Webis Holdings plc

Global Gaming Group

Annual Report and Consolidated Financial Statements for the year ended 31 May 2023

AIM Stock Code: WEB

Webis Holdings plc

Contents

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 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.

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 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.

Chairperson's Statement

Introduction

As previously reported in the 2022/23 interim report, released on 24 February 2023, it has been a difficult year of trading for our principal subsidiary, WatchandWager.com LLC in the USA. Despite that, we remain confident of the way the business is taking shape, and our strategy for the future. I comment more on the financial results and our plans and aims for the business below.

Funding Update

As per the RNS dated 15th September 2023, a convertible loan note, providing new funding of GBP 750,000, was agreed, and signed with Galloway Limited (a related party), with the option for this to be converted into shares in the Company. The Board consider this to be beneficial to the Company.

Strategy

The strategy behind the investment from our main shareholder is to support our B2C sector, which as reported below has been performing well. We can see growth opportunities in this sector. Increased investment and an upturn in performance can only benefit our market capitalisation for the benefit of all shareholders.

The plan for the investment is to focus spend on software improvements and marketing of our core website www.watchandwager.com and the mobile product. At time of writing, we plan to roll out the software work in the first two months of the calendar year. We then aim to roll out our B2C marketing campaign starting in March 2024. The marketing will be primarily focused on social media activity and will focus on key US states and wagering products that derive the highest margin for us. We will be setting key performance indicators for the implementation team and will ensure the programs are very agile. We will keep shareholders informed as to progress.

Following the planned enhancements to our on-line offering, we believe that the opportunity to collaborate with those established sportsbook operators who lack a content rich and stable ADW platform will increase, and this will be one area which we will actively pursue during 2024.

Year End Results Review

The Group amounts wagered for the year ended 31 May 2023 were US$ 113.4 million (2022: US$ 120.1 million). Gross Profit reported was US $ 4.6 million (2022: US$ 5.1 million).

Operating costs were slightly reduced from last year at US$ 5.5 million (2022: US$ 5.6 million), primarily from a reduced number of race days at Cal Expo racetrack, due to severe weather conditions at the racetrack and its surrounding areas.

This resulted in a loss on the year of US$ 0.745 million, a downturn on the 2022 loss of US$ 0.374 million.

Shareholder equity stands at US$ 0.6 million (2022: US$ 1.3 million). Total cash stands at US$ 3.3 million (2022: US$ 4.1 million), which includes ring-fenced funds held as protection against our player liability as required under USA and Isle of Man gambling legislation.

Approach to Risk and Corporate Governance

As part of the adoption of the Quoted Companies Alliance Corporate Governance code in 2018, the Board completed an assessment of the risks inherent in the business and defined and adopted a statement of risk appetite, being the amount and type of risk, it is prepared to seek, accept, or tolerate in pursuit of value. This being: -

"The Group's general risk appetite is a moderate, balanced one that allows it to maintain appropriate growth, profitability and scalability, whilst ensuring full regulatory compliance."

The Group's primary risk drivers include: -

- Strategic
- Reputational
- Credit
- Operational
- Market
- Liquidity, Capital, and Funding
- Regulatory and Compliance
- Conduct

Our risk appetite is classified under an "impact" matrix defined as Zero, Low, Medium, and High. Appropriate steps are implemented to ensure the prudential control monitoring of risks to the Group and the Audit, Risk and Compliance Committee oversees this essential requirement. Further details of the Corporate Governance Statement will be found on pages 10 to 13 of this report and should be read in conjunction with my report.

The Board refined the Group's business plan which incorporates the risk and compliance framework.

Performance by Sector

WatchandWager

Business-to-Consumer
www.watchandwager.com/mobile

We have been pleased with the performance in this sector which is wagering through our main website and mobile product over the financial year. The product has held up well against extreme competition from all the big players in the market. We are very confident of the scalability of our software, as per our strategy.

We have effectively "pivoted" the business in the past two years, for this sector to contribute 70% of our revenues, with B2B only 30% (excluding our retail operations at Cal Expo). We consider this to be a healthier business mix, when previously we were vulnerable to the volatile B2B market.

Chairperson's Statement continued

Business-to-Consumer

As stated, whilst some of the software improvements have already commenced, we are in advanced planning for the main activity programme to start early in the New Year. It is very important that we achieve our targets in this sector, to not only achieve profitability, but also make the Company more attractive in merger or acquisition opportunities.

Business-to-Business

As previously stated in February, we see this sector as a very mature market, where the bigger are getting bigger and margins are tightening. Simply put, the profits from the costs of sales against the margin derived are decreasing. That said, we will continue to service our key clients to the best of our ability, and we have seen steady levels of performance from those clients. We will continue to service this sector and maximise revenue as best as possible but only with a strict attention to regulatory compliance.

Cal Expo

It has been a difficult season at our racetrack at Cal Expo Sacramento, primarily due to unprecedented weather conditions. This resulted in us losing seven race meetings due to Health and Safety concerns. This had a negative impact on financial performance as our operating costs increased as we tried to maintain track conditions whilst at the same time, we were not receiving any direct wagering income. That said, we managed the situation well with no Health and Safety issues. We remain confident for the new season, which started 17 November and will run until 3 May 2024, with 47 live race meets planned.

Key risk factors

During the period we have updated our Risk Assessment procedures and will continue to do so. The Board conducts regular risk assessments on a micro and macro level.

Licenses

During the period reported, all our licenses have been renewed successfully in the Isle of Man and the USA. We consider our licensed presence in all jurisdictions to be a key asset to the Company and we fully expect all our license renewals subsequent to the period to be approved before the calendar year end 2023.

Content

WatchandWager continues to offer the widest range of content to its global customers of any licensed advance deposit wagering Company in the world. As well as our licenses, we consider this offering to be a key unique selling proposition for the Company. All of our content agreements both domestic USA and international are up to date into 2024, and, in a number of cases, beyond.

Compliance

There were no compliance issues across the entire operation during the period reported.

Health & Safety

There were no Health and Safety issues across the entire operation during the period reported.

Outlook

We are more satisfied by the performance of our main subsidiary in the new financial year. Our performance has been stronger on key USA and global international racetracks. Our handle has also been strong on the UK content, and particularly the World Pool initiative hosted by the Hong Kong Jockey Club and the UK Tote. We look to increase that level of activity in the next year.

Board Appointments

Following the extremely sad news of the death of Sir James Mellon in July of this year, we are actively seeking to recruit additional Directors to the Board. Sir James brought a rigorous commitment to all aspect of the business and his absence is sorely missed.

Other Developments

As reported, we are still working on the Arizona Downs project, namely, to run a racing operation at the track with a similar model to Cal Expo. This has been difficult due to the lack of progress with the Landlord and the Regulatory Commission, largely out of our control. If these issues are not resolved by the end of the calendar year 2023, we will most probably abandon the project. This will have very little impact on our operating costs.

USA Expanded Gaming

Shareholders will have noted the failure of two draft Californian sports betting bills in November 2022. As previously stated, these were extremely poorly constructed draft legislation, in fact the failure of both bills to pass is of benefit to the Company. We continue to possess key licensed assets in California, both land-based at Cal Expo and with our ADW license.

Acquisitions and Mergers

The announcement of the financial support of our principal shareholder is important to the Company. This combined with our license assets, makes us a very attractive partner in all potential partnerships, mergers, and acquisitions within the USA. We will keep shareholders fully informed of any meaningful developments in this area as soon as possible.

Chairperson’s Statement continued

Summary

Finally, I would like to thank all our shareholders and customers for their continued loyalty. In addition, I would like to thank all our staff and team for their work and commitment over the year.

Denham Eke
Non-executive Chairperson
29 November 2023

Webis Holdings plc

Group Gaming Licences

Webis Holdings plc

Isle of Man Gambling Supervision Commission

WatchandWager.com Ltd

Isle of Man Gambling Supervision Commission

WatchandWager.com LLC - Advanced Deposit Wagering

Multi-jurisdictional

California Horse Racing Board

North Dakota Racing Commission

State by State

California Horse Racing Board

Colorado Division of Racing Events

Kentucky Horse Racing Commission

The Maryland Jockey Club

Minnesota Racing Commission

New York State Gaming Commission

North Dakota Racing Commission

Washington Horse Racing Commission

WatchandWager.com LLC - Cal Expo Harness Racing

California Horse Racing Board

The Board of Directors

Denham Eke, aged 72

Non-executive Chairperson

Denham Eke began his career in stockbroking before moving into corporate planning for a major UK insurance broker. He is a Director of many years' standing of both public and private companies involved in the mining, leisure, manufacturing, and financial services sectors.

Denham Eke was appointed Non-executive Chairperson in April 2003.

Ed Comins, aged 54

Managing Director

Ed Comins has 30+ years' experience in the betting and gaming industry with Coral, Ladbroke Casinos, the Tote and GameAccount. At the Tote he had overall responsibility for developing Totepool's pari-mutuel business as General Manager of Tote Direct and Development Director for Totepool. He was Commercial Director for GameAccount, a provider of online skill games, where he managed betting partner relationships with key sportsbooks.

Ed Comins joined the Board in May 2010.

Richard Roberts, aged 59

Non-executive Director

Richard Roberts has served in executive and board positions over the past 25 years in the online gaming and betting industries, leading US digital operations in iGaming, ADW and fantasy sports markets. In his current position, he is the President of Digital Gaming for Mohegan Gaming and Entertainment.

Richard Roberts joined the Board in April 2021.

Katie Errock, aged 36

Non-executive Director

Ms Errock, currently Company Secretary for the Group and its subsidiary companies, has extensive experience in compliance, regulation, and corporate governance. She is an associate of the Chartered Institute for Securities and Investment and is President of the Isle of Man chapter. Ms Errock is also the Company Secretary for a number of other companies controlled by Burnbrae Group Limited, an entity wholly owned by Webis' principal shareholder, Jim Mellon.

Katie Errock joined the Board in August 2022.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 May 2023.

Principal activities
The Group operates:
- a pari-mutuel service to individual and business customers; and
- a racetrack under a licence issued in California, USA.

Business review
The Group operates on a worldwide basis and provides online and offline facilities in respect of a wide variety of pari-mutuel events.

A more detailed review of the business, its results and future developments is in the Chairperson's Statement on pages 3 to 5.

Proposed dividend
The Directors do not propose the payment of a dividend (2022: US$ Nil).

Policy and practice on payment of creditors
It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers by means of standard written terms to individually negotiated contracts. The Group seeks to ensure that payments are always made in accordance with these terms and conditions.

At the year-end there were 18 days (2022: 23 days) of purchases in trade creditors.

Financial risks
Details relating to financial risk management are shown in note 21 to the financial statements.

Directors and Directors' interests
The Directors who held office during the year and to date were as follows:

Denham Eke	Non-executive Chairperson
Ed Comins	Managing Director
Sir James Mellon	Non-executive Director (until 5 July 2023)
Richard Roberts	Non-executive Director
Katie Errock	Non-executive Director

The Directors who held office at the end of the year had the following interests in the ordinary shares of the Company and options to purchase such shares arising from incentive schemes:

Directors' interests

	Ordinary shares		Options	
	Interest at end of year 2023	Interest at start of year 2022	**Interest at end of year 2023**	Interest at start of year 2022
Denham Eke [1]	**—**	—	—	—
Ed Comins	**—**	—	14,000,000	14,000,000
Sir James Mellon	**—**	—	—	—
Richard Roberts	**—**	—	—	—
Katie Errock	**—**	—	—	—

[1] Denham Eke is Managing Director of Burnbrae Limited which holds 248,204,442 ordinary shares representing 63.10% of the issued capital of the Company.

Further details of the options issued to the executive Directors are contained in the Report of the Remuneration Committee on pages 16 and 17.

