896,494)
General and Administrative Expenses ³	(71,550)	(57,678)	(13,524)	(142,752)
Depreciation and Amortization Expense	(49,528)	(33,107)	(925)	(83,560)
Other Operating Income	5,090	587	2,365	8,042
Finance income	977	197	138	1,312
Finance expense	(5,712)	(514)	(144)	(6,370)
Gain on derivative contracts	—	15,830	—	15,830
Transaction fees	—	—	(7,107)	(7,107)
Gain on bargain purchase	11,500	4,849	—	16,349
Profit before taxation	66,821	181,847	(22,760)	225,908
Adjusted EBITDA ¹	122,299	194,398	(24,963)	291,734

¹ Adjusted EBITDA is a non-GAAP measure and is defined as profit / (loss) before depreciation, amortization, impairment, finance income, finance expense, gain on bargain purchase, transaction fees, gain on derivative contracts, unrealized foreign exchange, impairment of goodwill, share listing expense, foreign exchange on revaluation of warrants and earnouts, change in fair value of warrant and earnout liabilities, change in fair values of options, market closure, expenses in connection with RSU awards (and related payroll costs for the one off RSU award in connection with the Transaction), and other non-recurring adjustments. Refer to the Group Adjusted EBITDA reconciliation below for further details. Adjusted EBITDA has been redefined from definition in the prior year as discussed below; thus, prior year figures have changed.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

5 Segment reporting (continued)

² Direct and marketing expenses €22.1 million (2022: €4.3 million) (2021: €3.6 million) disclosed as “Other” comprises direct employment costs, which mainly comprises of head office personnel.

³ General and Administrative expenses €30.3 million (2022: €24.9 million) (2021: €13.5 million) disclosed as “Other” comprises employment, legal, accounting and other central administrative costs incurred at a Super Group (SGHC) Limited level.

A reconciliation of profit (loss) reported in the financial statements to non-GAAP measures (EBITDA and Adjusted EBITDA) is as follows:

	Note	2023 € '000s	2022 € '000s	2021 € '000s
(Loss) / Profit for the year		(8,606)	182,269	235,878
Income tax expense/(benefit)	8	25,386	34,240	(9,970)
Finance income		(8,912)	(2,222)	(1,312)
Finance expense		2,726	1,345	6,370
Depreciation and amortization expense	6	82,189	66,729	83,560
EBITDA		92,783	282,361	314,526
Impairment of goodwill	11	35,949	—	—
Change in fair value of option	19	28,642	(6,292)	—
Market closure ¹		10,397	—	—
Gain on bargain purchase	4	(209)	—	(16,349)
Transaction fees		—	22,969	7,107
Gain on derivative contracts	19	—	(4,148)	(15,830)
Share listing expense	23	—	126,252	—
Foreign exchange on revaluation of warrants and earnouts	23.2, 23.3	—	25,047	—
Change in fair value of warrant liability	23	—	(34,518)	—
Change in fair value of earnout liability	23	—	(237,354)	—
Unrealized foreign exchange ²		3,526	2,611	(3,080)
Adjusted RSU expense ^{2,3}		16,836	25,386	—
Other non-recurring adjustments ²		10,254	8,552	5,360
Adjusted EBITDA		198,178	210,866	291,734

¹ Market closure costs relates to the Group's exit from the Indian Market on October 1, 2023. This includes contract termination costs, bad debt and contract write offs.

² Unrealized foreign exchange, additional RSU expenses relating to grants other than the once-off RSUs issued related to awards following the Transaction, and other non-recurring adjustments have been restated in the prior period for consistency with the current period in the Adjusted EBITDA calculation.

³ Associated payroll expenses relating to the one off RSUs issued related to awards following the Transaction of nil (2022: €1.1 million, 2021: nil) are included in this line.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

5 Segment reporting (continued)

Disaggregation of revenue

Group revenue disaggregated by product line for the year ended December 31, 2023:

	Betway € '000s	Spin € '000s	Group revenue € '000s
Online casino ⁴	481,992	597,139	1,079,131
Sports betting ⁴	296,881	—	296,881
Brand licensing ⁵	34,059	—	34,059
Other ⁶	25,063	983	26,046
Total revenue	837,995	598,122	1,436,117

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

	Betway € '000s	Spin € '000s	Group revenue € '000s
Online casino ⁴	298,800	577,078	875,878
Sports betting ⁴	376,144	377	376,521
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	260,293	629,924	890,217
Sports betting ⁴	353,876	1,814	355,690
Brand licensing ⁵	71,053	—	71,053
Other ⁶	2,530	1,168	3,698
Total revenue	687,752	632,906	1,320,658

⁴ Online casino and sports betting revenues are not within the scope of IFRS 15 'Revenue from Contracts with Customers' and are treated as derivatives under IFRS 9 'Financial Instruments'. As discussed in note 2.4, revenue relating to fixed odds contingencies have been reclassified in prior years from sports betting to online casino.

