

Company Registration No. 03534726 (England and Wales)

SPORTINGBET LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



Sportingbet Limited
Directors and advisors

Directors	A Lewis W Longton C Sutters S Smith
Registered office	3 rd Floor One New Change London EC4M 9AF
Company number	03534726
Solicitors	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London, EC1Y 4AG
Statutory auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

Sportingbet Limited

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Sportingbet Limited
Strategic Report
For the year ended 31 December 2019

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is an intermediary holding company within the GVC Holdings PLC group.

Results and dividends

The Profit and loss account is set out on page 6 and shows the profit for the year. No dividends were paid or declared in the current or preceding year.

Trading review

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

- Operating profit £2,607,000 (2018: £329,000).
- Loss after tax of £40,613,000 (2018: profit of £1,352,000).
- Net assets at year-end of £38,418,000 (2018: £79,031,000).

Principal Risks and Uncertainties

The Directors consider the risks detailed below as inherent to the Company:

Economic Risk

The risk of foreign exchange losses, increased interest rates and or inflation having an adverse impact on served markets.

Financial Risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.

The Company has no other significant risks or uncertainties other than those that arise from being a part of the GVC Holdings PLC. The significant risks or uncertainties, including the Company's exposure to financial risk management and those arising from Brexit are dealt with on pages 57 to 62 presented in the Annual Report 2019 of GVC Holdings PLC.

On behalf of the Board



S Smith
Director
Company number: 03534726
Date: 30 October 2020

Sportingbet Limited
Directors' Report
For the year ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019 for Sportingbet Limited.

Directors

The Directors who held office during the year were:

A Lewis
W Longton
C Sutters (appointed 31 October 2019)
S Smith (appointed 31 October 2019)

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' Responsibility Statement

The Directors are responsible for preparing the Directors' Report, the Strategic Report 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The Directors confirm that:

- 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.

Sportingbet Limited

Directors' Report

For the year ended 31 December 2019

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/>.

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.

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>

On behalf of the Board



S Smith

Director

Company number: 03534726

Date: 30 October 2020

Independent auditor's report to the members of Sportingbet Limited

Opinion

We have audited the financial statements of Sportingbet 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.

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 Limited

Independent auditor's report to the members of Sportingbet Limited

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 Limited

Statement Of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Notes	£000s	£000s
Administrative (expense)/income		(390)	329
Income from investments		2,997	-
Profit on ordinary activities before taxation		2,607	329
Write off of investments	2	(42,612)	-
(Loss)/profit before tax		(40,005)	329
Tax on (loss)/profit on ordinary activities	5	(608)	1,023
(Loss)/profit for the financial year		(40,613)	1,352
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		(40,613)	1,352

All amounts relate to continuing activities.

The notes on pages 11 to 15 form an integral part of these financial statements.

Sportingbet Limited
Balance Sheet at 31 December 2019
Company No. 03534726

		At 31 December 2019	At 31 December 2018
	Notes	£000s	£000s
Fixed Assets			
Investments	2	2,000	44,612
Current assets			
Debtors	6	62,272	61,163
Cash		50	-
		<u>62,322</u>	<u>61,163</u>
Creditors: amounts falling due within one year	7	(25,904)	(26,744)
Net current assets		<u>36,418</u>	<u>34,419</u>
Net Assets		<u>38,418</u>	<u>79,031</u>
Capital and reserves			
Called up share capital	8	667	667
Other reserves		62,309	62,309
Profit and loss account		(24,558)	16,055
Total shareholders' funds		<u>38,418</u>	<u>79,031</u>

The financial statements on pages 8 to 15 were approved by the Board of Directors and were signed on their behalf by:



S Smith
 Director
 Date: 30 October 2020

Sportingbet Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital £000s	Other reserves £000s	Profit and loss account £000s	Total £000s
Balance at 1 January 2018	667	62,309	14,703	77,679
Profit for the year	-	-	1,352	1,352
At 1 January 2019	667	62,309	16,055	79,031
Loss for the year	-	-	(40,613)	(40,613)
At 31 December 2019	667	62,309	(24,558)	38,418

The notes on pages 11 to 15 form an integral part of these financial statements.

Sportingbet Limited
Notes to 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 Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates 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, except, where the transaction is settled at a contracted rate, the contracted rate is used.

Cash flow statement

The Company is a wholly owned subsidiary of GVC Holdings PLC and is included in the consolidated financial statements of GVC Holdings PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement.

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.

Going concern

The accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2019

2. Investments

Investments in subsidiaries are recognised at cost less any impairment.

