

Gamesys Limited

Report and Financial Statements

Period Ended

31 December 2019

Company Number 04042931

Gamesys Limited

Report and financial statements For the 9-month period ended 31 December 2019

Contents

Page:

1	Strategic report
4	Report of the directors
7	Independent auditor's report
10	Statement of comprehensive income
11	Balance sheet
12	Statement of changes in equity

Directors

Lee Fenton
Robeson Reeves
Neil Goulden
Daniel Talisman

Secretary and registered office

John Rowland – Jones
4th Floor, 10 Piccadilly, London W1J 0DD

Company number

04042931

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Gamesys Limited

Strategic report For the 9-month period ended 31 December 2019

The directors present their strategic report for the 9 months period ended 31 December 2019.

Review of the business

The company's principal activities during the period were the development of gaming software platform and licencing to group and external companies operating online gaming websites.

Group reorganisation and sale

On 18th and 19th September 2019, Gamesys Jersey Limited and its subsidiary undertakings (including Gamesys Limited) carried out a multi-stage corporate reorganisation to prepare for the sale of Gamesys Jersey Limited and certain of its subsidiary undertakings, assets and liabilities to JPJ Group plc (now renamed Gamesys Group plc, hereinafter referred to as Gamesys Group), a transaction which completed on 26th September 2019.

Pursuant to such corporate reorganisation, Anzo Group Limited, a company incorporated in Jersey, was inserted as a new holding company of Gamesys Jersey Limited through a share for share exchange. In addition, the assets and liabilities of Gamesys Jersey Limited and its subsidiary undertakings which related to online sports betting and data markets and to a games studio and supply business relating to slots and casino were reorganised to form two distinct groups of subsidiary undertakings (Livescore Group Limited and Roxor Gaming Limited) which was subsequently disposed by Gamesys Jersey Limited to Anzo Group Limited by way of dividend.

Following a share reorganisation of Anzo Group Limited, Gamesys Jersey Limited and its remaining subsidiary undertakings were then demerged pursuant to which the shares in Gamesys Jersey Limited were transferred to Gamesys Group (Holdings) Limited, a company incorporated in Jersey, following which ownership of the entity transferred to Gamesys Group plc on 26 September 2019.

Results and performance

A summary of the Company's results is provided in the Statement of Comprehensive Income on page 9 of the financial statements and is in line with directors' expectations.

The Company recognised revenue of £48.3m (March 2019 £62.2m) in the 9 (March 2019 – 12) month period then ended, which is broadly in line on a like-for-like basis. The profit before tax totalled £51.6m (March 2019 - £85.7m) in the period.

These results included £68.0m (March 2019 - £77.7m) arising from dividends received from subsidiaries, and £4.6m in the comparative period arising on the sale of social operations.

The Company ended the period with net assets of £13.8m (March 2019 - £133.1m) including cash of £1.2m (March 2019 - £8.0m). As part of the Group reorganisation described above, the Company disposed of assets relating to LiveScore Group Limited and Roxor Gaming Limited by way of dividend totalling £135.4m and £27.7m respectively (see note 26). The Company also paid non-cash dividends of £10m to its immediate parent company.

Business model

The online gaming markets in which we operate remain highly competitive. These markets are highly regulated, and we adopt a fully compliant and lawful approach to our operations within them.

Strategy

Against a challenging environment, we aim to grow by continuously providing our customers with innovative games and pursuing our current excellence in technology, marketing, product development and customer service.

Gamesys Limited

Strategic report For the 9-month period ended 31 December 2019

Principal risks and uncertainties

The online gaming industry remains competitive. To mitigate this risk, the Company continues to introduce new innovative products, expand its distribution channels and provide high levels of customer service. The regulation of the online gaming industry continues to evolve. The Company complies with all gaming regulations and maintains an in house legal and regulatory team to monitor changes and compliance. Like all companies, the Company and wider group has been impacted by the COVID-19 pandemic, and the directors continue to monitor the impact and any potential disruption on the Group. The Company continues to monitor current events and consider the impact on future periods.

The principal risks and uncertainties are aligned to the principal risks and uncertainties disclosed by Gamesys Group, as included in the 2019 annual report and updated in the 2020 interim results, available at the following websites:

- www.gamesysgroup.com/investors/financial-reports-and-presentations/annual-reports/
- www.gamesysgroup.com/media/1669/gamesys-plc-h1-2020-results.pdf.

Future Developments and going concern

The Company continues to invest in its online gaming platform software to sustain future growth and enhance player experience. Since year end the business has also been impacted by the COVID-19 pandemic, see disclosure in the directors report and note 24.