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

⁶ Other relates mainly to DGC usage fee income in 2023 as well as profit share and outsource fees in all years from external customers.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

5 Segment reporting (continued)

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 €514.0 million (2022: €541.2 million), (2021: €592.4 million) and South Africa is €317.3 million (2022: €181.0 million), (2021: below 10%). India is below 10% in 2023 (2022: €144.5 million), (2021: below 10%). No other country accounted for more than 10% of total external revenues in the years presented. The Group's revenue attributable to the country of domicile (Guernsey) is insignificant. The Group further analyzed revenue according to the following regions:

	2023 Betway € '000s	2023 Spin € '000s	2023 Total € '000s
Africa and Middle East	411,017	3,877	414,894
Asia-Pacific	121,300	103,620	224,920
Europe	143,985	80,927	224,912
North America	147,425	396,997	544,422
South/Latin America	14,268	12,701	26,969
	837,995	598,122	1,436,117
	%	%	%
Africa and Middle East	49 %	1 %	28 %
Asia-Pacific	14 %	17 %	16 %
Europe	17 %	14 %	16 %
North America	18 %	66 %	38 %
South/Latin America	2 %	2 %	2 %
	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 %

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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 %

6 Profit before taxation

	Note	2023 € '000s	2022 € '000s	2021 € '000s
Profit before taxation is derived after charging the following:				
Amortization of intangible assets	10	69,076	55,347	77,564
Depreciation of property, plant and equipment	12	6,228	5,337	3,155
Depreciation of right-of-use asset	13	6,885	6,045	2,841
Foreign exchange losses		38,025	43,683	27,472

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

	2023 € '000s	2022 € '000s	2021 € '000s
Direct and marketing expenses			
Gaming tax, license costs and other tax	127,189	67,951	48,800
Processing & Fraud Costs	196,533	197,394	173,619
Royalties	198,315	178,203	202,856
Staff costs and related expense ¹	158,107	130,305	79,885
Other operational costs	72,325	50,137	36,126
Foreign exchange losses (excluding foreign exchange on processing)	17,367	12,550	4,924
Marketing Expenses	367,034	342,760	350,284
	1,136,870	979,300	896,494

¹ Staff costs and related expenses includes certain consultant costs, staff entertainment and recruitment fees.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

6 Profit before taxation (continued)

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

	2023 € '000s	2022 € '000s	2021 € '000s
General and administration expenses			
Staff costs and related expenses ²	44,485	68,311	88,859
Technical and Infrastructure costs	51,627	31,149	20,198
Audit and professional fees	30,605	24,309	17,057
Other administrative costs	21,436	20,315	16,638
	148,153	144,084	142,752

² Staff costs and related expenses includes staff entertainment and recruitment fees. The Group had acquired Haber Investments Limited during the year ended December 31, 2021. Haber provides back office services which support the operating entities within the Group - this was classified as outsource costs in 2021, but represents in-house staff expenses in the years ended December 31, 2022 and December 31, 2023.

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:

	2023 € '000s	2022 € '000s	2021 € '000s
Amount attributable to General and administration expenses	13,113	11,382	5,996
Amount attributable to Direct and marketing expenses	69,076	55,347	77,564
	82,189	66,729	83,560

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 €522.0 million (2022: €443.5 million), (2021: €425.3 million).

In relation to the Transaction noted in note 23, the Group incurred €23.0 million in transaction costs in 2022 (2021: €7.1 million), which have been included in Transaction fees.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

7 Staff costs

	2023 € '000s	2022 € '000s	2021 € '000s
Staff costs are as follows:			
Salaries and wages	168,171	158,231	70,272
Social security costs	6,897	7,891	5,639
RSU expense	16,836	24,261	—
Other pension costs ¹	4,021	2,522	2,066
	195,925	192,905	77,977
The average monthly number of employees, including the directors', during the year was as follows:			
Average number of employees	3,727	3,891	1,664

¹ Other pension costs relates to contributions made by the Group to defined contribution plans.

Refer to note 26 'Related party transactions' for details relating to key management remuneration included in the above.

8 Income tax

	2023 € '000s	2022 € '000s	2021 € '000s
The following income taxes are recognized in profit or loss:			
Current tax expense			
Current year	42,921	27,749	9,389
Changes in estimates related to prior years	(260)	37	(189)
Foreign exchange adjustment	(168)	642	23
Deferred tax credit			
Origination and reversal of temporary differences	(13,689)	4,255	21,797
Origination of changes in tax rates	247	66	(64)
Changes in estimates related to prior years	(574)	—	105
Recognition of previously unrecognized deferred tax assets	—	(134)	(34,938)
Foreign exchange adjustment	17	270	47
Release of deferred tax arising on business combinations	(3,331)	(4,256)	(6,901)
Dividend tax expense	223	5,611	761
Income tax expense/(benefit) reported in profit or loss	25,386	34,240	(9,970)

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

8 Income tax (continued)

The applicable tax rate for the effective tax reconciliation is taken from the Group's weighted average tax rate of 13.4% (2022: 5.2%) (2021: 10.4%). The weighted average tax rate was calculated by utilizing the absolute profit/loss and applicable domestic tax rate of each subsidiary within the Group.

	2023 € '000s	2022 € '000s	2021 € '000s
Profit before taxation	16,780	216,509	225,908
At Group weighted average tax rate	2,245	11,276	23,427
Tax expense/(benefit) at statutory rate			
Rate differential between weighted average tax rate and local tax rate	(11,301)	18,508	1,757
Non-deductible expenses / non-taxable income	10,020	(2,664)	(3,242)
Dividends tax	223	5,611	761
Recognition of previously unrecognized deferred tax assets	—	(134)	(34,938)
Deferred tax arising on taxable loss not recognized	24,199	1,643	2,265
Expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	25,386	34,240	(9,970)

	2023 € '000s	2022 € '000s
<i>Reconciliation of deferred tax assets, net:</i>		
Net deferred tax assets as of January 1	14,587	14,860
Net additions from business combinations	119	—
Recognized within income tax expense	17,330	(201)
Foreign currency translation adjustment	(17)	(72)
Net deferred tax assets as of December 31	32,019	14,587