	Investments
	£000s
Cost	
At 1 January 2019 and 31 December 2019	44,612
Impairment provision	
At 1 January 2019	-
Provided in the year	<u>(42,612)</u>
At 31 December 2019	<u>(42,612)</u>
Net Book Value	
At 31 December 2018	<u>44,612</u>
At 31 December 2019	<u>2,000</u>

During the year the Company performed a review of its investments and noted the requirement for an impairment of £42,612,000 (2018: £nil).

An impairment loss is recognized for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use where the investment is considered a single cash generating unit.

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006. In the opinion of the directors, the value of the subsidiary companies is not less than the amount at which they are stated in the financial statements.

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2019

2. Investments (continued)

The following subsidiaries were wholly owned at 31 December 2019:

<u>Company</u>	<u>Country of Incorporation</u>	<u>% owned</u>	<u>Activity</u>
<i>Direct investments:</i>			
Spread Your Wings Germany Limited	Malta	99%	Online betting
Corvee Limited	Guernsey	100%	Administrative services
Sportingbet Holdings Limited	England	100%	Holding company
Portman Road Limited	British Virgin Islands	100%	Dormant
SBT Software Operations (SA) (Pty) Limited	South Africa	100%	Online betting
<i>Indirect investments:</i>			
Interactive Sports Limited	England	100%	Online betting
Sportingbet (Management Services) Limited	England	100%	Administrative services
Sportingbet (IT Services) Limited	England	100%	Software development and IT related services
Sportingbet (Product Services) Limited	England	100%	Project management and web design services
Sporting Odds Limited	England	100%	Online betting
M.L.B. Limited	Ireland	100%	Contract call centre
Green Sand Limited	Antigua and Barbuda	100%	Online betting
Main Street 1013 Pty Limited	South Africa	100%	Administrative services
Sportingbet Spain S.A.	Spain	100%	Online betting
Interactive Sports C.I. Limited	Alderney	100%	Online betting
Interactive Sports Denmark ApS	Denmark	100%	Administrative services
Longfrie Limited	Guernsey	100%	Administrative services
Interactive Sports Asia Limited Inc	Philippines	100%	Administrative services
Scandic Bookmakers Limited	Malta	100%	Administrative services
Javari Marketing Consultancy Services S.L	Spain	100%	Marketing and web design services

3. Staff Costs

The average monthly number of employees (including Directors) during the year was:

	2019	2018
Board	3	3

Directors are remunerated through other group entities.

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2019

4. Operating profit

The operating profit is stated after charging/(crediting):

	Year ended 31 December 2019	Year ended 31 December 2018
	£000s	£000s
Foreign exchange movement	376	(1,501)
Auditor's remuneration	5	5

5. Taxation

	Year ended 31 December 2019	Year ended 31 December 2018
	£000s	£000s
Current taxation (credit)/charge	608	(1,023)
	608	(1,023)

The tax charge for the year is different from that which would result from applying the standard rate of corporation tax of 19% (2018: 19.00%). A reconciliation is shown below:

	Year ended 31 December 2019	Year ended 31 December 2018
	£000s	£000s
(Loss)/profit before tax	(40,005)	329
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 19% (2018: 19.00%)	(7,601)	63
Non-deductible expenditure	8,096	5
Non-taxable income	(569)	(69)
Utilisation of tax losses	-	-
Tax losses surrendered to group entities	74	1
Overseas tax (receivable)/payable	608	(1,023)
Tax charge/(credit)	608	(1,023)

6. Debtors

	31 December 2019	31 December 2018
	£000s	£000s
Corporation tax	-	272
Amounts owed by group undertakings	62,272	60,885
Prepayments	-	1
Vat receivable	-	5
	62,272	61,163

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

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2019

7. Creditors: amounts falling due within one year

	31 December 2019	31 December 2018
	£000s	£000s
Amounts owed to group undertakings	25,529	26,730
Corporation tax	290	-
Other creditors	80	4
Accruals	5	10
	25,904	26,744

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

8. Share capital

	31 December 2019	31 December 2018
	£000s	£000s
Authorised		
100m ordinary shares at 1p each	1,000	1,000
Allotted, called up and fully paid	667	667

9. Related party transactions

The Company has taken advantage of exemptions under FRS 101 "Reduced Disclosure Framework" not to disclose transactions between group companies which are 100% owned. Amounts owed by and to related parties are disclosed in notes 6 and 7 respectively.

10. Ultimate parent undertaking

The immediate parent undertaking and ultimate controlling party is GVC Holdings PLC, a company incorporated in The Isle of Man. Copies of the financial statements of GVC Holdings PLC can be obtained from the Company Secretary at the Company's registered office at 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.

11. 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 is a holding company 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.