

**Webis Holdings plc**

**Global Gaming Group**

**Unaudited Interim Report and Consolidated Financial Statements  
for the period ended 30 November 2020**

London AIM Stock Code: WEB

# Webis Holdings plc

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# Webis Holdings plc

## Group at a Glance

Webis Holdings plc (the “Group”) operates two primary segments within its operational structure:

### **WatchandWager.com Ltd and WatchandWager.com LLC – Advanced Deposit Wagering (“ADW”)**

WatchandWager.com Ltd is regulated in the Isle of Man and operates a totalisator wagering hub through its United States Tote supplier, which enables it to conduct its ADW business by passing wagers directly into global racetrack betting pools in real time.

WatchandWager.com LLC has its operational base in Lexington, Kentucky, with its head office in Larkspur, California, and provides pari-mutuel wagering, or pool-betting, services through a number of distribution channels to a global client base. The company holds United States pari-mutuel licences for its ADW business in the USA, including a multi-jurisdictional licence issued by the States of North Dakota, and individual licences for the States of California, Maryland, Colorado, Minnesota, New York, Washington and Kentucky. The business provides wagering opportunities predominantly on horse and greyhound racing and has contracted with a significant number of prestigious racetrack partners within the United States, Hong Kong, France, Canada, United Kingdom, Ireland, and Australia amongst others. It provides wagering facilities to customers through its interactive website, *watchandwager.com*, as well as offering a business-to-business wagering product and a telephone call centre.

### **WatchandWager.com LLC - Cal Expo Harness Racetrack**

WatchandWager.com LLC also operates Cal Expo Harness Racetrack in Sacramento, California, under a licence issued by the California Horse Racing Board. This ‘bricks and mortar’ presence in the largest state economy in the USA continues to provide leverage for our related global pari-mutuel operations.

As part of the requirements for the Group’s Isle of Man licence, client funds for the Isle of Man licensed companies are held in fully protected segregated client accounts within an Isle of Man regulated bank.

# Webis Holdings plc

## Chairman's Statement

### Introduction

I am pleased to report a sustained improvement in trading for our principal subsidiary WatchandWager.com, with a significant return to profitability and a continuation of the positive trends reported at the end of the 2019/20 financial year. Moreover, I anticipate a sustained performance to the financial year ending May 2021, with certain caveats for the continued impact of Covid-19 and other factors outside our control. In short, I am pleased to report the Group is now in a far better position than in recent years, with a much better business mix and clear avenues for growth ahead.

Equally significantly, despite the impact of Covid-19, the business has proved very resilient. In common with other interactive operators, on-line business levels have continued to be strong. This reflects and validates our strategy to provide by far the widest range of live content available to our clients with a truly 24/7 global platform for players. This has served us well during these difficult times, and we expect this position to continue for the foreseeable future.

For the long term, the Board is fully aware of our licensed position in the USA and California in particular, and how this position can be leveraged to benefit shareholders. As a result, we have taken measures to protect our assets in the USA and will continue to do so as a priority. We stand in an enviable position as a licensed operator in the States, and in particularly in California, the fifth biggest economy in the world, and where we hold both an online licence and a license to operate retail operations at Cal Expo racetrack in Sacramento. Momentum continues to gather daily for regulated Sports Betting in numerous states, including California. At time of writing, the Board is confident that California will approve this measure no later than 2022, with many other major States actively operating by then. Conversely, the position in other jurisdictions for online gambling is becoming increasingly difficult, with significant regulatory headwinds facing operators exposed to Europe and the UK. As a result, there is significant interest in our USA licensed position as we outline our plans to maximise this position.

### Half Year Results Review

Group amounts wagered were US\$ 45.4 million, up 20% on prior year (2019: US\$ 37.7 million). Turnover reported was US\$ 7.4 million (2019: US\$ 8.1 million), but with gross profit also increasing significantly to US\$ 2.66 million (2019: US\$ 1.79 million), a growth of 48% versus prior year. This resulted in a profit on the period of US\$ 0.72 million (2019: loss of US\$ 0.21 million). This turnaround of almost US\$ 1 million in profit over the six months reflects the changing business mix in the operation, again improving our overall margin derived from more "retail-style" wagering activity, especially on-line. This is encouraging for the future.