	2023 € '000s	2022 € '000s
The deferred tax assets and liabilities relate to the following items:		
Taxes arising on acquired intangible assets ¹	(17,137)	(6,483)
Intangible assets	43	—
Trade and other payables	9,644	(644)
Tax loss carried forward ¹	38,067	15,747
RSUs	2,404	1,413
Other assets and prepayments	(1,002)	4,553
Reflected in the Consolidated Statement of Financial Position:		
Deferred tax assets	36,703	23,294
Deferred tax liabilities	(4,684)	(8,707)

¹ Included in these amounts is a deferred tax liability relating intangible assets recognized on DGC business combination and deferred tax asset for unused tax losses of €14.0 million.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

8 Income tax (continued)

The Group has tax losses that arose in Betway Limited of €64.7 million (2022: €42.2 million), (2021: €57.4 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 €36.1 million (2022: €10.5 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 DGC where the losses can be carried forward indefinitely and have no expiry date.

9 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, 2023, 2022 and 2021:

	2023	2022	2021
Loss / (Profit) attributable to ordinary equity holders of the Group (€ '000s)	(10,551)	181,439	235,878
Weighted average number of ordinary shares, basic*	498,243,792	490,017,400	472,171,426
Weighted average number of ordinary shares, diluted*	498,243,792	490,035,080	472,171,426
(Loss) / Earnings per share, basic (cents)	(2.12)	37.03	49.96
(Loss) / Earnings per share, diluted (cents)	(2.12)	37.03	49.96

*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 22 for the ordinary shares issued and fully paid as at December 31, 2023 and 2022 reflecting the impact of the Transaction.

The dilutive earnings per share attributable to owners of the parent for the year ended December 31, 2023 does not include 5,146,683 (2022: 5,691,377) (2021: nil) shares relating to the potential dilutive effect of the Group RSU awards as to do so would be antidilutive. As described in note 23.2, 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 in 2022. 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 for 2022.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

10 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 developme nt costs € '000s	Total € '000s
Cost									
At January 1, 2022	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
Arising in business combinations	88,175	5,733	—	32,574	—	—	21,546	—	148,028
Disposals	—	—	—	(890)	—	—	(26,032)	(1,766)	(28,688)
Transfer from WIP	—	—	—	918	—	—	—	(918)	—
Additions	—	—	381	3,770	—	—	343	44,902	49,396
Transfer to assets held for sale	(18,587)	(3,913)	(386)	(249)	—	—	(4,658)	—	(27,793)
Effects of movements in exchange rates	(1,066)	184	246	(1,179)	—	36	(519)	(499)	(2,797)
At December 31, 2023	130,075	41,679	75,634	41,272	55,000	128,179	19,666	95,053	586,558
Accumulated amortization and impairment									
At January 1, 2022	—	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
Amortization charge for the year	—	10,456	7,477	5,043	—	27,745	3,614	14,741	69,076
Disposals	—	—	—	(890)	—	—	(25,633)	(428)	-26951
Impairment charge for the year	35,949	—	—	336	—	—	—	8	36,293
Transfer to assets held for sale	—	(978)	(14)	(124)	—	—	(291)	—	(1,407)
Effects of movements in exchange rates	(789)	7	2	(134)	—	22	(38)	(16)	(946)
At December 31, 2023	35,160	34,831	32,404	7,316	55,000	99,149	4,010	30,378	298,248
Net Book Value									
At December 31, 2022	61,553	14,329	50,454	3,243	—	56,761	2,628	37,261	226,229
At December 31, 2023	94,915	6,848	43,230	33,956	—	29,030	15,656	64,675	288,310

The Group capitalized €19.3 million of staff expenses to Internally-generated software development costs in the year ended December 31, 2023 (2022: €21.3 million).

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

11 Impairment reviews

For impairment testing, goodwill acquired through business combinations has all been allocated to the Betway, Spin, Jumpman and DGC CGUs. Betway and Spin are operating segments within the Group. Jumpman is included within the Spin operating segment and DGC is included in the Betway operating segment.

The Group performs an annual impairment review for goodwill by comparing the carrying amount of its CGUs with their recoverable amount. Management performed a valuation analysis in accordance with IAS 36, Impairment of Assets, to assess the recoverable amount for each CGU. This was then compared to the CGU's carrying amount at the testing date, to identify whether the CGUs were impaired. This is an area where management exercises judgement 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:

	2023 € '000s	2022 € '000s
Betway	31,844	22,239
Spin	2,141	2,419
Jumpman	37,774	36,895
DGC		
Gross DGC goodwill	58,316	—
Accumulated impairment of DGC Goodwill	(35,160)	—
Total	94,915	61,553

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, Betway and DGC CGUs

The recoverable amounts of the Jumpman, Betway and DGC 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 DCFs are prepared using projected financial information, based on approved budgets and forecasts, for each CGU. The projections reflect management's best estimates, at the impairment test date, of each CGU forecasted financial performance over the projected period. When performing these estimates, the Group considers how macroeconomic, technology, competition and regulation trends, can impact its businesses and their future financial performance.

The cash flow projections included specific estimates of revenue, margin and growth for a five-year period for Jumpman and to reflect the long-term contribution the forecast period was extended to an eight-year period for Betway and nine-year period for DGC. The projection period reflects the point that all markets in operation as of 2023 are expected to reach maturity, with the long-term growth rate applied thereafter.