Directors' Report continued

Substantial interests
On 15 September 2023, the following interests in 3% or more of the Company's ordinary share capital had been reported:

	%	Number of ordinary shares
Burnbrae Limited	63.10	248,204,442

Annual General Meeting
Shareholders will be asked to approve at the Annual General Meeting certain resolutions as special business. Some of these resolutions have become routine business at the Annual General Meetings of most public companies, including your Company, and relate to the renewal of the authority for the Directors to allot relevant securities and the renewal of the powers for the Directors to allot equity securities for cash.

Employees
The Group is committed to a policy of equal opportunity in matters relating to employment, training, and career development of employees, and is opposed to any form of less favourable treatment afforded on the grounds of disability, sex, race, or religion.

The Group recognises the importance of ensuring employees are kept informed of the Group's performance, activities, and future plans.

Political and charitable contributions
The Group made no political contributions during the year.

As part of the obligations of the pari-mutuel business in the United States, the Group made charitable contributions of US$ 29,985 during the year (2022: US$ 37,892).

Auditors
KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

On behalf of the Board

Denham Eke
Non-executive Chairperson
29 November 2023

Webis Holdings plc

Corporate Governance Statement

Corporate Governance Report

The Board of Webis Holdings plc (the "Board") is committed to best practice in corporate governance throughout Webis Holdings plc and all subsidiary companies (together the "Group"). The Directors have agreed to comply with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations. This report illustrates how the Group complies with those principles.

QCA Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business operations of the Group are set out in the Chairperson's Statement on pages 3 to 5.

The Group's strategy and business model and amendments thereto, are developed by the Managing Director and his senior management team and approved by the Board. The management team, led by the Managing Director, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to develop a profitable, sustainable advance deposit wagering ("ADW") platform that benefits from a wide and diverse client base, both business and retail. The Group operates through two principal operating subsidiaries: WatchandWager.com Ltd and WatchandWager.com LLC.

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, or pool-betting, wagering 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 US, issued by North Dakota, California, Kentucky, Minnesota, New York, Washington, Maryland and Colorado. 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 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 US continues to provide leverage for our related global pari-mutuel operations.

The Group also plans to develop a licensed US-based sportsbook offering following the US Supreme Court ruling which paved the way to legalizing wagering on sports in the United States, subject to individual State legislation. This will probably be developed in partnership with one or more major operators and suppliers in the sector. The Group considers this market to be a significant growth area for our US operations. Significantly, there are a number of California draft Sports Betting Bills being currently debated, which specify that only existing land-based operators in the State will be eligible for license applications, in our case through the Cal Expo, Sacramento, CA racetrack facility. In the United States, WatchandWager.com LLC holds ADW licenses not only for California, but also for North Dakota (providing regulated access to a total of 24 states), together with the previously mentioned individual State licenses.

The Group operates in an inherently high risk and heavily regulated sector, and this is reflected in the principal risks and uncertainties.

In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

QCA Principle 2: Seek to understand and meet shareholder needs and expectations

The Group via the Managing Director seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting, the Managing Director and, where appropriate, other members of the senior management team or Board will meet with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors. From time to time, the Company attends private investor events, providing an opportunity for those investors to meet with representatives from the Group in a more informal setting.

QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's employees, clients, partners, suppliers, regulatory authorities, and horseracing colleagues involved in the Group's track facility at Cal Expo. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems, it operates, the Group ensures full compliance with Health and Safety and environmental legislation relevant to its activities.

Corporate Governance Statement continued

QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Group Audit, Risk and Compliance Committee, the effectiveness of these internal controls is reviewed annually.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The senior management team meets at least monthly to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Group Audit, Risk and Compliance Committee as appropriate.

QCA Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Group's Board currently comprises three Non-executive Directors and one Executive Director.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Group and meets at least four times a year to set the overall direction and strategy of the Group, to review operational and financial performance and to advise on management appointments. All key operational decisions are subject to Board approval.

Non-executive Director, Richard Roberts, is considered to be independent. The other Non-executive Directors are not considered to be independent given their connection to the Company's controlling shareholder. The QCA Code suggests that a board should have at least two independent Non-executive Directors. The Board considers that the current composition and structure of the Board of Directors have been appropriate to maintain effective oversight of the Group's activities to date. However, the Board is aware that further oversight through independent Non-executive Directors could be beneficial to the governance environment. This process is under review and is pending the further development of business opportunities in the US in order to be able to determine the exact need and requirements.

Non-executive Directors receive their fees in the form of a basic cash emolument. The Executive Director receives a basic cash salary and also holds options over the Group's shares. The number and terms are set out on pages 16 and 17.

The option grant concerned is not deemed to be significant for the individual Executive Director. The current remuneration structure for the Board's Executive and Non-executive Directors is deemed to be proportionate.

QCA Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers that all of the Executive and Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities and bring considerable experience in the operational and financial development of gambling and horseracing companies.

The Directors' biographies are set out on page 7.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. Whilst there is no Finance Director on the Board, the overview of the finance function is the responsibility of a non-Board Financial Controller.

The Chairperson, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters.

Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

QCA Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine their effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets is also assessed where relevant.

The Board may utilise the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning.

Corporate Governance Statement continued

QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Management regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group's Health and Safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

QCA Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision- making by the board

The Role of the Board

The Board is collectively responsible for the long-term success of the organisation. Its principal function is to determine the strategy and policies of the Group within an effective control framework which enables risk to be assessed and managed.

The Board ensures that the necessary financial and human resources are in place for the Group to meet its objectives and that business and management performances are reviewed. Furthermore, the Board ensures that the Group operates within its constitution, relevant legislation and regulation and that proper accounting records and effective systems of business control are established, maintained, documented, and audited.

There are at least four formal Board meetings each year. All Board members have the benefit, at the Group's expense, of liability insurance in respect of their responsibilities as Directors and have access to independent legal or other professional advice if required. The Board has a formal schedule of matters which are reserved for its consideration and it has established three committees to consider specific issues in greater detail, being the Group Audit, Risk and Compliance, Remuneration and Nomination Committees. The Terms of Reference for each of these Committees are published on the Group's website.

The Chairperson

The Chairperson is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, promoting a culture of openness of debate, and communicating with the Group's members on behalf of the Board. The Chairperson sets the direction of the Board and promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensuring constructive relations between Executive and Non-executive Directors. The Chairperson also ensures that Directors receive accurate, timely and clear information. In doing so, this fosters a positive corporate governance culture throughout the Group.

The Managing Director

The Managing Director is responsible for managing the Group's business and operations within the parameters set by the Board.

Non-executive Directors

The Non-executive Directors are responsible for bringing independent judgement to the discussions held by the Board, using their breadth of experience, and understanding of the business. Their key responsibilities are to constructively challenge and contribute to strategic proposals, and to monitor performance, resources, and standards of conduct, compliance, and control, whilst providing support to executive management in developing the Group.

The Board has established a Group Audit, Risk and Compliance Committee ("ARCC" or "Committee"), a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities. Richard Roberts chairs both the ARCC and the Remuneration Committee.

Group Audit, Risk and Compliance Committee

The ARCC meets at least two times each year and comprises two Non-executive Directors, currently Richard Roberts (Chairperson) and Denham Eke. The external auditors attend by invitation. Its role is to be responsible for reviewing the integrity of the financial statements and the balance of information disclosed in the accompanying Directors' Report, to review the effectiveness of internal controls and risk management systems and recommend to the Board (for approval by the members) the appointment or re-appointment of the external auditor. The ARCC reviews and monitors the external auditor's objectivity, competence, effectiveness, and independence, ensuring that if it or its associates are invited to undertake non-audit work it will not compromise auditor objectivity and independence.

Further information can be found within the Group Audit, Risk and Compliance Report contained within this Annual Report.

Remuneration Committee

The Remuneration Committee meets at least twice a year and comprises two Non-executive Directors. It is chaired by Richard Roberts and is responsible for determining the remuneration of the Executive Director, the Company Secretary, and other members of the management. Committee members do not take part in discussions concerning their own remuneration.

Further information can be found within the Remuneration Report contained within this Annual Report.

Nomination Committee

The Nomination Committee is comprised of the whole Board. It is chaired by the Chairperson of the Board and is responsible for making recommendations to the Board on matters relating to the composition of the Board, including Executive and Non-executive Director succession planning, the appointment of new Directors and the election and re-election of Directors. The Nomination Committee only meets as matters arise.

Corporate Governance Statement continued

Appointments to the Board

The principal purpose of the Nomination Committee is to undertake the assessment of the balance of skills, experience, independence, and knowledge on the Board against the requirements of the business, with a view to determining whether any shortages exist. Having completed the assessment, the Committee makes recommendations to the Board accordingly. Appointments to the Board are made on merit, with due regard to the benefits of diversity. Within this context, the paramount objective is the selection of the best candidate, irrespective of background, and it is the view of the Board that establishing quotas or targets for the diversity of the Board is not appropriate.

All Director appointments must be approved by the Company's Nominated Adviser, as required under the AIM Rules, before they are appointed to the Board.

Prior to appointment, Non-executive Directors are required to demonstrate that they are able to allocate sufficient time to undertake their duties.

Re-election

The Group's Rules require that all Directors are submitted for election at the AGM following their first appointment to the Board. Thereafter all Directors will submit themselves for re-election at least once every three years, irrespective of performance.

Board and committee attendance

The number of formal scheduled Board and committee meetings held and attended by Directors during the year was as follows: -

	Board	Audit	Remuneration	Nomination
Denham Eke	7/8	1/2	2/2	1/1
Sir James Mellon	7/8	2/2	2/2	1/1
Ed Comins	8/8	1/2	-	1/1
Richard Roberts	8/8	0/2	-	1/1
Katie Errock	6/6	1/2	-	-

QCA Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair, and accurate. The Group's website is regularly updated, and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

Notices of General Meetings of the Company can be found here: http://www.webisholdingsplc.com/latest-news/.

The results of voting on all resolutions in general meetings are posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

Approval

This report was approved by the Board of Directors on 29 November 2023 and signed on its behalf by:

Denham Eke
Non-executive Chairperson
29 November 2023

Audit, Risk and Compliance Committee Report

The Directors have agreed to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Group complies with those principles in relation to its Group Audit, Risk and Compliance Committee.

Membership

The Committee comprises of two Non-executive Directors and the members are Richard Roberts (Chairperson) and Denham Eke. The composition of the Committee has been reviewed during the year and the Board is satisfied that the Committee members have recent relevant financial experience and the expertise to resource and fulfil its responsibilities effectively, including those relating to risk and controls.

Meetings

The Committee meets two times a year, including the review of the interim and full year results. Other Directors and representatives from the external auditors attend by invitation.

Duties

The Committee carries out the duties below for the Company and the Group as a whole, as appropriate:

- Monitors the integrity of the financial statements of the Company, including annual and half-yearly reports, interim management statements, and any other formal announcement relating to financial performance, reviewing significant financial reporting issues and judgements which they contain.
- Reviews and challenges the consistency of the information presented within the financial statements, compliance with stock exchange or other legal requirements, accounting policies and the methods used to account for significant or unusual transactions.
- Keeps under review the effectiveness of the Group's internal controls and risk management systems.
- Reviews the Group's arrangements for its employees to raise, in confidence, possible wrongdoing in financial reporting or other matters, the procedures for detecting fraud, prevention of bribery and adequacy and effectiveness of the Group's anti-money laundering systems and control.
- KPMG Audit LLC was appointed as auditor in 2002 and the Committee oversees the relationship with them including regular meetings to discuss their remit and review the findings and any issues with the annual audit. It also reviews their terms of appointment, meets them once a year independent of management and considers and makes recommendations to the Board, to be put to the Company for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. There are no contractual restrictions in place in respect of the auditor choice.
- The Committee is governed by a Terms of Reference and a copy of this is available on www.webisholdingsplc.com - the Company's website.

2023 Annual Report

During the year the Committee held two meetings and can confirm that it has received sufficient, reliable, and timely information from management and the external auditors to enable it to fulfil its responsibilities.