The Company is the 100% subsidiary of a profitable operating group headed by Gamesys Group Plc, with net assets in excess of £464m at 31 December 2019. The directors have performed a robust going concern assessment, alongside the wider Gamesys Group plc and its profitable subsidiary group headed by Gamesys Limited, including assessment of the impact of COVID-19, and concluded the Company is a going concern.

Section 172 statement

We value the opinions of our stakeholders, actively engage with them and respond to their priorities. The importance we attribute to this is reflected in the Company purpose, which conveys our aspirations to always put the player first, and we embed this through our Gamesys DNA.

The Company directors understand their responsibility to act in ways that promote the success of the Company and apply due regard to the views of all key stakeholder groups – investors, employees, players, partners, government/regulators and society. Feedback from engagements is used to guide the strategic direction of the Company. With three of the four Company directors also being directors of Gamesys Group plc, and the majority of key strategic decisions taking place at the group level, Gamesys Group plc's section 172 statement applies to the Company to the extent it relates to the Company's activities (the Groups section 172 statement can be found in the [Gamesys Group Annual Report 2019](#)). Common policies and practices are applied throughout the Group and a common governance framework. The following disclosure describes how the Directors have had regard to the matters set out in section 172(1a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

Gamesys Limited

Strategic report For the 9-month period ended 31 December 2019

Section 172 statement (contd)

	Strategic issue	Engagement	Outcome
Investors	Shareholder returns and ESG ('environment, social and governance') performance.	Pre and post the Gamesys Acquisition - Direct interactions between shareholders and the board.	Agreement to proceed with acquisition by JPJ Group plc (now Gamesys Group plc). Entry to the FTSE4Good Index. Enhancements to ESG reporting.
Employees	Organisation culture and job satisfaction.	Engagement survey. Quarterly internal presentations. Employee Voice representative. Roundtables.	Rapid and successful integration following the acquisition by JPJ Group plc (now Gamesys Group plc). Collaborative employee/management development of new Group and Company purpose and DNA.
Players	Player satisfaction and net promoter score.	Player satisfaction survey. Online research community of circa 9,000 players ('VoiceBox'). Focus groups. Chat rooms.	Feedback is continually used to shape and hone product offering and development. Safe playing environment. Legal and ethical operation.
Partners	Industry and operational success.	Industry working groups. Supplier account meetings. Research partnerships. Charity partnerships.	Responsible gambling. Charity support.
Government & regulators	Compliance and responsible gambling.	Compliance and reporting meetings. Regulatory body working groups. Participation in Government initiatives e.g., GAMSTOP.	On-going compliance with all applicable regulatory standards. The Group becoming a Category A member of the Betting and Gaming Council (BGC) and using this to drive industry best practice and government engagement.
Society	Operating responsibly	Press coverage. Social media. Local community interactions.	Sustainability is one of the core business strategic pillars. Establishment of new Group board-level ESG Committee and the Gamesys Foundation.

Approval

This Strategic Report was approved on behalf of the Board on 30 March 2021

DocuSigned by:

 63F99FBDDBF4ED...
 Lee Fenton
 Director

Gamesys Limited

Report of the directors For the 9-month period ended 31 December 2019

The directors present their report together with the audited financial statements of the company for the 9-month period ended 31 December 2019.

Dividends and distributions

Interim Dividends of £173,080,759 (March 2019 - £57,000,000) were paid to Gamesys Jersey Ltd (previously Gamesys (Holdings) Ltd), the parent company. No final dividend is proposed.

Directors

The directors of the company throughout the period and to the date of this report were:

Noel Hayden (Resigned 26th September 2019)
Michael Mee (Resigned 26th September 2019)
Lee Fenton
Phillip Graham (Resigned 26th September 2019)
Robeson Reeves
Neil Goulden (Appointed 11th October 2019)
Daniel Talisman (Appointed 11th October 2019)

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Gamesys Limited.

Donations

During the period the company made donations to gambling charities of £437,000 (31 March 2019 - £367,695). There were no political contributions in either period.

Financial risk management and financial instruments

Following the acquisition, the Company manages its capital requirements and liquidity as part of the wider Gamesys Group. The Company manages liquidity risk by monitoring actual and forecasted cash flows in comparison with the maturity profiles of financial assets and liabilities.

Credit risk

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives regular forecasts for coming periods as well as information regarding cash balances. At the end of the financial period, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Foreign exchange risk

Foreign exchange risk arises when individual Company entities enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow company entities to settle liabilities denominated in their functional currency (primarily Euro, US dollar or Pound Sterling) with the cash generated from their own operations in that currency. Where company entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company.