The pre-tax discount rate and long-term revenue growth were considered by management as key assumptions given their relevance to the recoverable amount estimate. These assumptions have a pervasive impact on the DCF and changes in these would cause significant impact on the recoverable amount estimate. 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 forecasted assumptions are based on historical and market data, as well as internal sources.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

11 Impairment reviews (continued)

The following values were attributed to the key assumptions:

As at December 31, 2023:

	Betway	Jumpman	DGC
Pre-tax discount rate	26.7 %	16.6 %	20.2 %
Long-term growth rate	2.0 %	2.0 %	2.0 %

As at December 31, 2022:

	Betway	Jumpman	DGC
Pre-tax discount rate	21.6 %	13.5 %	N/A
Long-term growth rate	2.0 %	2.0 %	N/A

The discount rates applied in each DCF are a post-tax measurement estimated using CAPM with reference to market participants' gearing and betas. To reflect regulatory and business risks specific to the CGUs, a specific equity risk premium was added to the discount rate, where the future cash flows have not been adjusted, as follows:

	Betway	Jumpman	DGC
Equity risk premium	0.5 %	N/A	4.0 %

DGC - Impairment review results

DGC had lower than expected revenues attributable to a competitive environment, adoption of new technologies and delays in the launch across some U.S. states. These factors resulted in a slower ramp-up in revenues, which has resulted in a higher risk premium applied in the pre-tax discount rate applied to the cashflow forecast and has been reflected in the VIU estimates used to determine the recoverable amount of €65.6 million for DGC. As a result, a goodwill impairment loss of €35.9 million was recorded to this CGU during the year ended December 31, 2023.

Under reasonably possible changes in assumptions, a decline of 1% in the long-term growth rate would result in an additional impairment loss of €7.7 million to DGC. Furthermore, an increase of 1% in the discount rate would result in an additional impairment loss of €14.7 million to DGC. DGC is at a relatively early stage of entry into the US online gaming market. The forecasts that go into the value in use calculations are driven by DGC's ability to achieve growth in the near-term and further develop its market presence. If the anticipated level of growth does not materialize, this could result in further impairment.

Betway and Jumpman - Impairment review results

The estimated recoverable amount of the Betway and Jumpman CGUs significantly exceeded their carrying amounts.

Under reasonably possible scenarios, a decline of 1% in the long-term growth rate would reduce the recoverable amount of Betway and Jumpman by €25.8 million and €4.7 million, respectively. Furthermore, an increase of 1% in the discount rate would reduce the recoverable amount of Betway and Jumpman by €50.4 million and €6.6 million, respectively. None of those changes would result in an impairment of these CGUs.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

12 Property, plant and equipment

	Leasehold property improvements € '000s	Computer hardware & software € '000s	Office equipment € '000s	Furniture & fittings € '000s	Total € '000s
Cost					
At January 1, 2022	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
Additions	3,519	5,182	385	656	9,742
Disposals	(2,920)	(6,776)	(338)	(404)	(10,438)
Arising on business combinations	800	3,387	496	128	4,811
Transfer to assets held for sale	(205)	(1,777)	(772)	(98)	(2,852)
Effects of movements in exchange rates	(465)	(542)	(142)	(73)	(1,222)
At December 31, 2023	11,495	13,133	871	2,500	27,999
Accumulated depreciation					
At January 1, 2022	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
Depreciation	1,541	3,856	480	351	6,228
Disposals	(445)	(6,531)	(267)	(350)	(7,593)
Transfer to assets held for sale	(36)	(1,046)	(449)	(80)	(1,611)
Effects of movements in exchange rates	(140)	(88)	(102)	(28)	(358)
At December 31, 2023	4,952	4,598	151	892	10,593
Net book value					
At December 31, 2022	6,734	5,252	753	1,292	14,031
At December 31, 2023	6,543	8,535	720	1,608	17,406

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

13 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.

A renegotiation of a lease contract took place in the current year whereby additional scope was included in the lease for a lower total consideration. This contract has been accounted for as a lease modification.

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, 2022	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
Arising on business combinations	4,195	—	4,195
Effects of movements in exchange rates	(568)	—	(568)
Additions	4,412	—	4,412
Modification	11,737	—	11,737
Disposals	(305)	—	(305)
Transfer to assets held for sale	(1,885)	—	(1,885)
Amortization	(6,885)	—	(6,885)
At December 31, 2023	24,866	—	24,866

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

13 Leases (continued)

Lease liabilities

The recognized lease liability is as shown:

	Leasehold property € '000s	Motor vehicles € '000s	Total € '000s
At January 1, 2022	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
Arising on business combinations	4,367	—	4,367
Effects of movements in exchange rates	(791)	—	(791)
Additions	4,410	—	4,410
Modification	11,737	—	11,737
Disposals	(341)	—	(341)
Transfer to liabilities associated with assets held for sale	(2,038)	—	(2,038)
Interest expense	2,068	—	2,068
Lease payments	(7,526)	—	(7,526)
At December 31, 2023	29,145	—	29,145

Maturity analysis - contractual undiscounted cash flows

	2023 € '000s	2022 € '000s
Less than one year	7,881	7,536
One to five years	17,919	14,961
More than five years	18,182	119
Total undiscounted lease liabilities	43,982	22,616

Lease liabilities

Lease liabilities included in the Consolidated Statement of Financial Position

	2023 € '000s	2022 € '000s
Current	5,226	6,951
Non-Current	23,919	10,308
Total lease liabilities	29,145	17,259