The Committee has satisfied itself that there are no relationships between the auditor and the Group which could adversely affect the auditor's independence and objectivity and regular meetings have been held with them at both the planning stage prior to the audit and after the audit at the reporting stage.

All internal control and risk issues that have been brought to the attention of the Committee by the external auditors have been considered and the committee confirms that it is satisfied that management has addressed the issues or has plans to do so.

The Group has a number of policies and procedures in place as part of its internal controls and these are subject to continuous review and as a minimum are reviewed by the Committee on an annual basis.

The Committee has reviewed and discussed together with management and the external auditor the Company's financial statements for the year ended 31 May 2023 and reports from the external auditor on the planning for and outcome of their reviews and audit. The key accounting issues and judgements considered relating to the Group's financial statements and disclosures were as follows:

- Revenue recognition – the Committee considered the conditions of revenue recognition, including that of being recognised on an accrual basis. The Committee agreed that the current method of revenue recognition is appropriate for the market that the Group operates within, and that revenue satisfied the necessary criteria to be recognised. Disclosures are included in note 1;
- Going concern – the Committee reviewed the going concern position of the Group, taking into account the 12-month cash flow forecasts and the continued support of the principal shareholder. The Committee is satisfied that preparing the financial statements on a going concern basis is appropriate. Disclosures are included in note 1;
- Cash balances – the Committee reviewed the cash position to ensure that it is able to meet its ongoing requirements and also has sufficient cash reserves to cover the relevant player liabilities. The Committee is satisfied that there are sufficient cash balances to meet its ongoing expenses and cover the player balances in full if required. Disclosures are included in note 12.

Richard Roberts

Independent Non-executive Director

29 November 2023

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK Adopted – International Accounting Standards post Brexit and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable;
- state whether they have been prepared in accordance with UK Adopted – International Accounting Standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Acts 1931-2004. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board.

Denham Eke
Non-executive Chairperson
29 November 2023

Report of the Remuneration Committee

Directors' Remuneration Report

As an Isle of Man registered company there is no requirement to produce a Directors' Remuneration Report. However, the Board follows best practice and therefore has prepared such a report.

The Directors have agreed to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Group complies with those principles in relation to Directors' remuneration.

The Level and Components of Executive Director Remuneration

The Group's Remuneration Policy reflects the Group's business strategy and objectives as well as sustained and long-term value creation for shareholders. In addition, the policy aims to be fair and provide equality of opportunity, ensuring that: -

- the Group is able to attract, develop and retain high-performing and motivated employees in the competitive local and wider US markets;
- employees are offered a competitive remuneration package to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Group;
- it reflects our culture and values; and
- there is full transparency of the Group's Remuneration Policy.

In line with the Board's approach, which reflects that adopted within other comparable organisations, the Group's Remuneration Policy provides for the reward of the Executive Director through salary and other benefits.

Executive Director's Emoluments

The remuneration for the Executive Director reflects their responsibilities. It comprises basic salary, eligibility to participate in an annual bonus scheme when this is considered appropriate, private healthcare and share option incentives.

Annual bonus scheme payments are not pensionable and are not contracted.

As with staff generally, whose salaries are subject to annual reviews, the basic salary payable to the Executive Director is reviewed each year with reference to jobs carrying similar responsibilities in comparable e-gaming organisations, market conditions generally and local employment competition in view of the Group's geographical position.

It is anticipated that an annual bonus scheme will operate when Group profitability and cash flow allow. Bonuses for the Executive Director are calculated with reference to the profit before tax as disclosed in the audited accounts of the Group, together with an assessment by the Committee of the Director's performance against agreed personal targets. Bonus payments are not pensionable.

The Committee believes that share ownership by executives strengthens the link between their personal interests and those of shareholders. Options are granted to executives periodically at the discretion of the Remuneration Committee. The grant of share options is not subject to fixed performance criteria. This is deemed to be appropriate as it allows the Committee to consider the performance of the Group and the contribution of the individual executives and, as with annual bonus payments, illustrates the relative importance placed on performance-related remuneration.

The Group does not intend to contribute to the personal pension plans of Directors in the forthcoming year.

Executive Directors' Contractual Terms

The service contract of the Executive Director provides for a notice period of six months.

Non-executive Directors' Remuneration

Non-executive Directors do not receive any benefits other than their fees and travelling expenses for which they are reimbursed. The level of fees payable to Non-executive Directors is assessed using benchmarks from a group of comparable e-gaming organisations.

The Procedure for Determining Remuneration

The Remuneration Committee, comprising two Non-executive Directors, is responsible for setting the remuneration of the Executive Director and is chaired by Richard Roberts. Committee members do not take part in discussions concerning their own remuneration. The basic Non-executive Director fee is set by the Group Chairperson. The Chairperson of the Committee reports at the Board meeting following a Committee meeting.

It is the view of the Committee that Directors' remuneration awarded across the Group for the year has been in accordance with the Group's stated Remuneration Policy and, on behalf of the Committee I recommend that you endorse this Group report. An analysis of Directors' emoluments is as follows:

		2023 US$000	2022 US$000
Emoluments	— salaries, bonuses, and taxable benefits	**368**	345
	— fees	**105**	96
		473	441

Report of the Remuneration Committee continued

Directors' Emoluments

	Basic salary US$000	Fees US$000	Bonus US$000	Termination payments US$000	Benefits US$000	**2023 Total US$000**	2022 Total US$000
Executive							
Ed Comins	341	—	—	—	27	**368**	345
Non-executive							
Denham Eke*	—	24	—	—	—	**24**	27
Sir James Mellon	—	18	—	—	—	**18**	21
Richard Roberts	—	48	—	—	—	**48**	48
Katie Errock*	—	15	—	—	—	**15**	—
Aggregate emoluments	341	105	—	—	27	**473**	441

* Paid to Burnbrae Limited.

Details of the options outstanding at 31 May 2023 are as follows:

Name of Director	31 May 2022	Granted / (lapsed) in year	**31 May 2023**	Exercise price	Date from which exercisable	Expiry date
Ed Comins - 2016 Share Option Plan	**14,000,000**	**—**	**14,000,000**	1p	3 March 2019	3 March 2026
	14,000,000	**—**	**14,000,000**			

The market price of the shares at 31 May 2023 was 1.40 pence. The range during the year was 3.20 pence to 1.20 pence.

Approval
The report was approved by the Board of Directors and signed on behalf of the Board.

Richard Roberts
Independent Non-executive Director
29 November 2023

Independent Auditor's Report to the Members of Webis Holdings plc

1. Our opinion is unmodified

We have audited the financial statements of Webis Holdings plc (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and Company statement of financial position as at 30 May 2023, the consolidated statements of comprehensive income, changes in equity and cash flows and Company statement of changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion,

- The financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 May 2023 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK-Adopted International Accounting Standards;
- The Parent Company statement of financial position and statement of changes in equity and related notes ("Parent Company financial statements") have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- The Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the other key audit matters, unchanged from 2022, were as follows:

	The risk	Our response
Revenue recognition (Group key audit matter) Consolidated Statement of Comprehensive Income: Revenue US$ 50,020,000 (2022: US$ 53,612,000) Refer to the Audit, Risk and Compliance Committee Report on page 14, note 1.2 (Accounting Policy for Revenue) and note 2 (Operating Segments) disclosures.	**Revenue recognition - occurrence** The Group enters into high volumes of revenue-generating transactions each day which are processed on complex IT systems. There is a risk that a system may not be configured correctly from the outset such that winning and losing bets or commissions are calculated incorrectly, that the systems do not interface correctly from the customer facing systems through to the financial information systems and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue. There is also the risk that revenue is materially misstated in order to boost the Group's earnings position and future outlook may be induced by a number of factors. This may include the Company's	**Our audit procedures included:** **Outsourcing controls:** • We evaluated the control environment of the service organisations by obtaining and inspecting the latest System and Organisation Controls (SOC) reports upon whose system infrastructure and applications are relied on by the Group. • We tested the operating effectiveness of controls by obtaining and inspecting SOC reports from the service organisations. • We also tested the operating effectiveness of controls which are performed at the user entity level.

Independent Auditor's Report to the Members of Webis Holdings plc continued

2. Key audit matters: our assessment of the risks of material misstatement continued

	The risk	Our response
	AIM listed status – hence an effort to maintain a high share price and the need to meet both internal goals and external market expectations. Considering the factors above we identified the occurrence of revenue as a significant risk due to fraud and error.	• We assessed the objectivity, competence and the nature of work performed by the Independent Service Auditor who provides the SOC reports. **Tests of details:** • We agreed total revenues and payouts recorded by the Group to the reports extracted from the third-party service organisation's system, which we obtained directly from the third-party service organisation. • We tested 100 per cent of the other directly related expenses by tracing amounts recorded to supplier invoices. • We recalculated net gaming revenue subtracting total payouts and other directly related expenses from revenue. • We have performed cut-off test to ensure that revenue recorded during the year met the criteria for recognition during the year and that revenue earned post year end has not been recorded incorrectly in the year under audit. • We inspected post year end journals for reversals of revenue. • We compared foreign company exchange rates used in translating revenue to market rates. **Assessing adequacy of disclosures** • We assessed the adequacy of the Group's disclosures in respect of revenue recognition in the financial statements for compliance with UK-Adopted International Accounting Standards.

Independent Auditor's Report to the Members of Webis Holdings plc continued

2. Key audit matters: our assessment of the risks of material misstatement continued

	The risk	Our response
Going Concern (Group and Company key audit matter) Refer to the Audit, Risk and Compliance Committee Report on page 14 and basis of preparation note 1.1	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Company. That judgement is based on an evaluation of the inherent risks to the Group and Company's business model and how those risks might affect the Group and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group and Company's available financial resources over this period were: • the ability to continue to generate positive cash flows; and • the ability of a related entity to provide funding to the Group and Company. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.	We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Group and Company's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. **Our procedures also included:** **Historical comparisons:** • We assessed the reasonableness of the budgets by comparing them to actual results and considering the historical accuracy of previous forecasts. **Sensitivity analysis:** • We considered sensitivities over the level of available financial resources indicated by the Group and Company's financial forecasts and actual audited information at year-end considering plausible but not unrealistic adverse effects that could arise from these risks individually and collectively. **Key dependency assessment:** • We inspected a letter received by the Directors indicating the related entity's intention to provide financial support. • We held discussions and reviewed the financial position of the related entity to ensure they had adequate financial resources to provide this support over the period of the Group and Company's going concern assessment, and assessed the business reasons why the related entity may or may not choose to provide this support. **Assessing adequacy of disclosures** • We considered whether the going concern disclosure in note 1.1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Independent Auditor's Report to the Members of Webis Holdings plc continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at US$ 42,000, determined with reference to a benchmark of Group net gaming revenue of US$ 4,616,846, of which it represents approximately 0.9% (2022: 0.9%). Materiality for the Company financial statements was set at US$ 14,820 (2022: US$ 36,000), determined with reference to a benchmark of Company total assets of US$ 1,975,242 (2022: US$ 2,093,759) of which it represents approximately 35.2% (2022: 85.7%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Group was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to US$ 31,500 (2022: US$ 33,000) for the Group and US$ 11,100 (2022: US$ 27,000) for the Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding US$ 2,100 for the Group (2022: US$ 2,200) and US$ 700 for the Company (2022: US$ 1,800), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total Group revenue, total Group profit before tax, and total Group assets and liabilities.