Gamesys Limited

Report of the directors For the 9-month period ended 31 December 2019 (*continued*)

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Company, of liabilities due for settlement and expected cash reserves.

Post balance sheet events

Material post balance sheet events are disclosed in note 24 of the financial statements.

Likely future developments in the business of the company

Information on likely future developments have been included in the Strategic Report on page 1.

Research and development

The Company continues to invest in research and development. This has resulted in improvements in its products which will benefit the company in the medium to long term. The policy regarding such costs is to expense these as they occur.

Existence of branches of the company outside of the United Kingdom

The company has no branches outside of the United Kingdom.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Employee involvement

The Company maintains a HR intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the Company also undertakes an annual staff survey to canvas views on significant matters.

The Company became a member of the Gamesys Group in the year. Employee engagement and how the directors have considered employee interests is included as part of the Gamesys Group 2019 annual report available on the website <https://www.gamesysgroup.com/investors/financial-reports-and-presentations/annual-reports/>.


Prior to the acquisition of the company by Gamesys Group, the previous directors undertook extensive group wide employee engagement on the effects of the transaction and the wider restructure discussed above.

Auditors

All of the directors as at the date of this report 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 not aware of any relevant audit information of which the company's auditor is unaware.

Approval

This Directors' Report was approved on behalf of the Board on ³⁰March 2021

DocuSigned by:

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Lee Fenton
Director

Gamesys Limited

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Company and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and company and of the profit or loss of the Company for that period.

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.

Gamesys Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GAMESYS LIMITED

Opinion

We have audited the financial statements of Gamesys Limited ("the Parent Company") and its subsidiaries ("the Company") for the period ended 31 March 2019 which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company balance sheet, the Consolidated and Company statements of changes in equity the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's and of the Parent Company's affairs as at 31 March 2019 and of the Company's profit for the period then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Gamesys Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, 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.

Responsibilities of Directors

As explained more fully in the Report of the directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's and the Parent 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 the Directors either intend to liquidate the Company or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

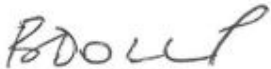
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Gamesys Limited

Independent auditor's report (*continued*)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date: 31 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Gamesys Limited

Statement of Comprehensive Income For the 9-month period ended 31 December 2019

	Note	9 months to December 2019 £	12 months to March 2019 £
Turnover	3	48,288,507	62,241,226
Distribution costs		(301,343)	(633,483)
Administrative expenses		(64,378,388)	(58,036,919)
Impairment of fixed asset	12	-	(126,279)
Profit on disposal of operations	25	-	4,580,652
		_____	_____
Operating (loss) / profit	4	(16,391,224)	3,444,545
		_____	_____
Finance and other income	7	67,980,765	77,674,561
		_____	_____
Profit on ordinary activities before taxation		51,589,541	85,699,758
Taxation on profit on ordinary activities	8	(1,156,966)	(2,868,649)
		_____	_____
Profit and total comprehensive income for the financial period		50,432,575	82,831,109
		=====	=====

The notes on pages 13 to 29 form part of these financial statements.

Gamesys Limited

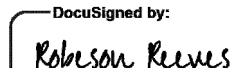
Balance sheet at 31 December 2019

<i>Company number 04042931</i>	Note	Dec 2019	Dec 2019	Mar 2019	Mar 2019
		£	£	£	£
Fixed assets					
Intangible assets	10		580		26,879
Tangible assets	11		5,145,060		6,053,474
Investments	12		62,054		2,665,291
			<hr/>		<hr/>
			5,207,694		8,745,644
Current assets					
Debtors – due within one year	13	26,357,684		132,939,808	
Debtors – due after more than one year	13	-		614,640	
Deferred tax asset	16	496,966		1,653,932	
Cash at bank and in hand		1,177,512		8,004,063	
		<hr/>		<hr/>	
		28,032,162		143,212,443	
Creditors: amounts falling due within one period	14	(19,455,749)		(16,204,741)	
		<hr/>		<hr/>	
Net current assets			8,576,413		127,007,702
			<hr/>		<hr/>
Total assets less current liabilities			13,784,108		135,753,346
Creditors: amounts falling after more than one period	14		-		(2,667,751)
			<hr/>		<hr/>
Net assets			13,784,107		133,085,595
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	18		1,676		1,676
Capital redemption reserve	19		200		200
Share premium			5,363,084		5,363,084
Other reserves	19		4,974,324		1,627,628
Profit and loss account			3,444,823		126,093,007
			<hr/>		<hr/>
Shareholders' funds			13,784,107		133,085,595
			<hr/> <hr/>		<hr/> <hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021

DocuSigned by:

 63E99FBDDDBF4ED...
 Lee Fenton
 Director

DocuSigned by:

 FEED117P0086475
 Robeson Reeves
 Director

The notes on pages 13 to 29 form part of these financial statements.