Operating costs showed a small increase to US\$ 2.17 million (2019: US\$ 2.00 million), reflecting the additional costs of setting up racetrack operations in the autumn of 2019 during the Covid-19 pandemic. These costs are expected to stabilise. It should be noted that Cash and cash equivalents stand at US\$ 2.99 million, an improvement from last year (2019: US\$ 2.50 million).

### Operations Update

*Business-to-consumer* – this division performed well over the period and continues so to do. In common with other interactive platforms, the impact of Covid-19 has not materially affected trading and in some areas has increased business. Racetracks now operate globally with no crowds with very few retail off-track betting shops open, as well as fewer other recreational competition. This has assisted on-line operations, to the extent that we have seen a 62% increase in handle (amounts bet) over the period reported. We have every intention of maintaining this momentum.

At the same time, we are very aware that, as a racetrack operator at Cal Expo, the impact of Covid-19 has been far more severe for our associated horsemen and racetrack partners. Under the pari-mutuel model, increases in handle are directly passed on to our partners in terms of host track fees, horsemen contributions, and statutory duties. In fact, in certain States, notably our key State of California, we have volunteered to pay increased contributions to purses in 2021. We believe this is the right thing to do to encourage and protect an industry that employs millions of staff globally.

*Business-to-business* – trading for this division continued to be largely flat. This sector is becoming increasingly competitive in nature. We compete with a wide range of operators who seem intent on maximising the volume of amounts wagered at the expense of margin. This is, of course, commercially unattractive, and we have specifically declined to compete, avoiding accepting wagers at little or no commission which is a race to the bottom. We expect that this situation will continue for the foreseeable future but is not sustainable long term. Major racing and wagering jurisdictions need to realise the importance of achieving a proper return on the rights to wager on their content, especially from "high rollers". This is never more important than during the Covid-19 crisis, to support the horsemen and all related participants in the industry.

# Webis Holdings plc

## Chairman's Statement continued

### Cal Expo

During the period, we were mainly closed for racing as planned during the summer months. However, we benefited from a higher proportion of revenues from interactive platforms. This helped to build up our cash flows in our operating and purse pool funds to restart the season.

In early November, we re-commenced harness racing at the Cal Expo racetrack in Sacramento for the ninth season, and we plan to race until end of April 2021. This has been a difficult period to run any retail operation, and we have and continue to race behind closed doors, so losing our important on track revenue. We have been very mindful to abide with all County and State legislation in respect to Covid-19 guidelines, and I would greatly like to thank all our staff, horsemen and all persons situated at Cal Expo for respecting and adhering to these regulations on an ongoing basis.

### Licenses

During the period, we have concentrated on obtaining important licence applications and renewals. I am pleased to report that all licence applications were successfully renewed, and include the key strategic states of California, New York and Kentucky, amongst others. These licences are all in good standing through the entirety of 2021 and, in certain cases, beyond.

### Compliance

There were no compliance issues reported to our various regulations during the period.

### Health & Safety

There were no health and safety issues to report across the entire Cal Expo operation, where equine and participant welfare remain our highest priority.

### Outlook

#### Short term

Despite our positive first six months, as anticipated, our performance has slightly tapered off in the last few months. This is normal and expected. It is a factor of reduced content, poor weather and the unique constraints of Covid-19 which have impacted our racetrack performance. The operations at Cal Expo have been particularly difficult, but we are committed to live operations and ensuring a safe meeting and a form of income for all concerned.

In a more positive vein, we expect an upturn in performance in the Spring in 2021 as the weather improves and we promote the high quality domestic and international content for which we are licensed. As a result, we expect a steady trading pattern to year-end May 2021. We will keep shareholders apprised of performance, should this deviate from that anticipated.

#### Longer term

#### Existing operations

The Board remains optimistic regarding current operations and performance. The USA operation is a much better place financially than two years ago. Equally positively, our core content of horseracing globally has performed extremely well as an "elite sport" to keep live operations to high capacity globally, contrary to some other sports. It should be noted however that an easing in Covid-19 restrictions will increase competition to the leisure dollar in relation to our B2C operations. We have anticipated this welcome development globally but are also working to maintain our positive business momentum. We have recently hired an expert consultant in marketing recruitment, retention and reactivation strategies across the platform and we see this as an important part of our strategy going forward.