4. Going concern

The Directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in the key audit matters section of this report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the Directors' statement in the notes to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the consolidated financial statements and our audit knowledge. See the Key Audit Matter with respect to going concern for additional detail.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's and Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected, or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Members of Webis Holdings plc continued

5. Fraud and breaches of laws and regulations – ability to detect *continued*

Identifying and responding to risks of material misstatement due to fraud ***continued***
As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- those set out in the revenue recognition key audit matter.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group and Company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group and Company are subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified ***Gaming regulation*** as being the area most likely to have such an effect, recognising the regulated nature of the Group's and Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Independent Auditor's Report to the Members of Webis Holdings plc continued

7. Matters on which we are required to report by exception
Under the Companies Acts 1931 to 2004, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 15, the Directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Fahd Kherati
For and on behalf of KPMG Audit LLC
Chartered Accountants
Isle of Man
30 November 2023

Consolidated Statement of Comprehensive Income
For the year ended 31 May 2023

	Note	**2023 US$000**	2022 US$000
Amounts wagered		**113,371**	120,140
Revenue	1.2	**50,020**	53,612
Cost of sales	1.2	**(45,303)**	(48,462)
Betting duty paid		**(100)**	(101)
Gross profit		**4,617**	5,049
Operating costs		**(5,488)**	(5,604)
Loss allowance on trade receivables	21	**(2)**	11
Other gains		**34**	20
Government grant	15	—	(48)
Other income		**247**	324
Operating loss	3	**(592)**	(248)
Finance costs	4	**(153)**	(126)
Loss before income tax		**(745)**	(374)
Income tax expense	6	—	—
Loss for the year		**(745)**	(374)
Total comprehensive loss for the year		**(745)**	(374)
Basic earnings per share for loss attributable to the equity holders of the Company during the year (cents)	7	**(0.19)**	(0.10)
Diluted earnings per share for loss attributable to the equity holders of the Company during the year (cents)	7	**(0.18)**	(0.09)

The notes on pages 28 to 53 form part of these financial statements.

Webis Holdings plc

Statements of Financial Position

As at 31 May 2023

	Note	**31.05.23 Group US$000**	**31.05.23 Company US$000**	31.05.22 Group US$000	31.05.22 Company US$000
Non-current assets					
Intangible assets	8	**19**	**—**	11	—
Property, equipment, and motor vehicles	9	**661**	**1**	724	3
Investments	10	**—**	**3**	—	3
Bonds and deposits	11	**100**	**—**	100	—
Total non-current assets		**780**	**4**	835	6
Current assets					
Bonds and deposits	11	**883**	**—**	883	—
Cash, cash equivalents and restricted cash	12	**3,285**	**1,227**	4,139	1,266
Trade and other receivables	13	**1,378**	**745**	1,190	821
Total current assets		**5,546**	**1,972**	6,212	2,087
Total assets		**6,326**	**1,976**	7,047	2,093
Equity					
Called up share capital	17	**6,334**	**6,334**	6,334	6,334
Share option reserve	17	**42**	**42**	42	42
Retained losses		**(5,803)**	**(5,828)**	(5,058)	(5,711)
Total equity		**573**	**548**	1,318	665
Current liabilities					
Trade and other payables	14	**3,712**	**78**	3,640	78
Loans, borrowings, and lease liabilities	16	**462**	**350**	109	—
Total current liabilities		**4,174**	**428**	3,749	78
Non-current liabilities					
Loans, borrowings, and lease liabilities	16	**1,579**	**1,000**	1,980	1,350
Total non-current liabilities		**1,579**	**1,000**	1,980	1,350
Total liabilities		**5,753**	**1,428**	5,729	1,428
Total equity and liabilities		**6,326**	**1,976**	7,047	2,093

The notes on pages 28 to 53 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 November 2023.

Denham Eke

Non-executive Chairperson

Statements of Changes in Equity
For the year ended 31 May 2023

Group	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	6,334	42	(4,684)	1,692
Total comprehensive loss for the year:				
Loss for the year	—	—	(374)	(374)
Balance as at 31 May 2022	6,334	42	(5,058)	1,318
Total comprehensive profit for the year:				
Loss for the year	—	—	(745)	(745)
Balance as at 31 May 2023	**6,334**	**42**	**(5,803)**	**573**

Company	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	6,334	42	(5,516)	860
Total comprehensive loss for the year:				
Loss for the year	—	—	(195)	(195)
Balance as at 31 May 2022	6,334	42	(5,711)	665
Total comprehensive profit for the year:				
Loss for the year	—	—	(117)	(117)
Balance as at 31 May 2023	**6,334**	**42**	**(5,828)**	**548**

The notes on pages 28 to 53 form part of these financial statements.

Webis Holdings plc

Consolidated Statement of Cash Flows

For the year ended 31 May 2023

	Note	**2023 US$000**	2022 US$000
Cash flows from operating activities			
Loss before income tax		**(745)**	(374)
Adjustments for:			
- Depreciation of property, equipment, and motor vehicles	9	**137**	128
- Amortisation of intangible assets	8	**5**	7
- Rent concessions received	19	**(18)**	(2)
- Loan interest paid		**101**	101
- Re-recognition of PPP loan	15	**—**	48
- (Increase) / decrease in movement of restricted cash		**(60)**	768
- Increase in lease liabilities		**59**	25
- Other foreign exchange movements		**(47)**	(66)
Changes in working capital:			
- (Increase) / decrease in receivables		**(188)**	706
- Increase / (decrease) in payables		**72**	(1,355)
Net cash used in operating activities		**(684)**	(14)
Cash flows from investing activities			
Purchase of intangible assets	8	**(13)**	(6)
Purchase of property, equipment, and motor vehicles	9	**(13)**	—
Net cash used in investing activities		**(26)**	(6)
Cash flows from financing activities			
Loan interest paid		**(101)**	(101)
Payment of lease liabilities - principal	19	**(89)**	(92)
Payment of lease liabilities - interest	19	**(59)**	(25)
Rent concessions received	19	**18**	2
Repayment of loans and borrowings		**(20)**	(6)
Net cash used in financing activities	16	**(251)**	(222)
Net (decrease) / increase in cash and cash equivalents		**(961)**	(242)
Cash and cash equivalents at beginning of year		**3,062**	3,238
Exchange gains / (losses) on cash and cash equivalents		**47**	66
Cash and cash equivalents at end of year	12	**2,148**	3,062

The notes on pages 28 to 53 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 May 2023

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 consolidated financial statements as at and for the year ended 31 May 2023 consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group's primary activities are the provision of pari-mutuel wagering services, through its Isle of Man and USA based subsidiaries and the hosting of harness racing, through its USA based subsidiary.

1.1 Basis of preparation
(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with UK Adopted – International Accounting Standards. They were authorised for issue by the Board on 29/11/2023.

The Group has consistently applied the accounting policies as set out in note 1.2 to all periods presented in these financial statements.

Functional and presentational currency
These financial statements are presented in US Dollars which is the Company's functional and presentational currency. Financial information presented in US Dollars has been rounded to the nearest thousand, unless otherwise indicated. All continued operations of the Group have US Dollars as their functional currency.

Other information presented
In line with the Isle of Man Companies Acts 1931-2004, the Company also presents Parent Company Statements of Financial Position, the Parent Company Statement of Changes in Equity and related disclosures. The Company applies the requirements of UK Adopted International Accounting Standards, as indicated in the relevant accounting policies below, when preparing the Company statement of financial position and related notes.

(b) Basis of measurement
The Group consolidated financial statements are prepared under the historical cost convention except where assets and liabilities are required to be stated at their fair value.

(c) Use of estimates and judgement
The preparation of the Group financial statements in conformity with UK Adopted – International Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Although these estimates are based on management's best knowledge and experience of current events and expected economic conditions, actual results may differ from these estimates.

The Directors consider the only critical estimate area to be as follows:
- Note 21 – the measurement of Expected Credit Loss ("ECL") allowance for trade and other receivables and assessment of specific impairment allowances where receivables are past due.

Going concern
The Group and Parent Company financial statements have been prepared on a going concern basis.

As indicated in the statement of comprehensive income, the Group has incurred a net loss in the current year of US$ 745,000 (2022: loss of US$ 374,000) and due to that, net assets reduced from US$ 1,318,000 to US$ 573,000. WatchandWager.com Ltd generated a profit of US$ 99,000, while WatchandWager.com LLC incurred a loss of US$ 727,000.

Based on forecasts prepared by the Directors, the Group and the Company will sustain losses to November 2024 and is dependent on continued financial support from Galloway Limited in order to continue its operations and implement growth strategies. To this end, in September 2023, Galloway Limited has agreed a new convertible loan of GBP 750,000, which will assist in investing the Group's business-to-customer sector, including a programme of software developments of its main website www.watchandwager.com and marketing the mobile product.

The Directors have also announced that the Group and the Company will seek to further invest in key marketing techniques, especially player recruitment and retention with special focus on online marketing techniques.

This aligns with the Group and the Company's ongoing strategies, which are pursued in order to help achieve and maintain its goal of profitability and maintaining adequate liquidity in order to continue its operations, with these strategies including:
- broadening the Group's client base and the continued expansion of its business to customer base;
- continuing to renew and acquire further US state regulated gaming licenses and continuing to develop and expand the Cal Expo racetrack operation; and

Notes to the Financial Statements continued

1.1 Basis of preparation continued

Going concern continued

- taking advantage of the anticipated regulatory change in the State of California's adoption of sports betting legislation which will further open up opportunities for the Group.

Whilst the Directors continue to assess all strategic options in relation to the strategies noted in the previous paragraph, the Directors recognize that the ultimate success of strategies adopted is difficult to predict as they require additional liquidity to pursue the required investment, including bonds to be placed with the relevant authorities to allow for betting on those tracks and excess cost to be paid to service providers to add more servers to allow for increased number of users. The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and with consideration of the additional financial support received from Galloway Limited in September 2023, the Group and the Company are projected to have sufficient funds. Projections are inherently uncertain (also considering the history of losses) and, in that regard, Galloway Limited has committed to extend funding in case the Group and the Company face any difficulty in meeting their liabilities as they fall due for that period.

The Group and the Company have, in previous years, received financial support from Galloway Limited (related entity) and Galloway Limited has expressed its willingness to continue to make funds available as and when needed by the Group and the Company. The loans from Galloway Limited stand at US$ 1,350,000 as at 31 May 2023, with additional funding of GBP 750,000 agreed in September 2023.

As with any company placing reliance on other parties for financial support, the Directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications and factors, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.2 Summary of significant accounting policies

During the current year the Group adopted all the new and revised IFRSs that are relevant to its operation and are effective for accounting periods beginning on 1 June 2022. No adoptions had a material effect on the accounting policies of the Group.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the results of the Group. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances, and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 consolidated financial statements have been presented in US Dollars, which is the Company's presentational and functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

Foreign currency translation continued

(b) Transactions and balances continued

flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'Finance income' or 'Finance costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains'.

Revenue from contracts with customers

The Group generates revenue primarily from the provision of wagering services and the hosting of races on which guests are entitled to participate in the related wagering services. Revenue is measured at fair value based on the consideration specified in a contract with a customer. The Group recognises revenue when it discharges services to a customer. Revenue has been disaggregated by geographical locations which are consistent with the operating segments (note 2).

Hosting fees (Racetrack operations) are recognised when the customers participate in the Group's pari-mutuel pools and the race audio visual signals are transmitted. Hosting fees are recorded on a gross receipts basis.

Wagering revenue from the Group's activities as the race host is recognised when a race on which wagers are placed is completed. The wagering commission from the Group's commingling of its wagering pools with a host's pool is recognised when the race on which those wagers are placed is completed. The Group acts as a principal when it allows customers to place wagers in the races it hosts and as an agent when it allows customers to place wagers in other entities' races. Where the Group acts as a principal, the entire wager is recognised as revenue and where it is an agent the wagering commission the Group retains is recognised as revenue.

Settlement terms for revenue where the Group acts as a host is usually 7 days for on and off-track wagering and 30 days from month end for ADW wagering. Where the Group acts as an agent, settlement terms are typically 30 days from month end.

Transactions fees (ADW operations) are recognised when the Group facilitates customers' deposit transactions into their betting accounts. The Group recognises revenue for transaction services net of related winnings.

