

Webis Holdings plc

Global Gaming Group

**Unaudited Interim Report and Consolidated Financial Statements
for the period ended 30 November 2022**

London AIM Stock Code: WEB

Webis Holdings plc

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Webis Holdings plc

Group at a Glance

Webis Holdings plc (the “Company”) and its subsidiary companies (together the “Group”) operates two primary segments: -

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

WatchandWager.com LLC – Cal Expo Harness Racetrack

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 racing and is contracted with a significant number of prestigious racetrack partners within the United States, namely Churchill Downs Inc, Monarch Content Management, the New York Racing Association, Penn Gaming and all other major track operators in the USA. Internationally, the company has contracts with Hong Kong, France, Canada, United Kingdom, Ireland, Australia, and South Africa amongst many others. The service provides wagering facilities to customers through its interactive website, *watchandwager.com*, as well as offering a business-to-business wagering product.

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. The current lease at Cal Expo extends to 2030.

As part of the requirements for the 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

Our principal subsidiary, WatchandWager.com ("WatchandWager"), has had a mixed start to the first six months of the year. Trading was strong during the summer months, where we enjoyed excellent commission levels from Saratoga (NY) and Del Mar (CA). In addition, we received better than expected "dark money" commissions (being statutory revenues from wagers placed by Californian residents on global content) from our licensed racetrack at Cal Expo. During the period when we were not physically racing, under California Horse Racing Board rules, we are entitled to a percentage of revenues derived from Californian residents. On a less positive note, trading was difficult during the months of September, October, and November. These conditions continued into the winter, principally due to unprecedented severe weather conditions leading to a lack of content, experienced both by us and by many of our global racetrack partners.

Nevertheless, we remain optimistic about the future of the operation. Following a number of test marketing campaigns, we are particularly encouraged by the growth in our B2C division, where we are experiencing a consistent increase in the prior years' levels of wagers placed. This has been helped by our recently signed contract with Monarch Content Management, as previously announced, with more detail below. As a result, we have developed a new marketing strategy which we will implement in the second quarter of this year, following which we expect trading to improve significantly in the spring and summer of 2023.

Half Year Results Review

Group amounts wagered were US\$ 38.2 million, down 4% on prior year (2021: US\$ 39.9 million). Turnover reported was US\$ 6.23 million (2021: US\$ 6.80 million), with gross profit achieved of US\$ 1.99 million (2021: US\$ 2.18 million). This resulted in a loss on the period of US\$ 0.33 million (2021: loss of US\$ 0.07 million).

Operating costs showed a small increase to US\$ 2.31 million (2021: US\$ 2.22 million), arising from a general increase in cost of living. Cash and cash equivalents stand at US\$ 2.80 million (31 May 2022: US\$ 3.06 million).

Operations Update

Business-to-Consumer (B2C)

This division performed well over the period and continues to do so. Most importantly, it now contributes the majority (75% over the period) of our gross margin as compared to the Business-to-Business division.

We have experimented with a variety of online marketing techniques to promote our website and mobile operation, particularly through Facebook and other channels. We specifically targeted high-margin states, most notably Florida, with tailored content. This derived a positive return on investment. However, given the downturn in our other business streams later in the period, we temporarily paused these initiatives, but we fully intend to roll out the entire programme with effect from April 2023.

Whilst not neglecting other sectors of business, the Board now recognises that the growth of the B2C sector is our best avenue of opportunity, but one that we have neglected in the past. Our stated objective is to double our player numbers on our platform by the end of 2024. On known metrics, this would provide a sustainable level of profitability for the company, on top of all our other revenue streams.

Business-to-business (B2B)

This continues to be an important sector of our division, but is, and most probably will continue to be, both difficult to manage and maximize margin. As stated on several occasions, the market is simply getting tougher, with the big players dominating and certain operators willing to take wagers at an almost zero percent margin. This is not now a model that we are particularly interested in for obvious reasons. That said, we will not abandon this division and never knowingly turn down business as long as it is conducted in a legal, licensed and regulated fashion.