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

13 Leases (continued)

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

	2023 € '000s	2022 € '000s	2021 € '000s
Interest on lease liabilities	2,068	954	497
Amortization on right-of-use assets	6,885	6,045	2,841
	8,953	6,999	3,338

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

	2023 € '000s	2022 € '000s	2021 € '000s
Interest paid on lease liabilities	1,837	1,196	532
Principal payment on lease liabilities	5,689	7,026	2,881
Total cash outflow for leases	7,526	8,222	3,413

14 Loans receivable

	2023 € '000s	2022 € '000s
At Amortized cost		
Current loans receivable		
Loan receivable from Apricot Investments Limited	3,442	—
Other loans receivable	3,277	—
	6,719	—
Non-current loans receivable		
Loan receivable from Apricot Investments Limited	88,000	18,321
Other loans receivable	1,090	7,203
	89,090	25,524

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. Following further amendments to the loan agreement, the Group loaned Apricot €98.0 million to be paid in 18 installments from November 15, 2022 until February 15, 2024. The principal amount of the loan 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, with interest payable annually in arrears in each year of the term.

Other loans receivable are unsecured, have varying interest rates and varying dates of repayment.

Management considers that the carrying amount of loans receivable approximates their fair value.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

15 Trade and other receivables

	2023 € '000s	2022 € '000s
Processor receivables	49,227	46,734
Trade receivables	41,369	28,966
Other receivables	10,239	3,095
Prepayments	53,780	38,005
	154,615	116,800

Processor receivables are balances due from Payment Service Providers ('PSPs'). The Group considers the majority of these PSPs as financial institutions that have high credibility in the market and strong payment profiles. During the year an amount of €5.9 million (2022: €8.6 million) was provided for and €6.5 million was written off upon the exit from the Indian Market on October 1, 2023. These amounts mainly relate to specific balances.

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

16 Restricted cash

In 2021, the Group provided a financial guarantee on a loan facility extended by Standard Bank to DGC initially set at \$50 million. This amount was subsequently increased to \$150 million. The facility was extinguished on June 30, 2023, following the acquisition of DGC and was €138.5 million at the time of extinguishment following additional extensions of €18.6 million before extinguishment. €121.7 million of the balance at December 31, 2022 relates to this facility.

The remaining restricted cash held of €38.3 million as at December 31, 2023 (2022: €26.6 million), relates to cash held to cover monies owed to customers, as discussed in note 2.10.

17 Cash and cash equivalents

Cash and cash equivalents comprise of:

	2023 € '000s	2022 € '000s
Cash-in-transit	31,316	38,087
Processor bank balances	48,532	47,335
Bank balances	162,075	169,356
	241,923	254,778

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

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

18 Assets held for sale and associated liabilities

The Group entered into an option agreement on April 7, 2021 with Mahigaming LLC ('Mahi'), an entity nominated by Games Global, in which it granted a call option ("B2B Option") to Mahi to purchase the B2B division of DGC. The option consideration was initially set at \$2.5 million, adjusted for revenues earned and operating expenses incurred by DGC B2B division, and the option was set to expire on April 7, 2023. Subsequent to the initial agreement, an amendment was signed which increased the option consideration to \$10 million, adjusted for revenues earned and operating expenses incurred by DGC B2B division, as well as extending the option period so as to end on June 30, 2024.

Mahi's rights to exercise the B2B Option were conditional to the completion of the 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 4, the first condition was met when the Group completed the acquisition of DGC in January 2023. As discussed in note 29, Mahi's regulatory approvals were obtained after December 31, 2023 and the sale was completed, but before the date the financial statements were authorized for issue. The B2B Option was exercised, and the Group sold the B2B division to Mahi, in February 2024.

Based upon advice received from its legal counsel indicating that the second condition would be met before the option period ended, management reclassified the DGC B2B division as a non-current asset held for sale as of December 31, 2023. The carrying values of the B2B division's assets and liabilities were considered in accordance with their applicable IFRS, as required by IFRS 5, and are composed of the following items:

	Note	2023 € '000s
Assets		
Intangible assets	10	12,105
Goodwill	10	18,279
Property, plant and equipment	12	1,143
Right-of-use assets	13	1,847
Trade and other receivables		4,918
Assets held for sale		38,292
Liabilities		
Non-current lease liabilities	13	1,638
Current lease liabilities	13	250
Trade and other payables		5,159
Income tax payables		93
Liabilities associated with assets held for sale		7,140
Net assets associated with disposal group		31,152

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

19 Derivative financial instruments

Customer liabilities

Customer liabilities relate to timing differences of revenue recognition as discussed in note 2.4. The fair value of customer liabilities are further discussed in note 25.

Funding and option arrangements

Option to sell B2B Division of DGC

As discussed in note 18, the Group granted a call option to Games Global to purchase the B2B Division of DGC for \$10 million ('Option Consideration'), adjusted for revenues earned and operating expenses incurred by the B2B Division. The option was set to expire on June 30, 2024. The fair value of this option at December 31, 2023 was €42.6 million (2022: €15.1 million) and a loss of €28.6 million (2022: €15.1 million) was recognized in the Statement of Profit or Loss relating to this option.

The fair value of the option to sell B2B Division of DGC is further discussed in note 25.