Cost of sales

The Group recognises cost of sales related to the Racetrack operations in which it is the race host. The cost of sales includes direct costs such as purses, hub fees, import fees, pay-outs, and other statutory distributions.

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.

Segmental reporting

Segmental reporting is based on the business areas in accordance with the Group's internal reporting structure, which allows the individual operating segments to be identified by the disparate nature of the principal activity they undertake. The Group determines and presents segments based on the information that internally is provided to the Board and Managing Director, the Group's chief operating decision maker.

An operating segment is a component of the Group and engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the Board and Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

Current and deferred income tax continued

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is the liability not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes, assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets — goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities, and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets — other

(a) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of three years. Renewal costs are expensed in the year they relate to.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

(b) Website design and development costs

Costs associated with maintaining websites are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique websites controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the website so that it will be available for use;
- management intends to complete the website and use it;
- there is an ability to use the website;
- it can be demonstrated how the website will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use the website are available; and
- the expenditure attributable to the website during its development can be reliably measured.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

Intangible assets — other continued

Directly attributable costs that are capitalised as part of the website include the website employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Website development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

Property, equipment, and motor vehicles

Items of property, equipment and motor vehicles are stated at historical cost less accumulated depreciation (see below) and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Depreciation is calculated using the straight-line method to allocate the cost of property, equipment, and motor vehicles over their estimated useful lives.

The estimated useful lives of property, equipment and motor vehicles for current and comparative periods are as follows:

Motor vehicles	5 years	Fixtures and fittings	3 years
Plant and equipment	3-5 years		

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the income statement.

Investment in subsidiary

A subsidiary is an entity controlled by the entity. The Company controls an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and can affect the return through its power over the investee. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are considered.

Investment in subsidiaries are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

Share-based payment expense

The Group and the Company operate an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group and the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time-period).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

Equity

Share capital is determined using the nominal value of shares that have been issued.

Equity settled share-based employee remuneration is credited to the share option reserve until related stock options are exercised. On exercise or lapse, amounts recognised in the share option reserve are taken to share capital.

Retained earnings include all current and prior period results as determined in the income statement and any other gains or losses recognised in the Statement of Changes in Equity.

Financial instruments

Recognition and measurement

Non-derivative financial instruments include trade and other receivables, cash and cash equivalents, bonds and deposits, borrowings and trade and other payables.

Financial assets and financial liabilities are recognised on the Group and the Company's balance sheet when the Group and/or the Company become party to the contractual terms of the instrument. Transaction costs are included in the initial measurement of financial instruments, except financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments is dealt with below.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in bank and in hand as well as bank deposits, money held for processors and cash balances held on trust for the customers entitled to them. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These are subsequently measured at amortized cost as stated under "Impairment of financial assets" below.

Bonds and deposits

Bonds and deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Borrowings

Interest-bearing borrowings and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged on an accrual basis using the effective interest method and are added to the carrying amount of the instrument.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

The Group and the Company use an impairment model that applies to financial assets measured at amortised cost and contract assets and is detailed below. Financial assets at amortised cost include trade receivables, cash and cash equivalents, bonds and deposits.

Performing financial assets

Stage 1 (0-30 Days)

From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the next 12 months ('12-month ECL').

Stage 2 (31-90 Days)

Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ('Lifetime ECL'). The assessment of whether there has been a significant increase in credit risk requires considerable judgment, based on the lifetime probability of default ('PD'). Any financial asset that had been outstanding for greater than 30 days would be assessed on an individual basis to determine if it qualified as a significant increase in credit risk. Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

1.2 Summary of significant accounting policies continued
Financial instruments continued
Impairment of financial assets continued
Impaired financial assets
Stage 3 (After 90 Days)
When a financial asset is considered to be credit-impaired, the allowance for credit losses ('ACL') continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

The Group applies the ECL model to two main types of financial assets that are measured at amortised cost:

Trade receivables, to which the simplified approach (provision matrix) prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one. In the normal course of operations, trade receivables could be considered to be in default after 90 days.

Other financial assets at amortised cost, to which the general three stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Company expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset which is 0% for all financial assets at amortised cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Group reviews its impairment methodology for estimating the ECLs, taking into account forward-looking information in determining the appropriate level of allowance. In addition, it identifies indicators and set up procedures for monitoring for significant increases in credit risk.

Leases
At inception of a contract, the Group assesses whether a contract is, or 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 a period of time in exchange for consideration.

i. As a lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement/modification date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment loss and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's applicable incremental borrowing rate (if the rate implicit in the lease cannot be determined). The Group has measured the incremental borrowing as equal to external borrowing rates. The lease liability is subsequently increased by the interest cost of the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised, or a termination option is reasonably certain not to be exercised.

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right of use assets recognised.

The Group receives rent concessions on its racetrack lease when, due to external factors, the number of days raced in a season is lower than the actual number of days scheduled to be raced.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

Leases continued

i. As a lessee continued

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, equipment, and motor vehicles' and lease liabilities in 'loans, borrowings and lease liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value items and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefits

(a) Pension obligations

The Group and the Company do not operate any post-employment schemes, including both defined benefit and defined contribution pension plans.

(b) Short-term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accrual's basis over the period in which employees have provided services in the year. All expenses related to employee benefits are recognised in the Statement of Comprehensive Income in operating costs.

(c) Profit sharing and bonus plans

The Group and the Company recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Any recognised liability would be settled within 12 months of the year end.

Standards and interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year and have not been applied in preparing these consolidated financial statements. The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

Standards	**Effective date** (accounting periods commencing on or after)
IFRS 17 Insurance Contracts	1 January 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	
Amendments to IFRS 17	
Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)	
Definition of Accounting Estimate (Amendments to IFRS 8)	
Deferred Tax related Asset and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	
Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendments to FRS 10 and IAS 28)	
Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	
IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

Notes to the Financial Statements continued

2 Operating Segments

A. Basis for segmentation

The Group has 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 segment 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.

	Reportable segments			
	Racetrack 2023 US$000	**ADW 2023 US$000**	**Corporate operating costs 2023 US$000**	**Total 2023 US$000**
External revenues	**47,865**	**2,155**	**–**	**50,020**
Segment revenue	**47,865**	**2,155**	**–**	**50,020**
Segment profit / (loss) before tax	**46**	**(674)**	**(117)**	**(745)**
Interest expense	**(58)**	**(3)**	**(99)**	**(160)**
Depreciation and amortisation	**(98)**	**(42)**	**(2)**	**(142)**
Other material non-cash items:				
- Impairment movement on trade receivables	**–**	**(2)**	**–**	**(2)**
Segment assets	**2,187**	**2,846**	**1,293**	**6,326**
Segment liabilities	**1,523**	**2,802**	**1,428**	**5,753**

	Reportable segments			
	Racetrack 2022 US$000	ADW 2022 US$000	Corporate operating costs 2022 US$000	Total 2022 US$000
External revenues	51,225	2,387	–	53,612
Segment revenue	51,225	2,387	–	53,612
Segment profit / (loss) before tax	259	(438)	(195)	(374)
Interest expense	(22)	(6)	(98)	(126)
Depreciation and amortisation	(88)	(44)	(3)	(135)
Other material non-cash items:				
- Impairment movement on trade receivables	–	11	–	11
Segment assets	2,324	3,387	1,336	7,047
Segment liabilities	1,522	2,779	1,428	5,729

Notes to the Financial Statements continued

2 Operating Segments continued

C. Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2023 US$000	2022 US$000
i. Revenues		
Total revenue for reportable segments	**50,020**	53,612
Consolidated revenue	**50,020**	53,612
ii. Loss before tax		
Total loss before tax for reportable segments	**(628)**	(179)
Loss before tax for other segments	**(117)**	(195)
Consolidated loss before tax	**(745)**	(374)
iii. Assets		
Total assets for reportable segments	**5,033**	5,711
Assets for other segments	**1,293**	1,336
Consolidated total assets	**6,326**	7,047
iv. Liabilities		
Total liabilities for reportable segments	**4,325**	4,301
Liabilities for other segments	**1,428**	1,428
Consolidated total liabilities	**5,753**	5,729
v. Other material items		
Interest expense	**(160)**	(126)
Depreciation and amortisation	**(142)**	(135)
Impairment movement on trade receivables	**(2)**	11

There were no reconciling items noted between Segment information and the Financial Statements.

D. Geographic information
i. Revenues
The below table analyses the geographic location of the customer base of the operating segments.

		2023 US$000	2022 US$000
Revenue			
Racetrack operations	North America	**47,865**	51,225
ADW operations	North America	**1,701**	1,833
ADW operations	British Isles	**428**	527
ADW operations	Caribbean	**26**	27
		50,020	53,612

Notes to the Financial Statements continued

2 Operating Segments continued

D. Geographic information continued

ii. Non-current assets

The geographical information below analyses the Group's non-current assets by the Company's Country of Domicile (Isle of Man) and the United States of America. Information is based on geographical location of the Group's assets.

	2023 US$000	2022 US$000
United States of America	**618**	731
Isle of Man	**2**	4
	620	735

Non-current assets exclude financial instruments. During the year, additions to non-current assets for the reportable segments were Racetrack US$ 13,000 (2022: US$ 411,000) and ADW US$ 74,000 (2022: US$ 67,000).

E. Major customers

The Group does not earn revenue of 10% or more from any external customer.

3 Operating loss

Operating loss is stated after charging:	**2023 US$000**	2022 US$000
Auditors' remuneration — audit	**146**	153
Depreciation of property, equipment, and motor vehicles	**137**	128
Amortisation of intangible assets	**5**	7
Exchange (gains) / losses	**(9)**	7
Directors' fees	**105**	96

4 Finance costs

	2023 US$000	2022 US$000
Bank interest receivable	**7**	–
Loan interest payable	**(160)**	(126)
Net finance costs	**(153)**	(126)

5 Staff numbers and cost

	2023	2022
Average number of employees – Pari-mutuel and Racetrack Operations	**50**	52

The aggregate payroll costs of these persons were as follows:

Pari-mutuel and Racetrack Operations	**2023 US$000**	2022 US$000
Wages and salaries	**1,694**	1,707
Social security costs	**121**	127
	1,815	1,834

Notes to the Financial Statements continued

6 Income tax expense

(a) Current and Deferred Tax Expenses
The current and deferred tax expenses for the year were US$ Nil (2022: US$ Nil). Despite having made losses, no deferred tax was recognised as there is no reasonable expectation that the Group will recover the resultant deferred tax assets.

(b) Tax Rate Reconciliation

	2023 US$000	2022 US$000
Loss before tax	**(745)**	(374)
Tax charge at IOM standard rate (0%)	**–**	–
Adjusted for:		
Tax credit for US tax losses (at 21%)	**(153)**	(91)
Add back tax losses not recognised	**153**	91
Tax charge for the year	–	–

The maximum deferred tax asset that could be recognised at year end is approximately US$ 1,137,000 (2022: US$ 985,000). The Group has not recognised any asset as it might not be recoverable within the allowed period. The tax losses for tax years beginning in January 2018 are currently permitted to be carried forward indefinitely. Tax losses incurred prior to that period expire after 20 years.

7 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 year.

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 in the current period has not been reflected in the calculation of the diluted profit per share, as the effect would have been anti-dilutive.