Conversely of course a return to on track attendance and other retail betting operations would be most welcome to our operations at Cal Expo. We have as good racing product at the venue and see this product is integral to the future. We welcome to receiving our loyal patrons back at our track, as permitted under Sacramento County regulations

# Webis Holdings plc

## Chairman's Statement continued

### USA Expanded Gaming

It cannot have gone unnoticed to shareholders and observers alike that the sustained growth of USA licensed expanded gambling is the hottest subject in the global industry. In that regard, Webis and our principal subsidiary WatchandWager, remain very well-positioned as a licensed operator in many states, and of course in California. Almost all factors are in our favour with legislation passing or on the verge of passing in many key states, as updated almost daily both in trade and financial media. At the same time, many major large multi-national gambling entities continue to search for merger or acquisition of key assets in the USA. This is compounded due to the ongoing downturn in the industry, in the UK, where the affordability review is a very real threat to non-USA players, unlike our operation. On top of that the unfortunate economic impact of Covid-19 and other natural disasters has hastened the need for more taxes and duties in states, especially in California.

It now seems a certainty that more and more states will continue to legalise sports betting in the next two years, including California, the most complex but lucrative state. As a result, the Board believes that now is the time to escalate our plans to take advantage of our position. As a relatively small but well positioned company, we will upgrade our profile on several levels. This includes reviewing and improving our Board structure, especially in the USA, plus increasing our presence in California and our overall profile in the industry. One key factor is educating the decision-makers and regulators to understand the fiscal benefits of including mobile wagering within retail operations.

Overall, we consider the company to be undervalued on key metrics and our potential for growth it is important that now we "fight above our weight" to make the industry aware of this. We will keep shareholders fully informed of developments in our exciting future strategies.

In the meantime, we would continue to thank our staff, participants and shareholders for their on-going support for our growing business during tricky times.

**Denham Eke**  
**Non-executive Chairman**  
**25 February 2021**

# Webis Holdings plc

## Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 November 2020

	Note	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2019 (unaudited) US\$000
<b>Amounts wagered</b>		<b>45,391</b>	37,725
Turnover	3	7,430	8,060
Cost of sales		(4,713)	(6,228)
Betting duty paid		(60)	(42)
<b>Gross profit</b>		<b>2,657</b>	1,790
Operating costs		(2,172)	(2,006)
Other losses		(7)	(10)
Government grants	1.5	272	—
Other income		34	60
<b>Operating profit / (loss)</b>		<b>784</b>	(166)
Finance costs	4	(63)	(41)
<b>Profit / (loss) before income tax</b>		<b>721</b>	(207)
Income tax expense	5	—	—
<b>Profit / (loss) for the period</b>		<b>721</b>	(207)
<b>Other comprehensive income for the period</b>		<b>—</b>	—
<b>Total comprehensive income for the period</b>		<b>721</b>	(207)
<b>Basic and diluted earnings per share for profit / (loss) attributable to the equity holders of the Company during the period (cents)</b>	6	<b>0.18</b>	(0.05)

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

# Webis Holdings plc

## Condensed Consolidated Statement of Financial Position

As at 30 November 2020

	Note	As at 30 November 2020 (unaudited) US\$000	Year ended 31 May 2020 (audited) US\$000
<b>Non-current assets</b>			
Intangible assets	7	9	30
Property, equipment and motor vehicles		375	415
Bonds and deposits		101	101
<b>Total non-current assets</b>		<b>485</b>	<b>546</b>
<b>Current assets</b>			
Bonds and deposits		882	882
Trade and other receivables		1,085	1,256
Cash, cash equivalents and restricted cash	8	4,490	3,969
<b>Total current assets</b>		<b>6,457</b>	<b>6,107</b>
<b>Total assets</b>		<b>6,942</b>	<b>6,653</b>
<b>Equity</b>			
Called up share capital		6,334	6,334
Share option reserve		42	42
Retained losses		(4,787)	(5,508)
<b>Total equity</b>		<b>1,589</b>	<b>868</b>
<b>Current liabilities</b>			
Trade and other payables		3,605	3,749
Deferred income		—	272
Loans, borrowings and lease liabilities	9	86	97
<b>Total current liabilities</b>		<b>3,691</b>	<b>4,118</b>
<b>Non-current liabilities</b>			
Loans, borrowings and lease liabilities	9	1,662	1,667
<b>Total non-current liabilities</b>		<b>1,662</b>	<b>1,667</b>
<b>Total liabilities</b>		<b>5,353</b>	<b>5,785</b>
<b>Total equity and liabilities</b>		<b>6,942</b>	<b>6,653</b>