Gamesys Limited

Statement of changes in equity For the 9-month period ended 31 December 2019

	Note	Share capital £	Share premium £	Capital redemption Reserve £	Other reserves (note 22) £	Profit and loss account £	Total equity £
At 1 April 2018		1,676	5,363,084	200	222,286	100,039,613	105,626,859
Profit for the period		-	-	-	-	82,831,108	82,831,108
Capital contribution	22				1,627,628	-	1,627,628
Transfer		-	-	-	(222,286)	222,286	-
Total comprehensive income for the period		-	-	-	1,405,342	83,053,394	84,458,736
Equity dividends paid	10	-	-	-	-	(57,000,000)	(57,000,00)
At 31 March 2019		1,676	5,363,084	200	1,627,628	126,093,007	133,085,595
At 1 April 2019		1,676	5,363,084	200	1,627,628	126,093,007	133,085,595
Profit for the period		-	-	-	-	50,432,575	50,432,575
Capital contribution	22				3,346,696	-	3,346,696
Total comprehensive income for the period		-	-	-	3,346,696	50,432,575	53,779,271
Equity dividends paid	10	-	-	-	-	(173,080,759)	(173,080,759)
At 31 December 2019		1,676	5,363,084	200	4,974,324	3,444,823	13,784,107

The notes on pages 13 to 29 form part of these financial statements.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019

1 Accounting policies

Gamesys Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The Company has adopted the 2018 triennial changes to FRS 102 in the previous period, which had no impact on adoption.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates which are summarised in note 2. It also requires Company management to exercise judgement in applying the Company's accounting policies.

No cash flow statement has been presented as the Company is a member of a group where the ultimate parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation.

The Company has shortened its accounting period to 31 December 2019 to align the closing with its ultimate parent Company and as a result the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

The following principal accounting policies have been applied:

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company is the 100% subsidiary of a profitable operating company headed by Gamesys Company Plc, with net assets in excess of £464 million at 31 December 2019.

Further to note 24, there is no significant doubt about the entity's ability to continue as a going concern and the company therefore continues to adopt the going concern basis in preparing its financial statements.

Consolidation

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Gamesys Limited is a wholly owned subsidiary of Gamesys Group PLC and the results of the company are included in the consolidated financial statements of Gamesys Group PLC which are available from the group's website (www.gamesysgroup.com).

Where required, equivalent disclosures are given in the group accounts of Gamesys Group plc.

Turnover

Revenue derived from the provision of software and other support services are recognised as the service is delivered, net of VAT.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

Intangible assets

Intangible fixed assets relate internet domain names, the estimated useful life is three years.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Land is not depreciated. The estimated useful lives range as follows:

Leasehold improvements	-	Over the term of the lease
Freehold property	-	Over 50 years
Fixtures and fittings; Computer equipment and software	-	2-3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less impairment. Investments where there is no significant influence or control are held at fair value through the income statement.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Foreign currency transactions

Foreign currency transactions are translated into the Company entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Share-based payments

Where share options are awarded to employees of the Company, either by the Company or its parent company, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

The charge in relation to share options awarded to employees of the Company by its parent company is calculated by management of the parent company and recorded in the Company as a capital contribution. Judgement is required whether it is probable the option will vest, see note 26.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Pension costs and holiday pay accruals

Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the period in which they become payable.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

Financial assets

Financial assets, excluding contingent consideration receivable, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Investments in unlisted equity instruments are measured on recognition at fair value, and subsequently measured at fair value at each reporting date or cost less impairment where their fair value cannot be reliably determined. Any gains or losses on re-measurement are recognised in the income statement.

Contingent consideration receivable is measured on recognition at fair value, and subsequently re-measured at fair value at each reporting date. Any gains or losses on re-measurement are recognised through the statement of comprehensive income as finance income or expense.

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form, they are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital contribution reserve reflects share-based payments issued by the parent entity where the service is performed by employees of the company.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and distributions.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

2 Key estimates and judgements

Key sources of estimation uncertainty

- Reviewed whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Intangible fixed assets including goodwill are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors.
- Determining whether the recognition of deferred tax assets is permitted based on the expected future performance of the Company and ability to utilise the asset.