Option to purchase remaining percentage in SportCC

As discussed on note 4, the Group entered into a put and call option agreement to purchase the remaining 25% of the outstanding shares of SportCC for £1.9 million. The exercise period commences on August 1, 2025 and expires 90 calendar dates after the commencement date. The fair value of this option at December 31, 2023 was €2.1 million (2022: nil).

The fair value of the option is further discussed in note 25.

Option to purchase Verno Holdings Limited

As discussed on note 4, the Group entered into a call option to purchase shares in Verno Holdings Limited, which was exercised in 2022. A gain of €21.4 million was recognized in the Statement of Profit or Loss relating to this option in 2022.

Option and funding arrangement with Bellerive Capital Limited

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). These funding and option arrangements were fully settled in 2022.

20 Trade and other payables

	2023 € '000s	2022 € '000s
Trade payables	80,512	63,735
Other taxation and social security	12,740	8,032
Other payables	3,214	1,874
Accruals	98,926	81,663
	195,392	155,304

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

21 Provisions

	2023 € '000s	2022 € '000s
<i>Withholding, indirect and gaming taxes</i>		
As at the beginning of the year	43,745	47,715
Provided in the year	2,576	1,455
Reversed in the year	(1,495)	(5,390)
Effects of movements in exchange rates	—	(35)
As at the end of the year	44,826	43,745
Current	44,826	43,745
Non-current	—	—
Total provisions	44,826	43,745

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.

22 Equity

	2023 Number of shares	2022 Number of shares	2021 Number of shares
Ordinary shares issued and fully paid as at December 31 (as previously reported)	—	—	54,553,972
Retrospective application of capital reorganization	—	—	409,592,675
Ordinary shares issued and fully paid as at January 1 *	497,887,721	483,715,049	464,146,647
Share buy-back during the year	(775,501)	(24,993,271)	(5,886,567)
Issued during the year	—	31,475,691	25,454,969
Shared issued in exchange for public warrants	—	5,595,748	—
RSU vesting	826,625	2,094,504	—
Ordinary shares issued and fully paid as at December 31	497,938,845	497,887,721	483,715,049

*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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

22.1 Issued capital

On January 27, 2022, the Company completed the Business Combination Agreement to effect a public listing on NYSE. The accounting implications of the Transaction to the Company's issued capital are described in note 23.

As discussed in note 23.2, 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, 2023, the Company issued 826,625 (2022: 2,094,504) ordinary shares upon the vesting of restricted stock units.

22.2 Treasury shares

On January 11, 2023, the Company announced that the Board of Directors approved a Share Repurchase Program through December 31, 2023. Following the announcement, 775,501 shares were repurchased for total proceeds of €2.6 million during the year ended December 31, 2023.

22.3 Accumulated other comprehensive income

Included in this balance is foreign exchange reserve, which relates to retranslation of the Group's foreign subsidiaries with a non-Euro functional currency into the Parent's presentation currency.

Additionally, accumulated other comprehensive income includes fair value adjustments of the remaining investment in non-listed equity. See note 25 for more details.

22.4 Dividends paid and proposed

No dividends were declared or paid to owners of the parent during the years presented.

22.5 Entities with significant influence over the Group

During the year ended as at December 31, 2023, the Group did not have an ultimate controlling party as no entity is deemed to have control over the Group. Instead, Knutsson Ltd and Chivers Ltd are considered to exercise significant influence by way of holding 46.09% and 19.66% respectively (2022: 47.54% and 19.76%), respectively, of the issued share capital of Super Group as at December 31, 2023.

The Group has transactions with certain entities, including Apricot Investments Limited, as described in note 14, Mahi Gaming LLC and Games Global, as described in note 18 and Camden Property Holding Limited, as described in note 27, where discretionary beneficiaries of certain trusts are common between ultimate major shareholders of both those entities and Super Group. These relationships have been assessed and are not considered by the Company to meet the definition of a related party under IAS 24 'Related Party Disclosures'.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

23 Accounting Considerations relating to the Transaction

23.1 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 was not considered a business as defined by IFRS 3, Business Combinations given it consisted predominantly of cash in a 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 was accounted for under IFRS 2, Share-based Payment. Under this method of accounting, there is no acquisition accounting and no recognition of goodwill. SEAC was 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 represented a service for the listing of Super Group and was 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 a total of 24,993,271 shares from such shareholders. Loans were 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 2022, the amount was settled in cash for €224.3 million.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

23 Accounting Considerations relating to the Transaction (continued)

23.2 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 filed with the U.S. Securities and Exchange Commission in November 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.

In December 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.

Also in December 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. Later in December 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

23 Accounting Considerations relating to the Transaction (continued)

23.3 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 the Closing Date 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 in December 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.

24 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 through January 1, 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 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. Certain 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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

The table below summarizes the key conditions of the awards outstanding as at December 31, 2023:

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	(883,979)	(4,001,455)
RSU Executive Plan 2022	November 16, 2022	January 31, 2023	3.63	781,620	(113,721)	(263,789)
RSU EIP 2022	December 1, 2022	January 31, 2023	3.10	889,620	(71,482)	(294,582)
RSU EIP 2023 February	February 1, 2023	February 28, 2023	3.41	20,375	(4,749)	(1,586)
RSU EIP 2023 March	March 1, 2023	March 31, 2023	3.81	705,267	(33,934)	(235,089)
RSU EIP 2023 June	June 21, 2023	July 31, 2023	3.95	16,710	—	(16,710)
RSU EIP 2023 August	August 10, 2023	August 31, 2023	3.99	24,327	—	(8,109)
RSU EIP 2023 October (a)	October 1, 2023	December 31, 2023	3.65	12,960	—	(4,320)
RSU EIP 2023 October (b)	October 1, 2023	July 31, 2024	3.65	240,000	—	—
RSU EIP 2023 December	December 1, 2023	December 31, 2023	3.06	1,791,921	—	(107,112)
				11,187,300	(1,107,865)	(4,932,752)

At December 31, 2023, 5.1 million RSUs remained unvested.