	2023 US$000	2022 US$000
Loss for the year	**(745)**	(374)
	No.	No.
Weighted average number of ordinary shares in issue	**393,338,310**	393,338,310
Dilutive element of share options if exercised (note 17)	**14,000,000**	14,000,000
Diluted number of ordinary shares	**407,338,310**	407,338,310
Basic earnings per share (cents)	**(0.19)**	(0.10)
Diluted earnings per share (cents)	**(0.18)**	(0.09)

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

Notes to the Financial Statements continued

8 Intangible assets

	Goodwill	Software & development costs		Total	
	Group US$000	Group US$000	Company US$000	Group US$000	Company US$000
Cost					
Balance at 1 June 2021	177	606	15	783	15
Additions during the year	–	6	–	6	–
Balance at 31 May 2022	177	612	15	789	15
Balance at 1 June 2022	177	612	15	789	15
Additions during the year	–	13	–	13	–
Disposals/decommissioned assets	–	(8)	(1)	(8)	(1)
Balance at 31 May 2023	**177**	**617**	**14**	**794**	**14**
Amortisation and Impairment					
Balance at 1 June 2021	177	594	15	771	15
Amortisation for the year	–	7	–	7	–
Balance at 31 May 2022	177	601	15	778	15
Balance at 1 June 2022	177	601	15	778	15
Amortisation for the year	–	5	–	5	–
Disposals/decommissioned assets	–	(8)	(1)	(8)	(1)
Balance at 31 May 2023	**177**	**598**	**14**	**775**	**14**
Carrying amounts					
At 1 June 2021	–	12	–	12	–
At 31 May 2022	**–**	11	**–**	11	–
At 31 May 2023	**–**	**19**	–	**19**	–

The Group reviews intangible assets annually for impairment or more frequently if there are indications that the intangible assets may be impaired (see note 1). The carrying amount of US$ 19,000 of software and development costs relates primarily to development and integration costs of the US based wagering website. These assets will be fully amortised within the next 3 years.

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Notes to the Financial Statements continued

9 Property, equipment, and motor vehicles

Group	Computer Equipment US$000	Fixtures, Fittings & Track Equipment US$000	Motor Vehicles US$000	Right-of-use Assets US$000	Total US$000
Cost					
Balance at 1 June 2021	166	321	50	473	1,010
Additions during the year	–	–	–	472	472
Balance at 31 May 2022	166	321	50	945	1,482
Balance at 1 June 2022	166	321	50	945	1,482
Additions during the year	–	13	–	61	74
Disposals/decommissioned assets	(49)	–	–	(118)	(167)
Balance at 31 May 2023	**117**	**334**	**50**	**888**	**1,389**
Depreciation					
Balance at 1 June 2021	160	250	24	196	630
Charge for the year	3	18	7	100	128
Balance at 31 May 2022	163	268	31	296	758
Balance at 1 June 2022	163	268	31	296	758
Charge for the year	2	20	7	108	137
Disposals/decommissioned assets	(49)	–	–	(118)	(167)
Balance at 31 May 2023	**116**	**288**	**38**	**286**	**728**
Carrying amounts					
At 1 June 2021	6	71	26	277	380
At 31 May 2022	3	53	19	649	724
At 31 May 2023	**1**	**46**	**12**	**602**	**661**

Company	Computer Equipment US$000	Fixtures & Fittings US$000	Total US$000
Cost			
Balance at 1 June 2021	37	80	117
Additions during the year	–	–	–
Balance at 31 May 2022	37	80	117
Balance at 1 June 2022	37	80	117
Additions during the year	–	–	–
Balance at 31 May 2023	**37**	**80**	**117**

Notes to the Financial Statements continued

9 Property, equipment and motor vehicles continued

Company	Computer Equipment US$000	Fixtures & Fittings US$000	Total US$000
Depreciation			
Balance at 1 June 2021	31	80	111
Charge for the year	3	–	3
Balance at 31 May 2022	34	80	114
Balance at 1 June 2022	34	80	114
Charge for the year	2	–	2
Balance at 31 May 2023	**36**	**80**	**116**
Carrying amounts			
At 1 June 2021	6	–	6
At 31 May 2022	3	–	3
At 31 May 2023	**1**	**–**	**1**

10 Investments in Subsidiaries

Investments in subsidiaries are held at cost less impairment. Details of investments are as follows:

Subsidiaries	Country of incorporation	Activity	2023 Holding (%)	2022 Holding (%)
WatchandWager.com Limited	Isle of Man	Operation of interactive wagering totaliser hub	**100**	100
WatchandWager.com LLC	United States of America	Operation of interactive wagering totaliser hub and harness racetrack	**100**	100
betinternet.com (IOM) Limited	Isle of Man	Dormant	**100**	100
Technical Facilities & Services Limited	Isle of Man	Dormant	**–**	100

A wholly owned subsidiary, Technical Facilities & Services Limited, was dissolved during the 31 May 2023 financial year. A wholly owned subsidiary, B. E. Global Services Limited, was dissolved during the 31 May 2022 financial year. Impairment assessment is performed annually, and this involves assessment of the net asset value and profitability of the subsidiaries.

11 Bonds and deposits

	2023 US$000	2022 US$000
Bonds and deposits - expire within one year	**883**	883
Bonds and deposits - expire within one to two years	**–**	–
Bonds and deposits - expire within two to five years	**–**	–
Bonds and deposits - expire more than five years	**100**	100
	983	983

Cash bonds of US$ 875,000 have been paid as security deposits in relation to various US State ADW licences (2022: US$ 875,000). These cash bonds are held in trust accounts used exclusively for cash collateral, with financial institutions which

Notes to the Financial Statements continued

11 Bonds and deposits continued

have been screened for their financial strength and capitalization ratio. The financial institutions have a credit rating of A-Excellent from AM Best credit rating agency. Therefore, these bonds are considered to be fully recoverable. A rent deposit of US$ 100,000 is held by California Exposition & State Fair and is for a term ending in 2030 (2022: US$ 100,000). This is held by an entity of the Californian state government and is therefore considered fully recoverable. Rent and other security deposits total US$ 8,167 (2022: US$ 8,227). These deposits are repayable upon completion of the relevant lease term, under the terms of legally binding agreements. The fair value of the bonds and deposits approximates to the carrying value.

12 Cash, cash equivalents and restricted cash

	Group		Company	
	2023 US$000	2022 US$000	**2023 US$000**	2022 US$000
Cash and cash equivalents – Company and other funds	**2,148**	3,062	**116**	189
Restricted cash – protected player funds	**1,137**	1,077	**1,111**	1,077
Total cash, cash equivalents and restricted cash	**3,285**	4,139	**1,227**	1,266

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. These funds are segregated from operational funds of the Company and are held on trust for the customers entitled to them.

13 Trade and other receivables

	Group		Company	
	2023 US$000	2022 US$000	**2023 US$000**	2022 US$000
Trade receivables	**612**	395	**–**	–
Amounts due from Group undertakings	**–**	–	**680**	757
Other receivables and prepayments	**766**	795	**65**	64
	1,378	1,190	**745**	821

Included within trade receivables are impairment provisions of US$ 68,837 (see note 21), (2022: US$ 67,293). Other receivables include accrued and other income due to the Group, along with sundry other debtors. Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

14 Trade and other payables

	Group		Company	
	2023 US$000	2022 US$000	**2023 US$000**	2022 US$000
Trade payables	**436**	659	**8**	7
Amounts due to customers	**2,089**	2,037	**–**	–
Taxes and national insurance	**18**	16	**2**	2
Accruals and other payables	**1,169**	928	**68**	69
	3,712	3,640	**78**	78

Other payables include distributions and purses payable for the racetrack operations, along with sundry other payables.

Notes to the Financial Statements continued

15 Deferred income (Government Grant)

The Group received a Paycheck Protection Program ("PPP") loan for US$ 319,994, under the provisions of the US CARES Act in May 2020 to support certain incurred expenses, the provisions of which allowed for an application for loan forgiveness. The Group had ascertained reasonable assurance that the loan should be forgiven in its entirety and the application for forgiveness was submitted in June 2021, with the application agreed by the lending bank. The grant was recognised in profit or loss in the periods that the relevant expenses were recognised. After final review by the Small Business Administration, it was determined that the lending bank had calculated and advanced a loan amount greater than it should have. The resultant difference of US$ 48,427 was recognised as a loan (financial liability) at 31 May 2022 (see note 16). There is no balance in deferred income at 31 May 2023.

16 Loans, borrowings, and lease liabilities

Current liabilities

	Group		Company	
	2023 US$000	2022 US$000	**2023 US$000**	2022 US$000
Unsecured loans (current portion)	**21**	20	**–**	–
Lease liabilities (current portion)	**91**	89	**–**	–
Secured loans – Galloway Limited	**350**	–	**350**	–
	462	109	**350**	–

Non-current liabilities

	Group		Company	
	2023 US$000	2022 US$000	**2023 US$000**	2022 US$000
Unsecured loans (non-current portion)	**26**	47	**–**	–
Lease liabilities (non-current portion)	**553**	583	**–**	–
Secured loans – Galloway Limited	**1,000**	1,350	**1,000**	1,350
	1,579	1,980	**1,000**	1,350

Terms and repayment schedule

	Nominal interest rate	Year of maturity	**2023 Total US$000**	2022 Total US$000
Unsecured loans	1.00-8.90%	2025	**47**	67
Lease liabilities	6.00-9.50%	2023-30	**644**	672
Secured loan 2017 - Galloway Limited*	7.75%	2027	**500**	500
Secured loan 2019 - Galloway Limited*	7.00%	2024	**350**	350
Secured loan 2020 - Galloway Limited*	7.00%	2025	**500**	500
Total loans and borrowings			**2,041**	2,089

During 2022, the Group received an unsecured Paycheck Protection Program ("PPP") loan for US$ 48,427, which matures on 7 May 2025 and attracts interest at 1% per annum (see note 15).

The secured loans from Galloway Limited are secured over the unencumbered assets of the Group, which includes the Cash and cash equivalents – Company and other funds of US$ 2,148,000 (2022: US$ 3,062,000) and Cash bonds of US$ 875,000 (2022: US$ 875,000). In September 2023, the Group obtained additional financing from Galloway Limited, which included the Secured loan 2017 of US$ 500,000, being rolled into the new financing (see note 23).

*Based on current interest rates, the estimated fair value of the Galloway Limited loans is US$ 1.078 million.

Notes to the Financial Statements continued

16 Loans, borrowings and lease liabilities continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other loans and borrowings US$000	Lease liabilities US$000	Total US$000
Balance at 1 June 2021	**1,375**	**292**	**1,667**
Changes from financing cash flows			
Proceeds from loans, borrowings, and lease liabilities	–	25	25
Repayment of borrowings	(6)	–	(6)
Payment of lease liabilities	–	(117)	(117)
Rent concession received	–	2	2
Interest paid	(101)	(25)	(126)
Total changes from financing cash flows	**(107)**	**(115)**	**(222)**
Other changes			
Liability-related			
Re-recognition of PPP loan	48	–	48
New leases	–	472	472
Rent concession received	–	(2)	(2)
Interest expense	101	25	126
Total liability-related other changes	**149**	**495**	**644**
Balance at 31 May 2022	**1,417**	**672**	**2,089**

	Other loans and borrowings US$000	Lease liabilities US$000	Total US$000
Balance at 1 June 2022	**1,417**	**672**	**2,089**
Changes from financing cash flows			
Proceeds from loans, borrowings, and lease liabilities	–	59	59
Repayment of borrowings	(20)	–	(20)
Payment of lease liabilities	–	(148)	(148)
Rent concession received	–	18	18
Interest paid	(101)	(59)	(160)
Total changes from financing cash flows	**(121)**	**(130)**	**(251)**
Other changes			
Liability-related			
New leases	61	–	61
Rent concession received	–	(18)	(18)
Interest expense	101	59	160
Total liability-related other changes	**162**	**41**	**203**
Balance at 31 May 2023	**1,458**	**583**	**2,041**

Notes to the Financial Statements continued

17 Share capital

	No.	**2023 US$000**	2022 US$000
Allotted, issued, and fully paid			
At beginning and close of year: ordinary shares of 1p each	393,338,310	**6,334**	6,334
At 31 May: ordinary shares of 1p each	393,338,310	**6,334**	6,334

The authorised share capital of the Company is US$ 9,619,000 divided into 600,000,000 ordinary shares of £0.01 each (2022: US$ 9,619,000 divided into 600,000,000 ordinary shares of £0.01 each). This is the sole class of shares authorised and issued by the Company and these shares convey the right for shareholders to vote at general meetings, to receive dividends and to receive surplus assets on the liquidation of the Company. There are no preferences or restrictions attached to these shares. Neither the Company, nor its subsidiaries, hold any shares in the Company. Share options are shown below.