3 Analysis of Turnover

	9 months to December 2019	12 months to March 2019
	£	£
Analysis of turnover by country of destination:		
Gibraltar	31,476,319	38,573,305
United Kingdom	112,463	990,949
Bahamas	14,348,091	19,948,811
Rest of the World	2,351,634	2,728,161
	<hr/>	<hr/>
	48,288,507	62,241,226
	<hr/>	<hr/>
Analysis by class of business:		
Software and other support services	48,013,227	61,948,748
Other income	275,280	292,477
	<hr/>	<hr/>
	48,288,507	62,241,226
	<hr/>	<hr/>

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (continued)

4 Operating (Loss) / Profit

	9 months to December 2019	12 months to March 2019
	£	£
The operating profit is stated after charging:		
Depreciation	1,511,688	2,286,190
Amortisation	105,850	316,498
Impairment of investment (see note 15)	-	126,279
Fees payable to the company's auditors for the audit of the company's financial statements	37,695	46,665
Fees payable to the company's auditors and its associates for other services:		
- Tax compliance services	22,350	30,250
- Other services	522,998	395,011
Foreign exchange loss	69,611	24,923
Operating lease rentals - land and buildings	1,711,650	2,435,544
	<u> </u>	<u> </u>

See note 26 for business disposal during the period by way of dividend

5 Employees

	9 months to December 2019	12 months to March 2019
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	38,482,277	30,785,579
Employee long term incentive plan	1,698,279	1,705,917
Social security costs	5,058,760	3,404,264
Pension costs	894,684	732,497
Share based payments (see note 22)	3,346,696	1,627,628
	<u> </u>	<u> </u>
	49,480,696	38,255,885
	<u> </u>	<u> </u>

	9 months to December 2019	12 months to March 2019
Average number of persons employed:		
Directors	4	5
Management	50	61
Technical	338	357
Administration	51	54
	<u> </u>	<u> </u>
	443	477
	<u> </u>	<u> </u>

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

6 Directors' remuneration

	9 months to December 2019 £	12 months to March 2019 £
Directors' remuneration consists of:		
Emoluments	16,451,810	2,562,800
Share based payments (see note 22)	3,346,696	1,627,628
Pension contribution	34,228	28,215
	<u>19,832,734</u>	<u>4,218,643</u>

There were 4 directors in the Company's defined contribution pension scheme (31 March 2019 - 5).

Emoluments of the highest paid director were £8,052,613 (31 March 2019 - £741,304). Company pension contributions of £34,228 (31 March 2019 - £28,215) were made on behalf of the directors.

The directors are also participants in the management incentive plan operated by the parent company, for which £3,346,696 (31 March 2019 - £1,627,628) was expensed in the period (see note 22).

7 Finance and other income

	9 months to December 2019 £	12 months to March 2019 £
Bank interest income	15,507	92,107
Unwinding of fair value discount on contingent consideration	-	801,565
Rent received	67,500	135,000
Dividends from subsidiary undertakings	67,897,758	76,645,889
	<u>67,980,765</u>	<u>77,674,561</u>

Gamesys Limited

Notes forming part of the financial statements
For the 9-month period ended 31 December 2019 (*continued*)

8 Taxation on profit from ordinary activities

(a) Tax on profit on ordinary activities

	9 months to December 2019 £	12 months to March 2019 £
<i>Current tax</i>		
UK corporation tax on profits of the period	-	6,243,425
	-	6,243,425
Total current tax	-	6,243,425
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1,156,966)	(3,374,776)
Total deferred tax	(1,156,966)	(3,374,776)
Taxation on profit on ordinary activities	(1,156,966)	2,868,649

(b) Reconciliation of tax charge

	9 months to December 2019 £	12 months to March 2019 £
Profit on ordinary activities before tax	51,589,540	85,699,757
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (31 March 2019: 19%)	9,802,013	16,282,954
Effects of:		
Expenses not deductible for tax purposes	1,341,957	947,044
Movement in deferred tax based on expected tax loss utilisation	(1,156,966)	(3,374,776)
Income not assessable for tax purposes	(12,900,574)	(15,585,340)
Other items	(380,410)	1,549,607
Tax losses carry forward	2,137,014	3,049,160
Taxation on profit on ordinary activities	(1,156,966)	2,868,649

For further information on deferred tax balances see note 18.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

9 Dividends and distributions

	9 months to December 2019 £	12 months to March 2019 £
Interim paid of £1,032.92 per share (31 March 2019 - £340.17) to Gamesys Jersey Limited (See note 26)	173,080,759	57,000,000
	<u>173,080,759</u>	<u>57,000,000</u>
	173,080,759	57,000,000
	<u>173,080,759</u>	<u>57,000,000</u>

