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Full Year 2018 JPJ Group PLC Earnings Call

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CORPORATE PARTICIPANTS

Keith Laslop *JPJ Group plc - CFO & Director*
Neil Geoffrey Goulden *JPJ Group plc - Executive Chairman*
Simon Michael Wykes *JPJ Group plc - Group MD & Director*

CONFERENCE CALL PARTICIPANTS

David Brohan *Goodbody Stockbrokers, Research Division - Analyst*
Richard Paul Stuber *Numis Securities Limited, Research Division - Analyst*
Sreedhar Mahamkali *Macquarie Research - Analyst*
Suthan Sukumar *Eight Capital, Research Division - Research Analyst*
Victoria Elaine Pease *Edison Investment Research Limited - Analyst*

PRESENTATION

Operator

Welcome to the JPJ Full Year Results 2018. My name is José, and I will be your coordinator for today's conference. (Operator Instructions) Please note that this call is being recorded today, Tuesday, 19th March, 2019, at 1 p.m. London time.

If you have not yet received a copy of the JPJ Group PLC's FY 2018 earnings release that was issued before market opened today, you can find it under JPJ Group's plc's profile at the SEDAR website or on the JPJ Group PLC website at www.jpjgroup.com.

I am now handing you over to your host, Neil Goulden, to begin today's conference.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

Good afternoon, everyone or good morning, if you're joining us from North America. For those of you who don't know me, I'm Neil Goulden, JPJ's Executive Chair. With me on today's call are: Keith Laslop, our CFO; and Simon Wykes, our CEO of Jackpotjoy Operations.

I will cover the financial and strategic highlights from 2018 and touch on trading so far in 2019. Keith will then go through some financial headlines and key data points. And lastly, Simon will update you on our operational priorities. We'll then open for questions, which will be facilitated by the operator. A transcript of today's call will be on our website within 48 hours, and a replay option will also be available.

So moving onto the headlines for 2018. The year was a very successful one for JPJ, record revenues and record profits comfortably ahead of market consensus. Revenues were up 10% across the group, adjusted EBITDA was up 9%, adjusted net income was up 27%, assisted by a GBP 10.4 million decrease in interest charges following our refinancing at the end of 2017.

Operating cash flow was up 5%, a GBP 1.42 per share, with a cash conversion of 94% from adjusted EBITDA.

As previously reported, the very strong operating cash flows allowed us to deleverage from 3.7 to 2.7 over the year. Average active customers are up 4% to approximately 260,000 per month. Monthly average revenue per user up 6% to GBP 100.

In addition, you will be aware that we were admitted to the premium listing on the London Stock Exchange in July 2018. We also paid the final Gamesys earnout in June 2018. There are some further minor milestone payments but they're all -- but effectively ends the earnout payments.

We were delighted to announce the appointment of Andria Vidler to the board in June 2018, and a further nonexecutive appointment will be made later this year, and the search is currently underway.

We sold our social gaming business for a cash consideration of GBP 18 million and subsequent to the year-end, we completed the sale of our Mandalay business, also for GBP 18 million to 888.

We are now clearly focused on developing a portfolio of key brands, Jackpotjoy, Starspins, Botemania in Spain , InterCasino and Vera&John. All of the above was achieved despite the impact in the U.K. of increased gaming duties and enhanced responsible gambling measures.

Our Vera&John division was a standout performer, with a very strong Q4 delivering revenue growth of 42% for the full year, reflecting a strong performance across a number of international operations. As a result, we now have a very strong financial base, with net leverage at 2.7x and over GBP 80 million of unrestricted cash on the balance sheet at the year-end.

We had previously committed to update shareholders today as to our intentions in respect of returning cash to shareholders. As a starting point, it is important to note that we cannot return cash to shareholders until our net leverage ratio is below 2.5x. That is a requirement in our banking documents. The board believes we should only commence the cash return program when we are comfortable we can do so on a progressive and sustainable basis. This would assume the leverage being comfortably below 2.5x. The board remains committed to introducing a progressive dividend at an appropriate time. We also see value in a sustainable share buyback program should the group's share price remain significantly undervalued and at a discount to our peer group.

