

Sportingbet Holdings Limited

Company number: 07264739

Report and Financial Statements

Year ended 31 December 2019

SPORTINGBET HOLDINGS LIMITED
Contents for the year ended 31 December 2019

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SPORTINGBET HOLDINGS LIMITED
Board of Directors and professional advisors

Directors

R Hoskin
A Lewis

Registered office

3rd Floor, One New Change, London, EC4M 9AF

Company number

07264739

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

SPORTINGBET HOLDINGS LIMITED
Report of the Directors for the year ended 31 December 2019

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2019.

Directors

The Directors of the Company during the year were:

R Hoskin
A Lewis

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

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 and profit or loss of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPORTINGBET HOLDINGS LIMITED
Report of the Directors for the year ended 31 December 2019 (continued)

Directors' responsibilities (continued)

So far as each Director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Modern slavery

GVC Holdings PLC and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. The Group's full modern slavery statement can be found at <https://gvc-plc.com/corporate-responsibility/modern-slavery-statement/>.

Section 172 Statement

In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172(1)(a) to (f).

When making decisions throughout the year the directors have taken into consideration, and had regard to, the Company's shareholders, stakeholders, business relationships, reputation for high standards, the community and environment and the impact of the Board's decision making on the long term success of the business.

The Company is a wholly owned subsidiary of GVC Holdings PLC and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy and environmental and social responsibility set by the GVC group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the GVC group and are committed to driving further improvements in shareholder and stakeholder engagement.

The Company has no employees or direct customers.

The 2019 annual report and accounts for GVC Holdings PLC can be found here: <https://gvc-plc.com/wp-content/uploads/2020/04/GVC-2019-Annual-Report-and-Accounts.pdf>

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office following a resolution put to the shareholders at the Annual General Meeting.

On behalf of the Board



R Hoskin

Director

Date: 30 October 2020

SPORTINGBET HOLDINGS LIMITED
Strategic report for the year ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is that of a holding company within the GVC Holdings PLC Group.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit (2018: profit) for the year. The Directors did not recommend the payment of a dividend in the current or the preceding year.

Trading Review

The financial performance highlights for the year ended 31 December 2019 are as follows:

- Operating loss was £4,000 (2018: profit of £13,000)
- Loss before and after tax for the year ended 31 December 2019 of £4,000 (2018: profit of £13,000)

Future Developments

The Directors do not anticipate any changes to the Company in the forthcoming financial year.

On behalf of the Board



R Hoskin

Director

Date: 30 October 2020

Independent auditor's report to the members of Sportingbet Holdings Limited (continued)

Opinion

We have audited the financial statements of Sportingbet Holdings Limited (“the company”) for the year ended 31 December 2019 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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 in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of assets, and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

SPORTINGBET HOLDINGS LIMITED

Independent auditor's report to the members of Sportingbet Holdings Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 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 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.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the 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 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 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 financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

St Nicholas House

Park Row

Nottingham

NG1 6FQ

5 November 2020

SPORTINGBET HOLDINGS LIMITED**Statement of profit or loss and other comprehensive income for the year ended 31 December 2019**

| | Note | Year ended 31 December 2019 £000s | Year ended 31 December 2018 £000s |
|---|------|--|--|
| Administrative (expense)/income | | (4) | 13 |
| Operating (loss)/profit | 2 | (4) | 13 |
| Other income | | - | - |
| (Loss)/profit on ordinary activities before and after taxation 3 | | (4) | 13 |
| Other comprehensive income | | - | - |
| Total comprehensive (loss)/income for the year | | (4) | 13 |

All amounts relate to continuing activities.

The notes on pages 10 to 14 form part of these financial statements.