Cal Expo

Following the end of racing in May 2022, we enjoyed very strong revenue levels from "dark money". We commenced live racing operations on 5 November 2022, with initial performance being very strong, both in terms of horse population and the level of wagers placed. Unfortunately, after that, we experienced torrential volumes of rainfall throughout northern California. This resulted in the cancellation of seven race meetings, which obviously had significant impact on the operation. We have Health and Safety obligations to our equine and human participants at the track and, of course, without live racing, revenue levels were below normal.

Webis Holdings plc

Chairman's Statement continued

Cal Expo continued

On a more positive note, at time of writing, conditions have significantly improved in California, and we expect very strong trading through the racetrack until our scheduled end-of-season in late April.

Licenses

USA

I am pleased to report that we have successfully renewed our entire portfolio of licenses in the USA. Most importantly, we were approved by the Californian Horse Racing Board for our Advanced Deposit Wagering license until the end of 2024. Combined with that, as shareholders are aware, we have the exclusive right to continue live operations at Cal Expo until 2030.

Whilst California is our key priority, I can also report that all our licenses in key states have been further extended, the most notable of which are in New York, Kentucky, Washington State, and multiple other important states. We consider our array of licenses to continue to be a key asset to the Group.

Isle of Man

I am also pleased to report that during the period we renewed our license with the Isle of Man Gambling Supervision Commission for a further five years. Whilst we consider the US to be our main avenue for growth, we also believe as amongst the very first license holders within the Isle of Man regulatory environment, that this license is also a key asset to the Group and offers a significant protection for our customer base.

Content

Based on competitor research, we know that we offer the widest range of live content of any tote website in the world, both within the USA and internationally. Unfortunately, we have not yet been able to properly capitalise upon the extent of this coverage. Given our stated objective to grow player numbers following the roll-out of an improved web site and mobile app, accompanied with renewed market initiatives, we see no reason why these contractual relationships should not be extended both middle and long term.

Most importantly, as announced on the 23 December 2022, we signed a significant agreement with Monarch Management Content throughout 2023. This has had an immediate and positive impact on our B2C business, and there is no reason why this relationship should not continue given our good compliance record and our current assets in the USA.

Compliance

There were no compliance issues reported to our various regulators 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. Clearly, operations have been very difficult at the racetrack in the recent period, and I would particularly like to thank all our staff and associated partners for their commitment to equine and human welfare.

Outlook

Short term

As stated, we have had a difficult period post October 2022. Despite that, I remain extremely confident as we approach the spring months that trading will improve in line with expectations.

In particular, the Board has been very pleased with the performance of our B2C operations, which has continued to show consistent year-on-year growth compared to the same period last year. It is a key focus to continue this momentum going forward.

Webis Holdings plc

Chairman's Statement continued

Outlook continued

Longer term

Arizona Downs project

As previously announced, we have a contract to operate live racing at this facility with a planned start date of September 2023. At present, we are simply awaiting our license hearing from the Arizona Gaming Commission. We expect this to be completed no later than the end of March 2023, but will inform shareholders if these dates change. We see this as an important revenue earner in its own right, but also as support for our Cal Expo operations. In addition, it would provide us with extra leverage outside of California.

USA Expanded Gaming

During the period, shareholders will be aware of the failure of Proposition 26 and 27 to approve various forms of sports betting in California (November 2022). Contrary to general opinion, this was a very positive result for WatchandWager, as we had been deliberately excluded from the 26 vote, and the 27 vote made little commercial sense.

As a licensed operator within California until at least 2030, we are well positioned in this potential market which is of course arguably the biggest new growth opportunity for sports betting globally. We are of the view that public referendums will not work, and most participants have learned the lesson from this. At time of writing, we are aware of at least two draft new bills at the Senate level in Sacramento, only two miles away from our licensed racetrack. We believe legalised sports betting will inevitably happen in California for two reasons. Firstly, the market demand is too strong, and the public want to be able to bet in a legal and licensed manner, rather than with illegal offshore operators. Secondly, the economics are compelling, as initiatives in New York, New Jersey and other states have shown. California is now predicting a significant budget deficit into 2023 and 2024, primarily due to the downturn in within the technology, social media, and other associated industries. Pressure can only mount in the state Capitol for legalisation and the accompanying tax revenue. Optimistically, a bill could be live by 2024 and, of course, will only be permitted to licensed operators including ourselves.