10 Intangible assets

	Domain Name	Licences	Development expenditure	Total
	£	£	£	£
<i>Cost</i>				
As of March 31, 2019	326,637	650,000	4,244,794	5,221,431
Disposals	(28,110)	(650,000)	(4,244,794)	(4,922,904)
As of 31st Dec, 2019	298,527	-	-	298,527
<i>Amortisation</i>				
As of March 31, 2019	299,758	650,000	4,244,794	5,194,552
Charge of the period	409	-	-	409
Disposals	(2,220)	(650,000)	(4,244,794)	(4,897,014)
As of 31st Dec, 2019	297,947	-	-	297,947
<i>Net Book Value</i>				
As of 31st Dec, 2019	580	-	-	580
As of March 31, 2019	26,879	-	-	26,879

See note 26 for business disposal during the period by way of dividend

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

11 Tangible Assets

Company	Leasehold improvement £	Freehold property £	Fixtures and fittings £	Computer equipment and software £	Total £
<i>Cost</i>					
As at 1 April 2019	454,493	2,521,903	3,800,388	15,965,578	22,742,362
Additions	-	-	97,369	958,904	1,056,273
Disposals	-	-	-	(2,301,060)	(2,301,060)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec 2019	454,493	2,521,903	3,897,757	14,623,422	21,497,575
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2019	406,284	-	2,147,987	14,134,617	16,688,888
Charge for period	18,079	-	461,539	1,055,949	1,535,567
Disposals	-	-	-	(1,871,939)	(1,871,939)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec 2019	424,363	-	2,609,526	13,318,627	16,352,516
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 Dec 2019	30,130	2,521,903	1,288,231	1,304,795	5,145,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	48,209	2,521,903	1,652,401	1,830,961	6,053,474
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See note 26 for business disposal during the period by way of dividend

12 Fixed asset investments

	Associates £	Other £	Subsidiaries £	Company £
At 1 April 2019	2,095,765	500,000	69,526	2,665,291
Additions	-	-	1,301	1,301
Disposals	(2,095,765)	(500,000)	(8,773)	(2,604,538)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	-	62,054	62,054
	<hr/>	<hr/>	<hr/>	<hr/>

See note 26 for business disposal during the period by way of dividend

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (continued)

The following table shows the company's investments at 31 December 2019 in the Ordinary share capital of unlisted companies. * denotes investment held directly, all investments held 100% directly or indirectly.

Name	Nature of trade	Registered office and Country of incorporation
Entertaining Play Limited**	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA
Gamesys Estonia OU*	Software developer	Rotermanni 14, 10111 Tallinn, Estonia
Gamesys Network Limited*	Online gaming	Capital Business Centre, Taz - Zwej Street, San Gwann, SGN 3000, Malta
Gamesys Operations Limited*	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA
Gamesys US LLC*	Software and Support services	251 Little Falls Drive, Wilmington, DE, 19808
Mice and Dice Limited*	Support services	10 Piccadilly, London, W1J 0DD
Gamesys Spain plc	Online gaming	Capital Business Centre, Taz - Zwej Street, San Gwann, SGN 3000, Malta
Juegos Espana plc	Online gaming	Capital Business Centre, Taz - Zwej Street, San Gwann, SGN 3000, Malta
Nozee Limited**	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA
Leusire Spin Limited**	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA
Profitable Play Limited**	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA

Since the year end, the operations in entities marked ** have been hived up into Gamesys Operations Limited, which has also acquired the gaming operations of a fellow group company for non-cash consideration.

The following table shows the disposal of company's investments, as part of Group reorganisation, during the period ended 31 December 2019 in the Ordinary share capital of unlisted companies.

*** LiveScore Group Ltd and Roxor Gaming Ltd were both wholly owned subsidiaries which were disposed to the parent company and thereon to shareholders during the period, see note 26.