SPORTINGBET HOLDINGS LIMITED
Company number: 07264739
Balance sheet at 31 December 2019

| | | 2019 | 2018 |
|---|---|-----------------|-----------------|
| Fixed assets | | | |
| Investments | 4 | 87 | 87 |
| Current assets | | | |
| Debtors | 5 | 73,134 | 73,137 |
| Cash at bank | | - | 1 |
| | | <u>73,134</u> | <u>73,138</u> |
| Creditors: amounts falling due within one year | 6 | (126,579) | (126,579) |
| | | <u>(53,445)</u> | <u>(53,441)</u> |
| Total net current liabilities | | | |
| | | <u>(53,358)</u> | <u>(53,354)</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | 2,469 | 2,469 |
| Share premium | | 13,727 | 13,727 |
| Profit and loss account | | (69,554) | (69,550) |
| | | <u>(53,358)</u> | <u>(53,354)</u> |
| Shareholders' deficit | | | |
| | | <u>(53,358)</u> | <u>(53,354)</u> |

The financial statements were approved by the Board and authorised for issue and signed on their behalf by



R Hoskin
 Director

Date: 30 October 2020

The notes on pages 10 to 14 form part of these financial statements.

SPORTINGBET HOLDINGS LIMITED

Company number: 07264739

Statement of changes in equity for the year ended 31 December 2019

| | Share capital | Share premium | Profit and loss account | Total |
|----------------------------|----------------------|----------------------|--------------------------------|-----------------|
| | £000s | £000s | £000s | £000s |
| Balance at 1 January 2018 | 2,469 | 13,727 | (69,563) | (53,367) |
| Profit for the year | - | - | 13 | 13 |
| At 1 January 2019 | 2,469 | 13,727 | (69,550) | (53,354) |
| Loss for the year | - | - | (4) | (4) |
| At 31 December 2019 | 2,469 | 13,727 | (69,554) | (53,358) |

The notes on pages 10 to 14 form part of these financial statements.

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the listing of new and revised standards that have not been adopted, financial instruments, fair values, presentation of a cash flow statement and related party transactions.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Under the provision of section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements and has not done so; therefore the financial statements show information about the Company as an individual entity.

The following principal accounting policies have been applied:

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.

Cash flow statement

The Company is exempt from the requirement under IAS 7 "Statement of Cash Flows" to prepare a cash flow statement as its cash flows are consolidated in the financial statements of GVC Holdings PLC which are publicly available.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for impairment. Only dividends received and receivable are credited to the Company's Profit and loss account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed by the balance sheet date, except for deferred tax assets which are only recognised to the extent that they have either been agreed with the relevant tax authority and/or the Company anticipates making sufficient suitable taxable profits in the near future. Deferred tax balances are not discounted.

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial assets are initially measured at fair value adjusted by transaction costs and classified as loans and receivables. Financial assets are subject to annual impairment review at least at each reporting date.

Significant judgements

In the application of the accounting policies, which are detailed in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of investments

Determining whether investments in subsidiaries are impaired requires an assessment of impairment indicators and, if indicators exist, and estimation of their recoverable amounts. The calculation of recoverable amount requires the entity to estimate the future cash flows expected to arise from the investments and select a suitable discount rate in order to calculate present value.

2 Operating profit

| | Year ended 31 December 2019 £000s | Year ended 31 December 2018 £000s |
|--|--|--|
| This has been arrived at after charging / (crediting): | | |
| Auditor remuneration | - | 5 |
| Foreign exchange gain | 4 | (17) |
| | <u> </u> | <u> </u> |

The audit fee in the year was borne by the ultimate parent company.

Directors were remunerated through other group entities in the current and preceding year.

SPORTINGBET HOLDINGS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2019 (*continued*)**3 Taxation**

| | Year ended 31 December 2019 £000s | Year ended 31 December 2018 £000s |
|---|--|--|
| <i>Current tax</i> | | |
| UK corporation tax on profit for the year | - | - |
| | <u> </u> | <u> </u> |

The tax assessed for the year is lower than (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

| | Year ended 31 December 2019 £000s | Year ended 31 December 2018 £000s |
|---|--|--|
| (Loss)/profit on ordinary activities before tax | (4) | 13 |
| | <u> </u> | <u> </u> |
| (Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%) | (1) | 2 |
| Effects of: | | |
| Losses surrendered/(utilised) | 1 | (2) |
| | <u> </u> | <u> </u> |
| Current tax charge for the year | - | - |
| | <u> </u> | <u> </u> |