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.



# Webis Holdings plc

## Condensed Consolidated Statement of Changes in Equity

For the period ended 30 November 2020

	Called up share capital US\$000	Share option reserve US\$000	Retained earnings US\$000	Total equity US\$000
<b>Balance as at 31 May 2019 (audited)</b>	6,334	42	(5,224)	1,152
<b>Total comprehensive income for the period:</b>				
Loss for the period	—	—	(207)	(207)
<b>Transactions with owners:</b>				
Share-based payment expense	—	—	—	—
<b>Balance as at 30 November 2019 (unaudited)</b>	<b>6,334</b>	<b>42</b>	<b>(5,431)</b>	<b>945</b>

<b>Balance as at 31 May 2020 (audited)</b>	6,334	42	(5,508)	868
<b>Total comprehensive income for the period:</b>				
Profit for the period	—	—	721	721
<b>Transactions with owners:</b>				
Share-based payment expense	—	—	—	—
<b>Balance as at 30 November 2020 (unaudited)</b>	<b>6,334</b>	<b>42</b>	<b>(4,787)</b>	<b>1,589</b>

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

# Webis Holdings plc

## Condensed Consolidated Statement of Cash Flows

For the period ended 30 November 2020

	Note	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2019 (unaudited) US\$000
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax		721	(207)
Adjustments for:			
- Depreciation		40	47
- Amortisation of intangible assets		21	38
- Rent concession received		(5)	—
- Finance costs	4	63	41
- Government grant utilised		(272)	—
- Other foreign exchange movements		107	(8)
Changes in working capital:			
- Decrease in receivables		171	226
- (Decrease) / increase in payables		(144)	81
<b>Cash flows generated from operations</b>		<b>702</b>	<b>218</b>
Bonds and deposits utilised in the course of operations		—	—
<b>Net cash generated from operating activities</b>		<b>702</b>	<b>218</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		—	—
Purchase of property, equipment and motor vehicles		—	(5)
<b>Net cash used in investing activities</b>		<b>—</b>	<b>(5)</b>
<b>Cash flows from financing activities</b>			
Interest paid	4	(63)	(41)
Payment of lease liabilities		(21)	(17)
Repayment of loans and borrowings		(3)	—
Loans, borrowings and lease liabilities received		13	—
<b>Net cash used in financing activities</b>		<b>(74)</b>	<b>(58)</b>
<b>Net increase in cash and cash equivalents</b>		<b>628</b>	<b>155</b>
Cash and cash equivalents at beginning of year		2,499	1,363
Exchange (losses) / gains on cash and cash equivalents		(107)	9
Change in restricted cash balances		(27)	(30)
<b>Cash and cash equivalents at end of period</b>		<b>2,993</b>	<b>1,497</b>

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the period ended 30 November 2020

### 1 Reporting entity

Webis Holdings plc (the "Company") is a company domiciled in the Isle of Man. The address of the Company's registered office is Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH. The Webis Holdings plc unaudited condensed consolidated financial statements as at and for the period ended 30 November 2020 consolidate those of the Company and its subsidiaries (together referred to as the "Group").

#### 1.1 Basis of accounting

The unaudited condensed consolidated financial statements of the Group (the "Financial Information") are prepared in accordance with Isle of Man law and International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"). The financial information in this report has been prepared in accordance with the Group's accounting policies. Full details of the accounting policies adopted by the Group are contained in the consolidated financial statements included in the Group's annual report for the year ended 31 May 2020 which is available on the Group's website: [www.webisholdingsplc.com](http://www.webisholdingsplc.com).