Strategy

The Board is currently engaged in a strategy review of our key business sectors. We are convinced the strategy for growth is to build on our successes in the B2C sector and grow our many licensed assets. We will be issuing an update to shareholders on this strategy by end April 2023.

Acquisitions and Mergers

We remain very optimistic regarding the business, especially our B2C and live racetrack operations in CA, and AZ in the future. However, we do know that the entire industry is a game of scale with the big becoming bigger and some of the smaller operators struggling. We are aware that we are probably in the middle of the pack, and we remain open to all discussions with credible licensed operators throughout the world in relation to merger and acquisition opportunities at an operating business level, providing they operate in a licensed and regulated environment and pass due diligence.

Finally, I would like to thank all our shareholders, customers, and our staff in the various jurisdictions for their loyalty and support of the business.

Denham Eke

Non-executive Chairman

23 February 2023

Webis Holdings plc

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 November 2022

	Note	Period to 30 November 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Amounts wagered		38,241	39,849
Turnover	3	6,226	6,795
Cost of sales		(4,185)	(4,566)
Betting duty paid		(52)	(53)
Gross profit		1,989	2,176
Operating costs		(2,307)	(2,220)
Other gains / (losses)		12	(3)
Other income		62	39
Operating loss		(244)	(8)
Finance costs	4	(81)	(62)
Loss before income tax		(325)	(70)
Income tax expense	5	—	—
Loss for the period		(325)	(70)
Other comprehensive income for the period		—	—
Total comprehensive loss for the period		(325)	(70)
Basic and diluted earnings per share for loss attributable to the equity holders of the Company during the period (cents)	6	(0.08)	(0.02)

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 2022

	Note	As at 30 November 2022 (unaudited) US\$000	Year ended 31 May 2022 (audited) US\$000
Non-current assets			
Intangible assets	7	11	11
Property, equipment and motor vehicles		674	724
Bonds and deposits		100	100
Total non-current assets		785	835
Current assets			
Bonds and deposits		883	883
Trade and other receivables		1,033	1,190
Cash, cash equivalents and restricted cash	8	3,904	4,139
Total current assets		5,820	6,212
Total assets		6,605	7,047
Equity			
Called up share capital		6,334	6,334
Share option reserve		42	42
Retained losses		(5,383)	(5,058)
Total equity		993	1,318
Current liabilities			
Trade and other payables		3,526	3,640
Loans, borrowings and lease liabilities	9	99	109
Total current liabilities		3,625	3,749
Non-current liabilities			
Loans, borrowings and lease liabilities	9	1,987	1,980
Total non-current liabilities		1,987	1,980
Total liabilities		5,612	5,729
Total equity and liabilities		6,605	7,047

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 2022

	Called up share capital US\$000	Share option reserve US\$000	Retained earnings US\$000	Total equity US\$000
Balance as at 31 May 2021 (audited)	6,334	42	(4,684)	1,692
Total comprehensive income for the period:				
Loss for the period	—	—	(70)	(70)
Balance as at 30 November 2021 (unaudited)	6,334	42	(4,754)	1,622

	Called up share capital US\$000	Share option reserve US\$000	Retained earnings US\$000	Total equity US\$000
Balance as at 31 May 2022 (audited)	6,334	42	(5,058)	1,318
Total comprehensive income for the period:				
Loss for the period	—	—	(325)	(325)
Balance as at 30 November 2022 (unaudited)	6,334	42	(5,383)	993