SPORTINGBET HOLDINGS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2019 *(continued)***4 Investments****Shares in
subsidiary
undertakings
£000s**

At 1 January 2019 and 31 December 2019

87

The Company held 100% of the issued ordinary share capital of the following subsidiary undertakings at 31 December 2019.

| Subsidiary | Activity | Country of incorporation or registration |
|---|---|---|
| <i>Direct subsidiaries:</i> | | |
| Interactive Sports (C.I.) Limited | Online betting | Alderney |
| Interactive Sports Limited | Online betting | England and Wales |
| Sporting Odds Limited | Online betting | England and Wales |
| Sportingbet (IT Services) Limited | Software development and IT related services | England and Wales |
| Sportingbet (Management Services) Limited | Administrative services | England and Wales |
| Sportingbet (Product Services) Limited | Market research, project management and web design services | England and Wales |
| Green Sand Limited | Online betting | Antigua and Barbuda |
| MLB Limited | Contract call centre | Ireland |
| Sportingbet Spain S.A. | Online betting | Spain |
| Javari Consultancy Services SL | Marketing services | Spain |
| Main Street 1013 Pty Limited | Administrative services | South Africa |
| <i>Indirect subsidiaries:</i> | | |
| 6996825 Canada Limited | Dormant | Canada |
| Interactive Sports Denmark ApS | Administrative services | Denmark |
| Longfrie Limited | Administrative services | Guernsey |
| Interactive Sports Asia Limited Inc | Administrative services | Philippines |
| Scandic Bookmakers Limited | Administrative services | Malta |

For all undertakings listed above, the country of incorporation is the same as the country of operation.

SPORTINGBET HOLDINGS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2019 *(continued)***5 Debtors**

| | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| | £000s | £000s |
| Amounts owed by group undertakings | 73,134 | 73,137 |

Amounts owed by group undertakings are repayable on demand and are non-interest bearing.

6 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|----------------|----------------|
| | £000s | £000s |
| Amounts owed to group undertakings | 126,574 | 126,569 |
| Accruals | 5 | 10 |
| | <u>126,579</u> | <u>126,579</u> |

Amounts owed to group undertakings are repayable on demand and are non-interest bearing.

7 Share capital

| | 2019 | 2018 |
|---------------------------------|--------------|--------------|
| | £000s | £000s |
| Allotted, issued and fully paid | | |
| 246,926,301 ordinary 1p shares | <u>2,469</u> | <u>2,469</u> |

8 Related party transactions

The Company has taken advantage of the exemption in FRS 101 “Reduced Disclosure Framework” from the requirement to disclose transactions with Group companies on the grounds that the Company is a wholly owned subsidiary and publicly available consolidated financial statements are prepared by the ultimate parent company.

9 Parent company and ultimate parent company

The Company’s immediate parent company is Sportingbet Limited, a company incorporated in England and Wales. The ultimate parent company is GVC Holdings PLC, a company incorporated in the Isle of Man. Copies of the Group accounts prepared by the ultimate parent company are available from 32 Athol Street, Douglas, Isle of Man, IM1 1JB or from the Investor Relations section of the Company’s website at www.gvc-plc.com.

10 Subsequent events

Since the year end the World Health Organisation declared a global pandemic following the Covid-19 outbreak leading to a number of countries around the world moving into a status of lockdown and preventing in certain cases any continuation of trade. This has had an impact on the GVC Holdings PLC group as it means a number of sporting events around the world have been halted. The Company’s risks in this respect are aligned to that of the group.

Given the Company does not trade there has been no noticeable impact to the Company during the pandemic.

The Group has assessed the impact of the Covid-19 outbreak on the business and has revised its cash flow forecasts for 2020 and 2021 to take account of the consequent reduction in profits and net cash inflows. The revised forecasts indicate that the group will remain within its present bank facilities and will continue to be able to pay its liabilities as they fall due.