

Immediate on 19 October 2018

**Webis Holdings plc ("Webis")
Update on USA business trading operations
and USA licensed gaming strategy**

The board of Webis, the Group specializing in pool wagering and the operators of WatchandWager Cal-Expo, the Californian harness track, wishes to update shareholders regarding the operations of its principal USA subsidiary, WatchandWager.com LLC ("WatchandWager").

With immediate effect, WatchandWager has no option other than to assume the de facto termination of a contract for the provision of wagering services to a syndicate (who are unable to be named under confidentiality restrictions) following a commercial dispute. Consequently, WatchandWager have refunded all the syndicate's player balances, totaling approximately US\$ 10.0 million. In the absence of any new deposit funding, under regulation, no further wagers can be accepted from this syndicate. While the termination will have no effect on the year-end 2017 financial statements due to be published in November 2018, the board anticipates that the loss of gross margin for the financial year ending in May 2019 will be approximately US\$ 0.8 million. Post refund, the current cash on the Webis Balance Sheet stands at just over US\$ 3.1 million.

Following the termination, WatchandWager are in the process of streamlining the operation and implementing additional business efficiencies. With the continuing support of Webis and its principal shareholder, WatchandWager will concentrate on implementing the following strategic objectives: -

- Secure replacement business-to-business clients. WatchandWager have successfully taken on a number of new clients and are in advanced discussions with a number of other potential leads. While these initiatives alone are unlikely to replace gross margin in the short-term, the early indications are that the current client base is both wagering successfully and growing in scale. The syndicate contract termination does have the benefit of removing the primary business risk, being that of concentration and over reliance on one single entity;
- Continue to renew and acquire further US state regulated gaming licenses and increase meaningful customer content. WatchandWager have identified the US states in which it wishes to trade and will make corresponding license applications in due course;
- Continue to develop and expand the Cal-Expo racetrack operation. WatchandWager will implement a number of new initiatives for the forthcoming season starting in November 2018, including selectively increasing prize money to attract additional horsemen, hence increasing the field sizes for the benefit of players;
- Seek suitable strategic partnerships and associations to broaden the business-to-consumer offer, including the *watchandwager.com* app and website. The consumer client base is developing in line with plans and is already showing an increase in gross margin on the previous year; and
- Position WatchandWager to take full advantage of the anticipated regulatory change to allow sports betting in California. The fact that WatchandWager is licensed, with a regulated settlements process and operates a racetrack means that it is entirely compliant to commence sports betting as soon as state legislation allows.

The board will continue to update shareholders as to progress of the State of California's adoption of sports betting legislation.

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