Options
Movements in share options during the year were as follows:

	2023	2022
At start of year – number of 1p ordinary shares	**14,000,000**	14,000,000
Options granted	**–**	–
Options lapsed	**–**	–
Options exercised	**–**	–
At end of year – number of 1p ordinary shares	**14,000,000**	14,000,000

The options were issued on 3 March 2016 to Ed Comins, Managing Director of the Group and vested on 3 March 2019. The options expire on 2 March 2026. The weighted average exercise price of all options is £0.01.

18 Capital commitments

As at 31 May 2023, the Group had no capital commitments (2022: US$ Nil).

19 Leases

A. Leases as lessee

The Group leases office and racetrack facilities. The office facility is leased until May 2023, with an average length of renewal of between two to three years. This was renewed in 2023 for a further two years. The racetrack facility is leased until May 2030, with extensions or renewals typically ranging between three to five years. Extension/renewal is only available to lessor on terms and conditions to be agreed between both parties. All currently available options to extend have been exercised.

The Group also leases additional office facilities with contract terms of no more than one year. These leases are short-term, and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented within property, equipment, and motor vehicles.

Notes to the Financial Statements continued

19 Leases continued
A. Leases as lessee continued
i. Right of use assets continued

Group	Property US$000	Total US$000
Cost		
Balance at 1 June 2021	473	473
Additions during the year	472	472
Balance at 31 May 2022	945	945
Balance at 1 June 2022	945	945
Additions during the year	61	61
Disposals during the year	(118)	(118)
Balance at 31 May 2023	**888**	**888**
Depreciation		
Balance at 1 June 2021	196	196
Charge for the year	100	100
Balance at 31 May 2022	296	296
Balance at 1 June 2022	296	296
Charge for the year	108	108
Disposals during the year	(118)	(118)
Balance at 31 May 2023	**286**	**286**
Carrying amounts		
At 1 June 2021	277	277
At 31 May 2022	649	649
At 31 May 2023	**602**	**602**

ii. Amounts recognised in profit or loss

	2023 US$000	2022 US$000
Interest on lease liabilities	59	25
Depreciation expense	108	100
Rent concessions received	(18)	(2)
Expenses relating to short-term leases	59	71

iii. Amounts recognised in statement of cash flows

	2023 US$000	2022 US$000
Payment of lease liabilities - principal	**(89)**	(92)
Payment of lease liabilities - interest	**(59)**	(25)
Rent concessions received	**18**	2

Notes to the Financial Statements continued

20 Related party transactions

Identity of related parties

The Parent Company has a related party relationship with its subsidiaries (see note 10), and with its Directors and executive officers and with Burnbrae Ltd (significant shareholder).

Transactions and balances 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. During the year, Webis Holdings plc recharged head office costs to WatchandWager.com Ltd of US$ 238,104 (2022: US$ 248,340) and to WatchandWager.com LLC of US$ 357,156 (2022: US$ 372,511). WatchandWager.com LLC recharged support costs of US$ 8,120 (2022: US$ 9,644) to WatchandWager.com Ltd. At the year end, Webis Holdings plc had receivable balances with WatchandWager.com Ltd of US$ 168,575 (2022: US$ 224,074) and with WatchandWager.com LLC of US$ 511,166 (2022: US$ 532,548). WatchandWager.com Ltd had a receivable balance of US$ 7,656,283 (2022: US$ 7,608,501) with WatchandWager.com LLC. There were no impairments on these balances.

Transactions and balances with entities with significant influence over the Group

Rental and service charges of US$ 41,617 (2022: US$ 46,914) and Directors' fees of US$ 38,681 (2022: US$ 27,193) were charged in the year by Burnbrae Limited, of which Denham Eke is a common Director and Katie Errock an employee. Trade payables at the year-end of US$ 3,580 (2022: US$ 3,752) related to rental and service charges. The Group also had loans of US$ 1,350,000 (2022: US$ 1,350,000) from Galloway Limited, a company related to Burnbrae Limited by common ownership and Directors (note 16). Interest expense of US$ 99,498 (2022: US$ 97,293) was paid on this loan.

Transactions with key management personnel

The total amounts for Directors' remuneration were as follows:

	2023 US$000	2022 US$000
Emoluments — salaries, bonuses, and taxable benefits	**368**	345
— fees	**105**	96
	473	441

Directors' Emoluments

	Basic salary US$000	Fees US$000	Bonus US$000	Termination payments US$000	Benefits US$000	**2023 Total US$000**	2022 Total US$000
Executive							
Ed Comins	341	—	—	—	27	**368**	345
Non-executive							
Denham Eke*	—	24	—	—	—	**24**	27
Sir James Mellon	—	18	—	—	—	**18**	21
Richard Roberts	—	48	—	—	—	**48**	48
Katie Errock*	—	15	—	—	—	**15**	—
Aggregate emoluments	341	105	—	—	27	**473**	441

* Paid to Burnbrae Limited.

14,000,000 share options were issued to Ed Comins (see note 17) during 2016.

Notes to the Financial Statements continued

21 Financial risk management

Capital structure
The Group's capital structure is as follows:

	2023 US$000	2022 US$000
Cash and cash equivalents	**2,148**	3,062
Loans and similar liabilities	**(1,397)**	(1,417)
Net funds	**751**	1,645
Shareholders' equity	**(573)**	(1,318)
Capital employed	**178**	327

The Group's policy is to maintain as strong a capital base as possible, insofar as can be sustained due to the fluctuations in the net results of the Group and the inherent effect this has on the capital structure. The Group monitors costs on an ongoing basis and undertakes actions to grow revenue, with the aim of improving the Group's capital base. The Group does not have any external capital requirements imposed upon it.

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables and payables that arise directly from its operations.

The main purpose of these financial instruments is to finance the Group's operations. The existence of the financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The principal risks which the Group is exposed to relate to liquidity risks, credit risks and foreign exchange risks.

Liquidity risk
Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due.

The Group's objective is to maintain continuity of funding through trading and share issues but to also retain flexibility through the use of short-term loans if required.

Management controls and monitors the Group's cash flow on a regular basis, including forecasting future cash flow. Banking facilities are kept under review to ensure they meet the Group's requirements. Funds equivalent to customer balances are held in designated bank accounts where applicable to ensure that Isle of Man Gambling Supervision Commission player protection principles are met. Other customer balances are covered by cash funds held within the Group and by receivables due from ADW racetrack settlement partners. The Directors anticipate that the business will maintain sufficient cash flow in the forthcoming period, to meet its immediate financial obligations.

The following are the contractual maturities of financial assets and financial liabilities:

2023
Financial assets

	Carrying amount US$000	Contractual cash flow US$000	6 months or less US$000	Up to 1 year US$000	1–5 years US$000	5+ years US$000
Cash, cash equivalents and restricted cash	**3,285**	**3,285**	**3,285**	**–**	**–**	**–**
Trade receivables	**612**	**612**	**612**	**–**	**–**	**–**
Other receivables	**645**	**645**	**645**	**–**	**–**	**–**
Bonds and deposits	**983**	**983**	**683**	**200**	**–**	**100**
	5,525	**5,525**	**5,225**	**200**	**–**	**100**

Notes to the Financial Statements continued

21 Financial risk management continued
Liquidity risk continued

2022
Financial assets

	Carrying amount US$000	Contractual cash flow US$000	6 months or less US$000	Up to 1 year US$000	1–5 years US$000	5+ years US$000
Cash, cash equivalents and restricted cash	4,139	4,139	4,139	–	–	–
Trade receivables	395	395	395	–	–	–
Other receivables	668	668	668	–	–	–
Bonds and deposits	983	983	681	202	–	100
	6,185	6,185	5,883	202	–	100

2023
Financial liabilities

	Carrying amount US$000	**Contractual cash flow US$000**	**6 months or less US$000**	**Up to 1 year US$000**	**1–5 years US$000**	**5+ years US$000**
Trade payables	**(436)**	**(436)**	**(436)**	**–**	**–**	**–**
Amounts due to customers	**(2,089)**	**(2,089)**	**(2,089)**	**–**	**–**	**–**
Other payables and loans	**(2,153)**	**(2,372)**	**(815)**	**(406)**	**(1,151)**	**–**
Lease liabilities	**(644)**	**(872)**	**(27)**	**(122)**	**(493)**	**(230)**
	(5,322)	**(5,769)**	**(3,367)**	**(528)**	**(1,644)**	**(230)**

2022
Financial liabilities

	Carrying amount US$000	Contractual cash flow US$000	6 months or less US$000	Up to 1 year US$000	1–5 years US$000	5+ years US$000
Trade payables	(659)	(659)	(659)	–	–	–
Amounts due to customers	(2,037)	(2,037)	(2,037)	–	–	–
Other payables and loans	(1,899)	(2,214)	(541)	(58)	(1,615)	–
Lease liabilities	(673)	(952)	(26)	(121)	(460)	(345)
	(5,268)	(5,862)	(3,263)	(179)	(2,075)	(345)

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2023 US$000	2022 US$000
Non-credit impaired trade receivables	**7**	5
Credit impaired trade receivables	**62**	62
Total impairment losses	**69**	67

21 Financial risk management continued

Credit risk continued

The Group's exposure to credit risk is influenced by the characteristics of the individual racetracks and the settling agents operating on behalf of these tracks. The racetracks themselves are influenced by many factors, including the product they offer, supporting sources of revenue they might generate, such as offering simulcast, slots or sports wagering facilities, current economic conditions, ownership structure, state laws and so on, all of which may affect their liquidity and ability to operate.

The Group limits its exposure to credit risk by regular settling and verification of balances due to and from settling agents, with standard terms of one month. While there is on occasion debt that is slower to be settled, historical settlements for at least the last six years show that of the current trade receivable balance, greater than 99% would be expected to be received.

In addition, the majority of the current Group customers have transacted with the Group for five years or more and none of these customers balances have been specifically impaired in that period.

The Group has continued to take a conservative approach to the assessment of the Weighted Average Loss Rate and maintained rates that are considered to reflect the risk that exists under current market conditions. The previous two years Weighted Average Loss Rate was reflective of the uncertainty caused by the COVID-19 pandemic and therefore the current year rates are adjusted due to a reduction in this associated risk.

The following table provides information about exposure to credit risk and expected credit losses for trade receivables as at 31 May 2023:

2023	**Weighted Average Loss Rate (%)**	**Gross Carrying Amount US$000**	**Loss Allowance US$000**	**Net Carrying Amount US$000**	**Credit Impaired**
Current (not past due)	0.50%	421	(2)	419	No
1-30 days past due	1.00%	110	(1)	109	No
31-60 days past due	3.00%	70	(2)	68	No
61-90 days past due	5.00%	6	(1)	5	No
More than 90 days past due	7.00%	12	(1)	11	No
More than 90 days past due	100.00%	62	(62)	—	Yes
		681	**(69)**	**612**	

2022	Weighted Average Loss Rate (%)	Gross Carrying Amount US$000	Loss Allowance US$000	Net Carrying Amount US$000	Credit Impaired
Current (not past due)	1.00%	374	(4)	370	No
1-30 days past due	2.00%	9	(0)	9	No
31-60 days past due	5.00%	16	(1)	15	No
61-90 days past due	7.00%	(1)	(0)	(1)	No
More than 90 days past due	10.00%	2	(0)	2	No
More than 90 days past due	100.00%	62	(62)	—	Yes
		462	(67)	395	

The Group uses an allowance matrix to measure the ECLs of trade receivables from racetracks and their settling agents, which comprise a moderate number of balances, ranging from small to large. The Group has reviewed its historical losses over the past four years as well as considering current economic conditions in estimating the loss rates and calculating the corresponding loss allowance.