The accounting policies and methods of computation and presentation adopted in the preparation of the Financial Information are consistent with those described and applied in the consolidated financial statements for the year ended 31 May 2020.

The unaudited condensed consolidated financial statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 May 2020, extracts of which are included in these unaudited condensed consolidated financial statements, were prepared under IFRS as adopted by the EU and have been filed at Companies Registry.

#### 1.2 Use of judgements and estimates

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing the Financial Information, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2020 as set out in those financial statements.

#### 1.3 Functional and presentation currency

The Financial Information is presented in US Dollars, rounded to the nearest thousand, which is the functional currency and also the presentation currency of the Group.

#### 1.4 Going Concern

As noted within the statutory financial statements for the year ended 31 May 2020, the Directors have continued to undertake several strategies to support and sustain the Group as a going concern. These include, seeking to broaden its client base and expand its business to customer base, renewing various US state licenses, along with continuing to develop and expand the Cal Expo racetrack operations, and monitoring the status of sports betting legislation within the State of California, all of which remain key priorities for the Group in achieving its goal of profitability and maintaining adequate liquidity in order to continue its operations. While the Directors continue to assess all strategic options in this regard, the ultimate success of strategies adopted remains difficult to predict.

In addition, the horseracing industry has continued to operate during the coronavirus pandemic, which has helped to generate increased profitability and the Group has continued to see the benefits of this during this interim period.

Notwithstanding the losses incurred in the last financial year, and with the profitability reported in this interim period, along with the continued support of the Company's principal shareholder, via Galloway Limited, a related party, the Directors believe that the Group has adequate resources to meet its obligations as they fall due.

#### 1.5 Government grants

The Group initially recognises government grants, that compensate for expenses incurred, as deferred income at fair value if there is a reasonable assurance that they will be received. They are then recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 2 Operating Segments

#### A. Basis for segmentation

The Group has the below two operating segments, which are its reportable segments. The segments offer different services in relation to various forms of pari-mutuel racing, which are managed separately due to the nature of their activities.

#### Reportable segments and operations provided

Racetrack operations – hosting of races through the management and operation of a racetrack facility, enabling patrons to attend and wager on horse racing, as well as utilise simulcast facilities.

ADW operations – provision of online ADW services to enable customers to wager into global racetrack betting pools.

The Group's Board of Directors review the internal management reports of the operating segments on a monthly basis.

#### B. Information about reportable segments

Information relating to the reportable segments is set out below. Segment revenue along with segment profit / (loss) before tax are used to measure performance as management considers this information to be a relevant indicator for evaluating the performance of the segments.

Period to 30 November 2020 (unaudited)	<u>Reportable segments</u>		Corporate operating costs US\$000	Total US\$000
	Racetrack US\$000	ADW US\$000		
External revenues	5,874	1,556	–	7,430
<b>Segment revenue</b>	<b>5,874</b>	<b>1,556</b>	<b>–</b>	<b>7,430</b>
Segment profit before tax	282	385	54	721
Finance costs	(12)	(2)	(49)	(63)
Depreciation and amortisation	(20)	(41)	–	(61)
<b>Period to 30 November 2020 (unaudited)</b>				
<b>Segment assets</b>	<b>1,409</b>	<b>3,511</b>	<b>2,022</b>	<b>6,942</b>
<b>Segment liabilities</b>	<b>801</b>	<b>3,139</b>	<b>1,413</b>	<b>5,353</b>

Period to 30 November 2019 (unaudited)	<u>Reportable segments</u>		Corporate operating costs US\$000	Total US\$000
	Racetrack US\$000	ADW US\$000		
External revenues	6,879	1,181	–	8,060
<b>Segment revenue</b>	<b>6,879</b>	<b>1,181</b>	<b>–</b>	<b>8,060</b>
Segment loss before tax	(37)	(149)	(21)	(207)
Finance costs	(8)	(2)	(31)	(41)
Depreciation and amortisation	(21)	(64)	–	(85)
<b>Period to 31 May 2020 (audited)</b>				
<b>Segment assets</b>	<b>1,185</b>	<b>3,216</b>	<b>2,252</b>	<b>6,653</b>
<b>Segment liabilities</b>	<b>870</b>	<b>3,513</b>	<b>1,402</b>	<b>5,785</b>