It is also important to note the current analyst forecast assumes a slide in LTM EBITDA as the previously announced tax increases in Sweden and the U.K. begin to bite across Q2, Q3 and Q4. The total impact on the year is estimated at GBP 15 million. This will significantly slow our rate of deleveraging in the latter half of 2019. Therefore, we will update the market again once we believe that leverage is at a sustainable level, which is comfortably below 2.5x. In the meantime, the Board is comfortable retaining the current significant cash on the balance sheet, given the optionality, which it confers.

I'd also like to touch on the issue of responsible gambling. Creating a safe and enjoyable environment for our 260,000 customers is a pool of value within the JPJ Group. Indeed, every executive within the company, including me, has responsible gambling, preventing harm and developing a sustainable customer base as part of our annual objectives. We will continue to promote safe game-play and positive gambling behavior as well as ensuring that we protect customer data and market our products in a fair and transparent way.

Finally, can I touch on 2019? Trading over January and February has remained strong, with double-digit growth across both months. We look forward to taking advantage of growth opportunities in the U.K. as the enhanced responsible measures introduced in 2018 start to annualize out in H2. In addition, we will continue to grow in existing and new international markets. Overall, we have said today that the group continues to trade in line with management's expectations for 2019.

I'll now hand over to Keith who will walk you through the financial highlights for the year.

Keith Laslop ***JPJ Group plc - CFO & Director***

Thanks, Neil, and hello, everyone. As usual, I'll start off by talking about cash flow generation, as that's always a key area in our business. We generated a record GBP 105.9 million of operating cash flow in 2018, which equates to GBP 1.42 per share of operating cash flow.

Our adjusted, also known as clean EBITDA, converted to operating cash flow at 94% in 2018. The details of our cash flow conversion bridge can be seen within our corporate presentation, which should now be live or soon will be on www.jpjgroup.com. Another important cash flow metric for us is free cash flow, which is generally defined as operating cash flow less CapEx. One of the benefits of our organizational structure, using both proprietary as well as third-party technology is, that we have relatively low CapEx. Our suppliers essentially pass their own CapEx to us as an operating expense. In 2018, our free cash flow was GBP 100.6 million or GBP 1.35 per share. This compares very favorably against our peers in our sector, and I would think our free cash flow yield is at or around the top of our peer group.

Our net leverage calculations are tied to our cash flow generation as well as cash on hand, and we are very pleased to report that our net leverage ratio decreased from 3.57x at the end of 2017 to 2.68x at the end of 2018. We are also very pleased to report that under [IFRS 17], we qualified for the first of 3 interest rate decreases. The interest rate -- oh sorry, Euro-on-Pound tranches has decreased 25 basis points to a weighted average interest rate at LIBOR and EURIBOR of plus 4.66%.

Moving to the P&L. I'll also provide some data points on the underlying subsidiaries. For the JPJ segment, 2018 revenues were GBP 216 million, which is flat year-over-year, and adjusted EBITDA was GBP 93 million, which is a 4% decrease year-over-year. The flat revenue for the JPJ segment was principally due to the impact of enhanced responsible gaming measures from Q2 2018 and the closure of a number of VIP accounts. The JPJ segment introduced or faced a number of new measures in 2018, not only on the responsible gambling side but also through the introduction of GDPR, tax on bonuses and a national self-exclusion database and others, all of which impacted Mandalay much more significantly than the rest of the segments. Excluding Mandalay, the JPJ segment NGR grew by 4% and the fastest-growing sub-segments continue to be our Starspins brand as well as Botemania brand.

On the 12th of March, we had completed the sale of our Mandalay brands. We have received the first payment of GBP 12 million and the remaining GBP 6 million is due in September of this year.