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 2022

	Note	Period to 30 November 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Cash flows from operating activities			
Loss before income tax		(325)	(70)
Adjustments for:			
- Depreciation		50	49
- Amortisation of intangible assets		3	4
- Loan interest paid	4	51	50
- (Increase) / decrease in movement of restricted cash*		(27)	752
- Increase in lease liabilities		30	12
- Other foreign exchange movements		(168)	(5)
Changes in working capital:			
- Decrease in receivables		157	476
- Decrease in payables		(114)	(1,336)
Cash flows used in operations		(343)	(68)
Bonds and deposits utilised in the course of operations		—	—
Net cash used in operating activities		(343)	(68)
Cash flows from investing activities			
Purchase of intangible assets		(3)	—
Purchase of property, equipment and motor vehicles		—	—
Net cash used in investing activities		(3)	—
Cash flows from financing activities			
Loan interest paid	4	(51)	(50)
Increase / (payment) of lease liabilities – principal		7	(8)
Payment of lease liabilities – interest	4	(30)	(12)
Repayment of loans and borrowings		(10)	(3)
Net cash used in financing activities		(84)	(73)
Net decrease in cash and cash equivalents		(430)	(141)
Cash and cash equivalents at beginning of year		3,062	3,238
Exchange gains on cash and cash equivalents		168	3
Cash and cash equivalents at end of period		2,800	3,100

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

*(Increase) / decrease in movement of restricted cash, has been reclassified to Operating activities from Cash and cash equivalents. The reclassification has been made to achieve better presentation, as the restricted cash relates to player liabilities, which is part of the operating activity of the Group. The impact of this reclassification on net cash used in operating activities is a decrease of USD 752k on the total as previously reported of USD 820k.

Webis Holdings plc

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the period ended 30 November 2022

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 interim financial statements as at and for the period ended 30 November 2022 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 UK Adopted – International Accounting Standards post Brexit. 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 2022 which is available on the Group's website: 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 2022.

The unaudited condensed consolidated financial statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 May 2022, extracts of which are included in these unaudited condensed consolidated financial statements, were prepared under UK Adopted – International Accounting Standards post Brexit 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 2022 as set out in those financial statements.

1.3 Functional and presentation currency

Items included in the unaudited condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). As the primary activities of the Group and the primary transactional currency of the Group's customers are carried out in US Dollars, the unaudited condensed consolidated financial statements have been presented in US Dollars. The determination of the presentation currency does not involve significant judgement as the primary activities of the Group are in US Dollars.

1.4 Going Concern

As noted within the statutory financial statements for the year ended 31 May 2022, 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.

Based on the above, 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.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2022

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 2022 (unaudited)	Reportable segments		Corporate operating costs US\$000	Total US\$000
	Racetrack US\$000	ADW US\$000		
External revenues	5,101	1,125	–	6,226
Segment revenue	5,101	1,125	–	6,226
Segment profit / (loss) before tax	75	(315)	(85)	(325)
Finance costs	(30)	(1)	(50)	(81)
Depreciation and amortisation	(31)	(21)	(1)	(53)
Period to 30 November 2022 (unaudited)				
Segment assets	2,396	2,795	1,414	6,605
Segment liabilities	1,504	2,627	1,481	5,612

Period to 30 November 2021 (unaudited)	Reportable segments		Corporate operating costs US\$000	Total US\$000
	Racetrack US\$000	ADW US\$000		
External revenues	5,530	1,265	–	6,795
Segment revenue	5,530	1,265	–	6,795
Segment profit / (loss) before tax	155	(155)	(70)	(70)
Finance costs	(10)	(3)	(49)	(62)
Depreciation and amortisation	(29)	(22)	(2)	(53)
Period to 31 May 2022 (audited)				
Segment assets	2,324	3,387	1,336	7,047
Segment liabilities	1,522	2,779	1,428	5,729

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2022

2 Operating Segments continued

C. Reconciliation of reportable segments profit or loss

	Period to 30 November 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Loss before tax		
Total loss before tax for reportable segments	(240)	–
Loss before tax for other segments	(85)	(70)
Consolidated loss before tax	(325)	(70)

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 2022 (unaudited)	<u>Reportable segments</u>		Total US\$000
	Racetrack US\$000	ADW US\$000	
Primary geographic markets			
North America	5,101	881	5,982
British Isles	–	243	243
Caribbean	–	1	1
Segment revenue	5,101	1,125	6,226
Major service lines			
ADW wagering	3,708	1,125	4,833
Race hosting	1,393	–	1,393
	5,101	1,125	6,226
Timing of revenue recognition			
Services transferred at a point in time	5,101	1,125	6,226
Revenue from contracts with customers	5,101	1,125	6,226
External revenue as reported in Note 2	5,101	1,125	6,226