Notes to the Financial Statements continued

21 Financial risk management continued
Credit risk continued

Classes of financial assets — carrying amounts

	2023 US$000	2022 US$000
Cash and cash equivalents	**2,148**	3,062
Bonds and deposits	**983**	983
Trade and other receivables	**1,258**	1,063
	4,389	5,108

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the Statements of Financial Position (or in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The maximum exposure to credit risks for receivables in any business segment:

	2023 US$000	2022 US$000
Pari-mutuel	**1,258**	1,063

Of the above receivables, US$ 612,000 (2022: US$ 395,000) relates to amounts owed from racing tracks. These receivables are actively monitored to avoid significant concentration of credit risk and the Directors consider there to be no significant concentration of credit risk.

The Directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality. The banks have external credit ratings of at least Baa3 from Moody's.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high-quality external credit ratings.

Interest rate risk
The Group finances its operations mainly through capital with limited levels of borrowings. Cash at bank and in hand earns negligible interest at floating rates, based principally on short-term interbank rates.

Any movement in interest rates would not be considered to have any significant impact on net assets at the balance sheet date as the Group and Parent Company do not have floating rate loans payable.

Foreign currency risks
The Group operates internationally and is subject to transactional foreign currency exposures, primarily with respect to Pounds Sterling, Hong Kong Dollars, and Euros.

The Group does not actively manage the exposures but regularly monitors the Group's currency position and exchange rate movements and makes decisions as appropriate.

At the reporting date the Group had the following exposure:

2023	**USD US$000**	**GBP US$000**	**EUR US$000**	**HKD US$000**	**Total US$000**
Current assets	**4,703**	**114**	**86**	**523**	**5,426**
Current liabilities	**(3,146)**	**(334)**	**(43)**	**(633)**	**(4,156)**
Short-term exposure	**1,557**	**(220)**	**43**	**(110)**	**1,270**

Notes to the Financial Statements continued

21 Financial risk management continued
Foreign currency risks continued

2022	USD US$000	GBP US$000	EUR US$000	HKD US$000	Total US$000
Current assets	5,197	236	85	568	6,086
Current liabilities	(2,705)	(317)	(69)	(642)	(3,733)
Short-term exposure	2,492	(81)	16	(74)	2,353

The following table illustrates the sensitivity of the net result for the year and equity with regards to the Group's financial assets and financial liabilities and the US Dollar–Sterling exchange rate, US Dollar–Euro exchange rate and US Dollar–Hong Kong Dollar exchange rate.

A 5% weakening of the US Dollar against the following currencies at 31 May 2023 would have increased / (decreased) equity and profit and loss by the amounts shown below:

2023	**GBP US$000**	**EUR US$000**	**HKD US$000**	**Total US$000**
Current assets	**6**	**4**	**26**	**36**
Current liabilities	**(17)**	**(2)**	**(32)**	**(51)**
Net assets	**(11)**	**2**	**(6)**	**(15)**

2022	GBP US$000	EUR US$000	HKD US$000	Total US$000
Current assets	12	4	28	44
Current liabilities	(16)	(3)	(32)	(51)
Net assets	(4)	1	(4)	(7)

A 5% strengthening of the US Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

22 Controlling party and ultimate controlling party
The Directors consider the ultimate controlling party to be Burnbrae Limited and its beneficial owner Jim Mellon by virtue of their combined shareholding of 63.10%.

23 Subsequent events
In September 2023, the Group has agreed funding of GBP 1,150,000 from Galloway Limited (related entity), in the form of convertible loan notes, which will enable the Group to further invest in its business-to-consumer sector. The loan will accrue interest at the rate of 11% per annum and is convertible into shares under specific circumstances. The convertible loan notes comprise GBP 750,000 in respect of new funding and an existing debt of GBP 400,000, after conversion of US$ 500,000 due and outstanding by the Group to Galloway Limited (see note 16).

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Webis Holdings plc (the "Company") will be held at The Claremont Hotel, 18/19 Loch Promenade, Douglas, Isle of Man, on 30 January 2024 at 10 am for the purpose of transacting the below business.

The Board considers it important that all shareholders should have the opportunity to exercise their voting rights at the AGM. To this end, the Company invites shareholders to complete the voting proxy form as early as possible. Shareholders may also submit questions to the Company Secretary either in writing at the registered office or by email to ir@webisholdingsplc.com prior to the meeting and as early as possible.

Ordinary Business

1 To receive and adopt the report of the Directors and the accounts for the year ended 31 May 2023.

2 To re-elect as a director Edward Comins who retires by rotation and being eligible, offers himself for re-election in accordance with the Company's Articles of Association.

3 To reappoint KPMG Audit LLC as auditors and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions:

As an Ordinary Resolution

4 That the authority granted by special resolution to the Directors of the Company to allot relevant securities up to an amount equal to but not exceeding the authorised but unissued share capital of the Company for the time being which was passed at the Annual General Meeting of the Company held on 9 December 2002 be renewed pursuant to the power provided by Article 6(C) of the Company's Articles of Association, that such renewal of authority be for the exercise of that power generally and unconditionally and in all respects in the same terms as originally granted, and that such authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of passing of this resolution unless renewed, varied or revoked by the Company in General Meeting.

As a Special Resolution

5 The Directors of the Company be and they are hereby empowered pursuant to Article 8 of the Company's Articles of Association (the "Articles") to allot equity securities (as defined in Article 7(H) of the Articles) pursuant to the authority conferred on the Directors to allot relevant securities by Resolution 4 above as if Article 7(A) of the Articles did not apply to such allotment PROVIDED THAT this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities are issued proportionally (or as nearly as may be) to the respective number of ordinary shares held by such shareholders (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with issues arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or the fixing of exchange rates applicable to any such equity securities where such equity securities are to be issued to shareholders in more than one territory, or legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise howsoever);

(ii) the allotment of equity securities to holders of any options under any share option scheme of the Company for the time being in force, on the exercise by them of any such options; and

(iii) the allotment (otherwise than pursuant to paragraphs (i) or (ii) above) of equity securities up to a maximum aggregate nominal value equal to 50% of the issued ordinary share capital of the Company for the time being.

The power hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the date of passing of this resolution unless such power shall be renewed in accordance with and subject to the provisions of the said Article 8 of the Articles, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

As Ordinary Resolutions

6 That in accordance with Article 12 of the Company's Articles of Association and with Section 13 of the Companies Act 1992 the Company be generally and unconditionally authorised to make market purchases (as defined by Section 13(2) of the Companies Act 1992) of ordinary shares of 1 pence each in its capital, provided that:

(a) the maximum number of shares that may be acquired is 39,333,831;

(b) the minimum price that may be paid for the shares is 1 pence;

(c) the maximum price that may be paid is, for a share the Company contracts to purchase on any day, a sum equal to 105% of the average of the upper and lower quotations on the Daily Official List of the London Stock Exchange for the ordinary shares of the Company on the five business days immediately preceding that day; and

(d) the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this resolution unless renewed, varied, or revoked by the Company in General Meeting, but not so as to prejudice the completion of a purchase contracted before that date.

Notice of Meeting continued

As Ordinary Resolutions continued

7 That the Report of the Remuneration Committee be received and adopted.

By order of the Board

Katie Errock
Company Secretary
29 November 2023
Registered Office: Viking House
Nelson Street, Douglas
Isle of Man, IM1 2AH

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy the proxy form accompanying this notice. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed - or a notarially certified or office copy of such power or authority - must be lodged at the following postal address of the Company's registrars, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by hand, or sent by post, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).

3. Proxymity Voting - if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed to by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10 am on 26 January 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

4. The completion and return of a form of proxy, or the appointment of a proxy via Proxymity, will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.

5. In the case of a corporation, the form of proxy must be executed under its common seal, or the hand of an officer or attorney duly authorised.

6. A member may appoint a proxy of his or her own choice. If the name of the member's choice is not entered in the space provided on the form of proxy, the return of the form of proxy duly signed will authorise the chairperson of the meeting to act as that member's proxy.

7. To abstain from voting on a resolution, select the relevant 'withheld' box. A vote withheld is not a vote in law and will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

8. Pursuant to regulation 22 of the Uncertificated Securities Regulations 2005, the Company has specified that only those members entered on the register of members at 10 a.m. on 26 January 2024 shall be entitled to attend and vote at the meeting. Changes to the register after 10 a.m. on 26 January 2024 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

9. Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its Directors or other governing body authorising the appointment of the representative at the Company's registered office: Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH not later than 48 hours before the time appointed for the holding of the meeting.

Webis Holdings plc

Proxy Form

Proxy for use at the Annual General Meeting of the Company to be held at The Claremont Hotel, 18/19 Loch Promenade, Douglas, Isle of Man, on 30 January 2024 at 10 am.

I/We...

(Please insert full name(s) using block capitals)

being a member/member(s) of Webis Holdings plc, hereby appoint the Chairperson of the Meeting or failing him, **(see note 6)**

....

as my/our proxy to attend, speak and vote for me/us on my/our behalf as indicated below (or at his/her discretion in respect of any other resolution proposed at the Meeting) at the Annual General Meeting of the Company and at any adjournment thereof.

I/We direct my/our vote as indicated below in respect of the resolutions which are referred to in the Notice convening the Meeting (see note 1 below).

Ordinary business Ordinary resolutions	For	Against	Withheld
1. To receive and adopt the report of the directors and the accounts for the year ended 31 May 2023.			
2. To re-elect as a director Mr Edward Comins.			
3. To reappoint KPMG Audit LLC and authorise the directors to determine their remuneration.			
Special business Ordinary resolution			
4. To authorise the directors to allot relevant securities.			
Special resolutions			
5. To authorise the directors to allot equity securities upon a disapplication of pre-emption rights.			
Ordinary resolutions			
6. To authorise the directors to make market purchases of the Company's ordinary shares.			
7. To receive and adopt the Report of the remuneration committee.			

Dated this .... day of 2024

Signed ....

☐ Please tick here if you are appointing more than one proxy. ☐ Number of shares proxy appointed over.

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority must be lodged at the offices of the Company's registrars, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by hand, or sent by post, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).
3. Alternatively, if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed to by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io and refer to the notes to the Notice of Meeting.
4. The completion and return of a form of proxy, or the appointment of a proxy via Proxymity, will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.
5. In the case of a corporation, the form of proxy must be executed under its common seal, or the hand of an officer or attorney duly authorised.
6. A member may appoint a proxy of their own choice. If the name of the member's choice is not entered in the space provided on the form of proxy, the return of the form of proxy duly signed will authorise the chairperson of the meeting to act as that member's proxy.
7. To abstain from voting on a resolution, select the relevant 'withheld' box. A vote withheld is not a vote in law and will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
8. Pursuant to regulation 22 of the Uncertificated Securities Regulations 2005, the Company has specified that only those members entered on the register of members at 10 a.m. on 26 January 2024 shall be entitled to attend and vote at the meeting. Changes to the register after 10 a.m. on 26 January 2024 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative at the Company's registered office, Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH not later than 48 hours before the time appointed for the holding of the meeting.

webisholdings plc

Webis Holdings plc

Company Information

Directors
Denham Eke
Non-Executive Chairperson
Ed Comins
Managing Director
Richard Roberts
Independent Non-Executive Director
Katie Errock
Non-Executive Director

Company Secretary
Katie Errock

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IM1 2AH

Bankers
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St Mary's Court
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Douglas
Isle of Man
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Auditor
KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas, Isle of Man
IM1 1LA

Nominated Adviser and Broker
Beaumont Cornish Limited
Building 3, Chiswick Park
566 Chiswick High Road
London
W4 5YA

Legal Advisors
Long & Co Limited
Eyreton
Quarterbridge Road
Douglas
Isle of Man
IM2 3RF

UK Registrar
Link Asset Services
The Registry, 34 Beckenham Road
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BR3 4TU

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