Moving on to the Vera&John segment. Another record year had -- our V&J revenues increase 42% to GBP 103.6 million in 2018, and adjusted EBITDA was GBP 30.8 million, which is a 71% increase year-over-year. In Euro terms, revenue growth was 40% year-over-year and adjusted EBITDA was 69% growth year-over-year.

As always, we expect Vera&John to continue to be our fastest-growing segment in the future. However, it will always be more volatile than the JPJ segment, and therefore, we feel complements our JPJ segment very well.

As evidence of its growth, for the full year of 2018, the Vera&John segment was responsible for the 32% of our total revenue from continuing operations. However, just looking at Q4 2018, this percentage of total revenues has increased to 38%.

As we look forward into 2019, for the first 2 months of 2019, our revenue's grown to double digits. So 2019 is starting off on a strong note. However, there is no doubt, as Neil has mentioned, we will have some margin pressure in 2019. Unfortunately, more so than 2018 as an increase in remote gaming duty will increase our tax rate on our U.K.-based revenues by 6% to 21% starting the first of next month, and we'll be paying 18% on Swedish gross gaming revenues throughout this year.

I will now pass the call to Simon.

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Thanks, Keith. At the beginning of 2018, we set ourselves 3 key operational priorities to ensure we delivered both revenue and EBITDA growth. Those priorities were: one, putting the customers first; two, adding capability; and three, geographical diversification.

Over the course of the year, we've made excellent progress in each area, culminating in our record revenue and EBITDA performance despite significant cost and regulatory headwinds.

Let's start firstly with our customers. Our business model is based on a customer-centric approach, with superior levels of customer retention. To deliver superior customer retention, the strategic imperative is to know your customer. Knowing our customers allows us to tailor our products, marketing and service to provide personalized experiences, which just cannot be replicated. This enables us to build long-term sustainable relationships with all of our customers.

Our emphasis on knowing our customers meets the responsible gaming is not just about regulatory compliance, it's inbuilt into our DNA. And with over 0.25 million customers a month and growing, customers are rewarding us for our efforts. The customer base grew by 4% in 2018, but this figure was dragged down by the Mandalay business, whose multiple brand, cross-sell approach, didn't fit well with our high-retention model. As a result, we conducted a strategic review of the Mandalay business in 2018, culminating in the sale to 888 earlier this month for GBP 18 million. Stripping out Mandalay, the customer base grew by an excellent 11%.

Moving onto JPJ U.K., the JPJ U.K. customer base grew again in 2018. And as I stated after our Q3 results, which were impacted by a reactivation campaign and the launch of TV after a significant absence in September 2017, active customers returned to growth in Q4, both year-on-year and sequentially. Revenue in JPJ U.K. did experience a decline due to the loss of a small number of high-valued customers, because of the AML and RG measures that were introduced at the end of H1.

The active customer growth in the U.K. makes us confident that we are not losing market share. However, we have seen some of our competitors continuing to grow their revenue, whereas some have been in a much deeper decline. We also believe the increase in tax in April will speed up the decline of smaller brands, and so, in 2019, we will increase our share of voice through greater investment in TV, including the sponsorship of Loose Women.

Early results have been exceptional. The number of first-time depositors in January hit a 7-year high. And what's more, the revenue generated from those first-time depositors was the second highest we've ever achieved for 6 years. This suggests our Paddy McGuinness campaign is not only driving customer volume but will deliver sustainable revenue increases due to the quality of the customers attracted. This, and other initiatives, will ensure we continue to grow our market share and customer base in both the U.K. and internationally into 2019.

Moving onto our second priority, adding capability. Investing in adding capability was a major theme for us in 2018. We have made significant progress through investment in our proprietary platform we call enJoy throughout the year. Proprietary technology is crucial for an international expansion strategy as it provides control over market entry as well as strategic optionality across the entire business. This investment has been a major catalyst for growth in 2018. 38% of our total revenue came from the enJoy platform in Q4 2018, and this will increase further post the Mandalay sale. This investment provides a solid platform to deliver our future growth ambitions, and we intend to build on that success by increasing investment further in 2019. It's not just in our platform that we've invested significantly, we've also built a content business Hawaiian Dreams', a game per bespoken for the Asian market, is our top-performing game in Asia. We believe creating content tailored for the fast-growing Asian markets will enable us to continue to establish our presence there.