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2022

3. Revenue continued

Period to 30 November 2021 (unaudited)	Reportable segments		Total US\$000
	Racetrack US\$000	ADW US\$000	
Primary geographic markets			
North America	5,530	969	6,499
British Isles	–	296	296
Segment revenue	5,530	1,265	6,795
Major service lines			
ADW wagering	4,116	1,265	5,381
Race hosting	1,414	–	1,414
	5,530	1,265	6,795
Timing of revenue recognition			
Services transferred at a point in time	5,530	1,265	6,795
Revenue from contracts with customers	5,530	1,265	6,795
External revenue as reported in Note 2	5,530	1,265	6,795

4 Finance costs

	Period to 30 November 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Loan interest payable	(51)	(50)
Lease liability interest payable	(30)	(12)
Finance costs	(81)	(62)

5 Income tax expense

(a) Current and Deferred Tax Expenses

The current and deferred tax expenses for the period were US\$Nil (2021: 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 2022

5 Income tax expense continued

(b) Tax Rate Reconciliation

	Period to 30 November 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Loss before tax	(325)	(70)
Tax charge at IOM standard rate (0%)	—	—
Adjusted for:		
Tax credit for US tax losses (at 21%)	(70)	(24)
Add back deferred tax losses not recognised	70	24
Tax charge for the period	—	—

The maximum deferred tax asset that could be recognised at period end is approximately US\$1,055,000 (2021: US\$918,000). The Group has not recognised any asset as it might not be recoverable within the allowed period.

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 2022 (unaudited) US\$000	Period to 30 November 2021 (unaudited) US\$000
Loss for the period	(325)	(70)

	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)	(0.08)	(0.02)
Diluted earnings per share (cents)	(0.08)	(0.02)

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 2022

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 2022 (unaudited) US\$000	Year ended 31 May 2022 (audited) US\$000
Cash and cash equivalents – company and other funds	2,800	3,062
Restricted cash – protected player funds	1,104	1,077
Total cash, cash equivalents and restricted cash	3,904	4,139

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 2022 (unaudited) US\$000	Year ended 31 May 2022 (audited) US\$000
Unsecured loan (current portion)	21	20
Lease liabilities (current portion)	78	89
	99	109

Non-current liabilities

	Period to 30 November 2022 (unaudited) US\$000	Year ended 31 May 2022 (audited) US\$000
Unsecured loan (non-current portion)	36	47
Lease liabilities (non-current portion)	601	583
Secured loans – Galloway Ltd	1,350	1,350
	1,987	1,980

Webis Holdings plc

Notes to the Unaudited Condensed Consolidated Interim Financial Statements continued

For the period ended 30 November 2022

9 Loans, borrowings and lease liabilities continued

Terms and repayment schedule

	Nominal interest rate	Year of maturity	Period to 30 November 2022 (unaudited) US\$000	Year ended 31 May 2022 (audited) US\$000
Unsecured loans	1.00-8.90%	2025	57	67
Lease liabilities	6.00-9.50%	2023-30	679	672
Secured loan – Galloway Ltd	7.75%	2027	500	500
Secured loan – Galloway Ltd	7.00%	2024	350	350
Secured loan – Galloway Ltd	7.00%	2025	500	500
Total loans and borrowings			2,086	2,089

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\$16,883 (2021: US\$23,868) and Directors' fees of US\$17,230 (2021: US\$13,834) were charged in the period by Burnbrae Ltd of which Denham Eke is a common Director and Katie Errock is an employee. The Group also had a loan of US\$1,350,000 (31 May 2022: 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 2022.

12 Approval of interim statements

The interim statements were approved by the Board on 23 February 2023. The interim report is expected to be available for shareholders on 24 February 2023 and will be available from that date on the Group's website www.webisholdingsplc.com.

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