Name	Nature of trade	Registered office and Country of incorporation
Entertaining Play (Holdings) Limited	Online gaming	Capital Business Centre, Taz - Zwej Street, San Gwann, SGN 3000, Malta
IAWA Limited	Software developer	10 Piccadilly, London, W1J 0DD
LiveScore Group Limited ***	Sports media	10 Piccadilly, London, W1J 0DD
Mickle Marketing N.V	Online gaming	Pietermaai 15, Curacao, The Netherlands Antilles
Picca Software GmbH	Software services	Meidlinger Hauptstraße 51-53/Top 01D 1120 Wien
Play Malta Plc	Online gaming	Capital Business Centre, Taz - Zwej Street, San Gwann, SGN 3000, Malta
Roxor Gaming (Gibraltar) Limited	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA
Roxor Gaming Limited ***	Online gaming	10 Piccadilly, London, W1J 0DD
Virgin Bet Limited	Online gaming	57/63 Line Wall Road, Gibraltar, GX11 1AA

Gamesys Limited

Notes forming part of the financial statements
For the 9-month period ended 31 December 2019 (*continued*)

13 Debtors: Amounts falling due within one period

	9 months to December 2019 £	12 months to March 2019 £
Trade debtors	941,753	554,325
Amounts owed by immediate parent	11,294,745	29,326,486
Amounts owed by group companies	5,000,000	84,384,058
Other debtors and prepayments	7,630,763	10,941,748
Deferred consideration receivable	-	108,200
Contingent consideration receivable	-	5,000,000
Corporation tax	789,531	-
Other taxation	700,892	2,624,991
	<u>26,357,684</u>	<u>132,939,808</u>

Debtors: Amounts falling due after more than one period

	9 months to December 2019 £	12 months to March 2019 £
Deferred consideration	-	614,640
	<u>-</u>	<u>614,640</u>

No impairment losses were recognised in the company profit or loss for the period or the prior period in respect of bad and doubtful debtors.

The balances due from immediate parent and group companies are interest free and repayable on demand.

The deferred consideration relates to the disposal in note 25, and was recovered in full in the current year. The contingent consideration was due from members of the Gamesys Group plc, following acquisition this amount has been agreed and transferred to amounts owed by group companies.

Gamesys Limited

Notes forming part of the financial statements
For the 9-month period ended 31 December 2019 (*continued*)

14 Creditors: Amounts falling due within one period

	9 months to December 2019 £	12 months to March 2019 £
Trade creditors	2,003,872	3,678,736
Amounts owed to group companies	9,214,458	-
Corporation tax	-	2,797,052
Other tax and social security	796,156	959,474
Other creditors	3,017,451	3,910,885
Accruals	1,877,269	4,858,594
Employee long term incentive plan	2,546,543	-
	<u>19,455,749</u>	<u>16,204,741</u>

Creditors: amounts falling after more than one period

	9 months to December 2019 £	12 months to March 2019 £
Employee long term incentive plan	-	2,667,751
	<u>-</u>	<u>2,667,751</u>

The amounts due to group companies are interest free and repayable on demand.

The Employee incentive plans are all payable during the year ending 31 December 2020.

Contingent liabilities

During the year HMRC have challenged the basis of the transfer pricing and profit allocation between the company and its Gibraltar subsidiaries which have been voluntarily disclosed under HMRC's Profit Diversion Compliance Facility. The Directors have taken appropriate professional advice in this respect and are confident that no material liability will arise under these enquiries. The maximum exposure to additional corporation tax liabilities as at 31 December 2019 amounts to approximately £8m.

15 Pensions

The amount recognised in the Statement of Comprehensive Income as an expense in relation to the Company's defined contribution scheme is £894,684 (31 March 2019: £732,497). The amount payable to the funds which are held separately by a third party at the period-end is £173,130 (31 March 2019: £162,398).

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (continued)

16 Deferred taxation

	9 months to December 2019 £	12 months to March 2019 £
The amount is made up as follows:		
Accelerated capital allowances	496,966	811,324
Employee long term incentive plan	-	367,608
Tax losses	-	475,000
	<hr/>	<hr/>
Deferred tax asset	496,966	1,653,932
	<hr/>	<hr/>
		9 months to December 2019 £
Opening as at 1 April 2019		1,653,932
Charged to the statement of comprehensive income		(1,156,966)
		<hr/>
Closing liability as at 31 December 2019		496,966
		<hr/>

The Company had unrecognised deferred tax assets at the balance sheet date relating to tax losses totalling £27.3m (Mar 2019 – Nil). The potential deferred tax asset of £5.1m (Mar 2019 - Nil) has not been recognised due to uncertainty over the timing or extent that the losses are available for offset in future periods, and the timing of future profits.

17 Financial instruments

The Company's financial instruments held at fair value may be analysed as follows:

	9 months to December 2019 £	12 months to March 2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	-	5,722,840
Financial assets measured at amortised cost	26,044,774	133,210,680
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	18,659,593	15,115,967
	<hr/>	<hr/>

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

17 Financial instruments (*continued*)

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed from company companies and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to company and parent companies, other creditors and accruals.