The RSU expense, excluding payroll taxes, for the year ended December 31, 2023 was €16.8 million (2022: €24.3 million, including a once-off RSU expense of €23.1 million related to awards following the Transaction) (2021: nil). The total fair value of the RSUs vested during the year ended December 31, 2023 was €7.5 million (2022: €5.9 million) (2021: nil).

The total unrecognized compensation cost related to outstanding RSUs as of December 31, 2023, including payroll and employee income tax, was €11.1 million (2022: €23.4 million). The unrecognized expense is expected to be recognized over a weighted average period of 1.1 years (2022: 1.3 years).

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

25 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
	2023	2023	2022	2022
	€ '000s	€ '000s	€ '000s	€ '000s
Assets				
Loans receivable	95,809	95,809	25,524	25,524
Trade and other receivables	97,158	97,158	75,700	75,700
Regulatory deposits	11,951	11,951	11,809	11,809
Restricted cash	38,287	38,287	148,240	148,240
Cash and cash equivalents	241,923	241,923	254,778	254,778
Financial assets				
Investments in non-listed equity instruments	174	174	1,781	1,781
Total	485,302	485,302	517,832	517,832
Liabilities				
Derivative financial instruments	44,656	44,656	15,129	15,129
Trade and other payables	162,875	162,875	129,074	129,074
Lease liabilities	29,145	29,145	17,259	17,259
Deferred and contingent consideration	2,714	2,714	—	—
Interest-bearing loans and borrowings	87	87	1,203	1,203
Customer liabilities (at fair value through profit/loss)	67,592	67,592	50,246	50,246
Total	307,069	307,069	212,911	212,911
Net	178,233	178,233	304,921	304,921

Financial assets and liabilities included in the assets and associated liabilities held for sale, the details of which are disclosed in note 18, approximate their fair value.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

25 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 through 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.

Financial instruments carried at fair value through other comprehensive income

Investments in non-listed equity instruments (Level 3)

The Group holds non-controlling interest in entities. These investments were irrevocably designated at fair value through Other Comprehensive Income ("OCI") as the Group considers the investments to be strategic in nature.

The fair value of the remaining investment is determined based on a discounted cash flow valuation method. A fair value loss of €0.8 million was recognized in OCI in the current year relating to the investment.

Financial instruments carried at fair value through profit and loss

Derivative financial instruments (Level 3)

Customer Liabilities

Customer liabilities relating to open sports bets 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

Option to sell B2B Division of DGC

In determining the fair value of the B2B Option as at December 31, 2023, the Group applied a valuation technique that takes into accounting the likelihood of occurrence of each event outlined in note 19, 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, 2023 was €42.6 million (2022: €15.1 million) and was recognized in the derivative financial instruments line within the liabilities of the Consolidated Statements of Financial Position. The change in fair value was recognized in the change in fair value of option line within the Consolidated Statement of Profit or Loss - see note 19 for details.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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

Financial instruments carried at fair value through profit and loss (continued)

Derivative financial instruments (Level 3) (continued)

Option to sell B2B Division of DGC (continued)

The key valuation assumptions as at December 31, 2023 and December 31, 2022 were as follows:

	2023	2022
Exercise price (\$m)	4.3	3.2
Volatility	72.66%	59.17%
Time to expiration (years)	0.5	1.5
Risk-free rate	5.40%	4.57%
Probability of conditions being met	91%	58%

Financial instruments carried at amortized cost

Interest-bearing loans and borrowings

Analysis of loans and borrowings for the year ended December 31, 2023

Facility	Maturity	Interest rate	Currency	Facility amount
Other loans	On demand	0.00 %	NGN	Unspecified
Other loans	On demand	0.00 %	EUR	Unspecified

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

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

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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

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.

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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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

Liquidity risk (continued)

The following table shows the cash flows for financial liabilities.

	Carrying Amount € '000s	Contractual cash flows € '000s	less than 1 year € '000s	1 - 2 years € '000s	3 - 5 years € '000s	Over 5 years € '000s
At December 31, 2023						
Liabilities						
Trade payables	80,512	80,512	80,512	—	—	—
Accruals ¹	79,150	79,150	79,150	—	—	—
Other payables	3,214	3,214	3,214	—	—	—
Customer liabilities (at fair value through profit/loss)	67,592	67,592	67,592	—	—	—
Lease liabilities	29,145	43,982	7,881	6,549	11,370	18,182
Deferred and contingent consideration	2,714	2,714	2,392	322	—	—
Derivative financial instruments ²	44,656	44,656	42,600	2,056	—	—
Interest-bearing loans and borrowings - principal	87	87	87	—	—	—
Total	307,070	321,907	283,428	8,927	11,370	18,182
At December 31, 2022						
Liabilities						
Trade payables	63,735	63,735	63,735	—	—	—
Accruals ¹	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

¹ Excludes gaming tax accruals

² Derivative financial instruments will be settled by way of the conclusion of the option arrangements detailed in note 19. Refer to note 29 for more details of the sale of the B2B division of DGC.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