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 2 Operating Segments continued

#### C. Reconciliation of reportable segments profit or loss

	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2019 (unaudited) US\$000
<b>Profit / (loss) before tax</b>		
Total profit / (loss) before tax for reportable segments	667	(186)
Profit / (loss) before tax for other segments	54	(21)
<b>Consolidated profit / (loss) before tax</b>	<b>721</b>	<b>(207)</b>

### 3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

#### Disaggregation of revenue

In the following tables, revenue is disaggregated by primary geographical market, major services lines and timing of revenue recognition. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 2).

Period to 30 November 2020 (unaudited)	<u>Reportable segments</u>		Total US\$000
	Racetrack US\$000	ADW US\$000	
<b>Primary geographic markets</b>			
North America	5,874	1,146	7,020
British Isles	–	410	410
<b>Segment revenue</b>	<b>5,874</b>	<b>1,556</b>	<b>7,430</b>
<b>Major service lines</b>			
ADW wagering	4,772	1,556	6,328
Race hosting	1,102	–	1,102
	5,874	1,556	7,430
<b>Timing of revenue recognition</b>			
Services transferred at a point in time	5,874	1,556	7,430
Revenue from contracts with customers	5,874	1,556	7,430
External revenue as reported in Note 2	5,874	1,556	7,430

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 3. Revenue continued

Period to 30 November 2019 (unaudited)	Reportable segments		Total US\$000
	Racetrack US\$000	ADW US\$000	
<b>Primary geographic markets</b>			
North America	6,879	765	7,644
British Isles	–	404	404
Asia Pacific	–	12	12
<b>Segment revenue</b>	<b>6,879</b>	<b>1,181</b>	<b>8,060</b>
<b>Major service lines</b>			
ADW wagering	2,733	1,181	3,914
Race hosting	4,146	–	4,146
	<b>6,879</b>	<b>1,181</b>	<b>8,060</b>
<b>Timing of revenue recognition</b>			
Services transferred at a point in time	6,879	1,181	8,060
Revenue from contracts with customers	6,879	1,181	8,060
External revenue as reported in Note 2	6,879	1,181	8,060

### 4 Finance costs

	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2019 (unaudited) US\$000
Loan interest payable	(50)	(31)
Lease liability interest payable	(13)	(10)
<b>Finance costs</b>	<b>(63)</b>	<b>(41)</b>

### 5 Income tax expense

#### (a) Current and Deferred Tax Expenses

The current and deferred tax expenses for the period were US\$ Nil (2019: US\$ Nil). Despite having made losses in the past, no deferred tax was recognised as there is no reasonable expectation that the Group will recover the resultant deferred tax assets.

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 5 Income tax expense continued

#### (b) Tax Rate Reconciliation

	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2020 (unaudited) US\$000
Profit / (loss) before tax	721	(207)
Tax charge at IOM standard rate (0%)	—	—
Adjusted for:		
Tax debit / (credit) for US tax profits / (losses) (at 15%)	80	(65)
(Deduct) / add back deferred tax losses not recognised	(80)	65
Tax charge for the period	—	—

The maximum deferred tax asset that could be recognised at period end is approximately US\$827,000 (2019: US\$875,000). The Group has not recognised any asset as it is not reasonably known when the Group will recover such deferred tax assets.

### 6 Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares, on the assumed conversion of all dilutive share options.

An adjustment for the dilutive effect of share options and convertible debt in the previous period has not been reflected in the calculation of the diluted loss per share, as the effect would have been anti-dilutive.

	Period to 30 November 2020 (unaudited) US\$000	Period to 30 November 2019 (unaudited) US\$000
Profit / (loss) for the period	721	(207)

  

	No.	No.
Weighted average number of ordinary shares in issue	393,338,310	393,338,310
Dilutive element of share options if exercised	14,000,000	14,000,000
Diluted number of ordinary shares	407,338,310	407,338,310
Basic earnings per share (cents)	0.18	(0.05)
Diluted earnings per share (cents)	0.18	(0.05)

The earnings applied are the same for both basic and diluted earnings calculations per share as there are no dilutive effects to be applied.

# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 7 Intangible assets

Intangible assets include goodwill which relates to the acquisition of the pari-mutuel business which is both a cash generating unit and a reportable segment, including goodwill arising on the acquisition in 2010 of WatchandWager.com LLC, a US registered entity licenced for pari-mutuel wagering in North Dakota.

The Group tests intangible assets annually for impairment, or more frequently if there are indicators that the intangible assets may be impaired. The goodwill balance was fully impaired in the financial year ended 31 May 2015.

### 8 Cash, cash equivalents and restricted cash

	Period to 30 November 2020 (unaudited) US\$000	Year ended 31 May 2020 (audited) US\$000
Cash and cash equivalents – company and other funds	2,993	2,499
Restricted cash – protected player funds	1,497	1,470
<b>Total cash, cash equivalents and restricted cash</b>	<b>4,490</b>	<b>3,969</b>

The Group holds funds for operational requirements and for its non-Isle of Man customers, shown as 'company and other funds' and on behalf of its Isle of Man regulated customers and certain USA state customers, shown as 'protected player funds'.

Protected player funds are held in fully protected client accounts within an Isle of Man regulated bank and in segregated accounts within a USA regulated bank.

### 9 Loans, borrowings and lease liabilities

#### Current liabilities

	Period to 30 November 2020 (unaudited) US\$000	Year ended 31 May 2020 (audited) US\$000
Unsecured loan (current portion)	6	5
Lease liabilities (current portion)	80	92
	<b>86</b>	<b>97</b>

#### Non-current liabilities

	Period to 30 November 2020 (unaudited) US\$000	Year ended 31 May 2020 (audited) US\$000
Unsecured loan (non-current portion)	22	25
Lease liabilities (non-current portion)	290	292
Secured loans – Galloway Ltd	1,350	1,350
	<b>1,662</b>	<b>1,667</b>



# Webis Holdings plc

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2020

### 9 Loans, borrowings and lease liabilities continued

#### Terms and repayment schedule

	Nominal interest rate	Year of maturity	Period to 30 November 2020 (unaudited) US\$000	Year ended 31 May 2020 (audited) US\$000
Unsecured loan	8.90%	2025	28	30
Lease liabilities	7.00-9.00%	2021-25	370	384
Secured loan – Galloway Ltd	7.75%	2022	500	500
Secured loan – Galloway Ltd	7.00%	2024	350	350
Secured loan – Galloway Ltd	7.00%	2025	500	500
<b>Total loans and borrowings</b>			<b>1,748</b>	<b>1,764</b>

The secured loans from Galloway Ltd are secured over the unencumbered assets of the Group.

### 10 Related party transactions

#### Identity of related parties

The Group has a related party relationship with its subsidiaries, and with its Directors and executive officers and with Burnbrae Ltd (significant shareholder).

#### Transactions with and between subsidiaries

Transactions with and between the subsidiaries in the Group which have been eliminated on consolidation are considered to be related party transactions.

#### Transactions with entities with significant influence over the Group

Rental and service charges of US\$22,041 (2019: US\$5,205) and Directors' fees of US\$12,775 (2019: US\$22,586) were charged in the period by Burnbrae Ltd of which Denham Eke is a common Director. The Group also had a loan of US\$1,350,000 (2020: US\$1,350,000) from Galloway Ltd, a company related to Burnbrae Limited by common ownership and Directors (see note 9).

#### Transactions with other related parties

There were no transactions with other related parties during the period.

### 11 Subsequent events

There were no significant subsequent events identified after 30 November 2020.

### 12 Approval of interim statements

The interim statements were approved by the Board on 25 February 2021. The interim report is expected to be available for shareholders on 26 February 2021 and will be available from that date on the Group's website [www.webisholdingsplc.com](http://www.webisholdingsplc.com).

The Group's nominated adviser and broker is Beaumont Cornish Limited, Building 3, Chiswick Park, 566 Chiswick High Road, London W4 5YA.

# Webis Holdings plc

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