18 Share capital

Allotted, called up and fully paid

	December 2019 Number	March 2019 Number	December 2019 £	March 2019 £
Ordinary shares of £0.01 each (2018: £0.01 each)	167,564	167,564	1,676	1,676

19 Reserves

Capital redemption reserve

The capital redemption reserve represents the redemption of ordinary shares arising from capital returns to shareholders undertaken during 2011, 2012 and 2014. This is a non-distributable reserve.

Other reserves

Other reserves contain a share-based payment reserve of £Nil (31 March 2019 - £Nil) and capital contribution reserve of £4,974,324 (31 March 2019 - £1,627,628). Following settlement of the share-based payments previously charged to the income statement, the amount previously included in the share-based payment reserve has been transferred to retained earnings.

20 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	9 months to December 2019 £	12 months to March 2019 £
Land and buildings		
Within one period	3,203,805	3,203,805
In the second to fifth periods	800,951	3,203,805
	<u>4,004,756</u>	<u>6,407,610</u>

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

21 Related party disclosures

Key management personnel include all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel including long-term bonus plan and other incentive schemes and for services provided to the Company was £19,832,734 (31 March 2019: £22,885,085). Certain key management also participate on the senior management incentive plan disclosed in note 22.

During the period, the Company paid to its immediate parent company, Gamesys Jersey Limited, dividends totalling £173,080,759 (See note 26).

22 Share based payment

Until September 2019, the Company's immediate parent company, Gamesys Jersey Limited, operated a Company senior management incentive plan ("Plan"). In January 2019, management had assessed that an exit event was likely and that the share-based payment related to this Plan should be accounted for evenly over the vesting period (January to September 2019 (the "vesting period")). The charge expensed in Gamesys Limited for the period amounts to £3,346,696 (year ended 31 March 2019 – £1,627,628). This is treated as a capital contribution in the financial statements of Gamesys Limited and an investment in the Company financial statements.

23 Ultimate controlling party

At the period end, the immediate parent company is Gamesys Jersey Ltd, a private company incorporated in Jersey, and the ultimate parent company is Gamesys Group Plc, a public company incorporated in England. Gamesys Group plc is listed on the London Stock Exchange and copies of the company's annual report can be obtained from the company's website (gamesysgroup.com/investors).

In the opinion of the directors there was no ultimate controlling party as at 31 December 2019.

Gamesys Limited

Notes forming part of the financial statements For the 9-month period ended 31 December 2019 (*continued*)

24 Post balance date events

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

There were no other significant subsequent events after 31 December 2019 to the date of this report.

25 Business disposal in prior period

In the prior period the Company disposed of its social gaming business resulting in a profit of £4,580,652. As part of the transaction the Company formed a new subsidiary, Gamesys Social Games Limited, and hived down the operations to be disposed for total proceeds of £3,685,818 settled through issue of share capital. The Company then disposed 100% of the subsidiary.

26 Business disposal during the period

On 18th and 19th September 2019, Gamesys Jersey Limited and its subsidiary undertakings (including Gamesys Limited) carried out a multi-stage corporate reorganisation to prepare for the sale of Gamesys Jersey Limited and certain of its subsidiary undertakings, assets and liabilities to JPJ Group plc (now renamed Gamesys Group plc), a transaction which completed on 26th September 2019.

The assets and liabilities of Gamesys Limited which related to online sports betting and data markets and to a games studio and supply business were reorganised to form two distinct groups of subsidiary undertakings (Livescore Group Limited and Roxor Gaming Limited). These were subsequently disposed by Gamesys Limited to Anzo Group Limited (a related undertaking) by way of dividend. The following assets/liabilities were disposed by the Company by way of dividend totalling £163,080,759

Roxor Gaming Limited £27.7m

Third party investments £2.6m
Tangible and intangible assets £219k
Transfer of close participators loan balances £18.0m
Cash investment in LiveScore Group Ltd £1.9m
Settlement of Roxor Gaming Ltd intercompany balances £5.0m

LiveScore Group Limited - £135.1m

LiveScore goodwill £92.5m
Settlement of LiveScore Group Ltd intercompany balances £34.9m
Cash investment in LiveScore Group Ltd £7.7m
Tangible and intangible assets £17k

Following a share reorganisation of Anzo Group Limited, Gamesys Jersey Limited (including Gamesys Limited) and its remaining subsidiary undertakings were then demerged pursuant to which the shares in Gamesys Jersey Limited were transferred to Gamesys Group (Holdings) Limited, a company incorporated in Jersey, following which ownership of the entity transferred to Gamesys Group plc on 26 September 2019.