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

Changes in liabilities arising from financing activities

	Interest- bearing loans and borrowings and deferred and contingent consideration € '000s	Lease liabilities € '000s	Total € '000s
At January 1, 2021	212,812	9,072	221,884
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 23.1)	222,345	—	222,345
Payments related to the repurchased shares (See note 23.1)	(224,322)	—	(224,322)
Deferred consideration paid	(13,200)	—	(13,200)
Effects of movements in exchange rates	1,875	(306)	1,569
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	17,259	18,462
Cash inflows	18,594	—	18,594
Arising from business combinations	120,992	4,367	125,359
Increase in deferred consideration	2,714	—	2,714
Cash outflows	(139,436)	(7,526)	(146,962)
Effects of movements in exchange rates	(1,859)	(791)	(2,650)
Disposals	—	(341)	(341)
New leases	—	4,410	4,410
Lease modification	—	11,737	11,737
Transfer to Liabilities associated with assets held for Sale	—	(2,038)	(2,038)
Other	15	—	15
Interest	578	2,068	2,646
At December 31, 2023	2,801	29,145	31,946

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

25 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 cash equivalents and amounts receivable at year end are spread across a number of 3rd party suppliers across multiple locations. Additionally, cash and cash equivalents are kept deposited with banks or financial institutions with an acceptable credit rating and a stable outlook, thus mitigating the concentration risk.

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 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..

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.

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. The Group has exposure to various currencies, primarily ZAR, CAD, USD, GBP, GHS and NZD. Exchange rates are monitored by Group Finance on a monthly basis to ensure that adequate measures are taken if fluctuations increase.

The effect of a 10% change of foreign currency exchange rates of the Euro against these 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.

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

26 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.

	2023 € '000s	2022 € '000s	2021 € '000s
Short term employee benefits	9,208	5,388	5,848
Restricted Stock Units ('RSUs') Awards	3,267	1,487	—
Post-employment pension and medical benefits	—	—	35
	12,475	6,875	5,883

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, 2023 amounted to €2.1 million (2022: €2.2 million; 2021: €1.6 million).

27 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.

Jumpman is subject to an assessment from the HMRC totaling £21.5 million in respect of Remote Gaming Duty ("RGD") from 2018 to 2022. Jumpman has appealed the assessment. The Group does not consider it probable that the assessments will ultimately be payable, and as such, no provision has been made. In the event of an unfavorable judgment, the Company will pursue further appeals until all appeal options have been exhausted.

Legal contingencies

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

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

27 Commitments and contingencies (continued)

St. Pancras lease agreement

In September 2022, the Group entered into a lease agreement with approximately €86 million of commitments, which had not commenced as of December 31, 2023, 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 July 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 €17 million (included in the total commitments of €86 million) and will be incurred subsequent to the rented space being available for Group usage. As at December 31, 2023, 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.

28 Subsidiaries

The table below includes the Company's principal subsidiaries as at December 31, 2023, determined as either contributing to 10% or more of the Group assets or revenues. The Company has other subsidiaries, but the assets and revenues did not exceed 10% of the Group's consolidated assets or revenues for the year ended December 31, 2023:

Name	% Equity interest	Country of incorporation	Nature of business
Raging River Trading (Pty) Ltd	100%	South Africa	Licensed Western Cape Gambling and Racing Board ('WCGB') / software development
Baytree Interactive Limited	100%	Guernsey	Licensed with the Kahnawake Gaming Commission ('KGC')
Betway Limited	99.9996%	Malta	Licensed with the MGA

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

Super Group (SGHC) Limited
Notes to Consolidated Financial Statements (continued)

29 Subsequent events

Sale of B2B Division of DGC

On February 1, 2024, Mahi obtained the final necessary gaming approval and fulfilled the last condition for the exercise of the B2B Option (see note 19 for further details). The option was exercised and the sale of the B2B Division of DGC was completed on the same day.

The B2B business was disposed of for an amended consideration of \$12.9 million, of which \$10 million was received and \$2.9 million deferred to October 31, 2024. The transaction resulted in a gain on disposal being recognized in the first quarter of 2024.

Loans receivable

The Group has made additional disbursements in connection with the loan agreement with Apricot totaling €10.0 million (see note 14). The total amount disbursed by the Group, including the amounts previously disbursed in the year ended December 31, 2023, have reached the maximum of €98.0 million set forth in the loan agreement.

Agreement to purchase Apricot Sportsbook Software

On May 8, 2024, the Group entered into an agreement with Apricot, subject to regulatory approval, to assume full control of its sportsbook software technology for a total consideration of €142.4 million plus additional amounts payable if certain earn-out conditions are achieved. The upfront consideration, which consists of €102.4 million, will be paid in the form of the cancellation of the outstanding loan (see note 14). An additional €40 million will be paid in two equal payments over the next two years, of which €20 million may be paid in ordinary shares at the Group's discretion.

Additional payments of up to €210 million could be made through a contingent earn-out mechanism if the Group's sportsbook revenue more than doubles during the earn-out period which runs through December 31, 2035. The earn-out is calculated as a percentage of monthly sportsbook net gaming revenue, ranging from a low single-digit to high single-digit percentage.

Jumpman Remote Gaming Duty

As disclosed in note 27, Jumpman Gaming Limited is subject to an assessment from HMRC. On May 21, 2024, Jumpman Gaming Limited received a revised assessment with regards to Remote Gaming Duty covering the period 2018 to 2022. The assessment has been reduced to £12.1 million. Jumpman Gaming Limited continues to appeal the assessment.