We've also built up our people capability throughout the year by bringing in expertise in marketing, data and product. We have been able to build our operational capability, whilst operating broadly on the same margin in 2018 as 2017, despite the increase in taxation.

Our third priority is geographical diversification. We continue to grow our international revenue strongly and reduce our reliance on the U.K. market. In Quarter 4, if Mandalay is removed, non U.K. revenue was greater than U.K. revenue for the first time, with that growth being led by Germany, Japan and Brazil.

So to summarize, the success in those priorities had enabled us to deliver record-breaking results and generate over GBP 100 million of free cash flow to reduce leverage to below 2.7x. What's more, we've also reduced risk about the future performance of the business by broadening our customer base, increasing our capability, particularly with our own proprietary technology, and having a more diversified geographical spread to our revenue.

I'll now pass the call back to Neil.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

Thank you, Keith. Thank you, Simon.

Operator, I think we're ready to take questions. But before that, just to remind you, you need to read out the waiver please.

QUESTIONS AND ANSWERS

Operator

Please be aware that we will be discussing some information about the business that is forward looking and which is based on management's assumptions and subject to a number of risks that could cause actual results to differ materially from current expectations.

Please note that we will also be discussing some non-IFRS measures on today's call. For the definition of reconciliation of these non-IFRS measures, please refer to Page 10 in the RNS we issued earlier today.

(Operator Instructions)

The first one comes from the line of Sreedhar Mahamkali.

Sreedhar Mahamkali ***Macquarie Research - Analyst***

Three -- I suppose 2 questions on Vera&John and one on gearing . Can you perhaps give a little bit more color in terms of the 3 markets you talked about, in terms of Vera&John driving the growth, Germany, Japan and Brazil? And the sort of medium-term expectations of growth in these markets.

And secondly, I'm just curious to see what your thoughts are? Keith, I think, I know you always said Vera&John is always going to be more volatile but this kind of volatility is probably fine for shareholders as in sort of continuing to increase the growth rate. Now you're probably lap tough comps, how should we think about 2019 growth for Vera&John? That's the second question.

And finally, I suppose in terms of the gearing, you talk about comfortably below 2.5. Is 2x comfortably below 2.5x? Or it should be sub 2? Just curious to hear if there's a, sort of, broad guide range as to how we should think about.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

Okay, I'll take the first one. And the last one first, which is the one on leverage. I think we've been very clear in the statement I made earlier, and indeed, in our release that we are committed to returning cash to shareholders, when we believe it is progressive. It is -- we're able to return it in a progressive and sustainable manner. To get our leverage down, at the moment we can't do it because we're are 2.7x. But let's say, we get the leverage to 2.45x, doing some form of share buyback or getting ourselves on the dividend treadmill, which almost immediately takes our leverage back above 2.5x is a point that's exercised, so we need to be comfortably below. We don't have a set target, the only target the board has that in the long term, and this isn't the target for this year, is that we think we will be comfortable with our leverage at -- between 1x and 2x. That's fairly normal for the gambling industry on the U.K. market. Keith and I have consistently said that given our free cash flow, we're comfortable right at the top end of that range. That doesn't mean we need to be down to that level before we return money to shareholders, but we certainly need to be comfortably below 2.5 so that we can -- whatever we do, we can sustain it for the year and into the next year. So that's the answer to the question on leverage. Simon will talk about the markets, and then Keith can pick up about our future.

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Yes, Thank you, Neil. Yes, in terms of geographic spread, I mean, think what we've always liked is Vera&John, as a business by its very nature, is going to be more volatile than JPJ and the U.K. business. So we see our traditional Jackpotjoy segment generating huge amounts of cash in a stable growing manner, but Vera&John can be more volatile and will provide us greater levels of growth. If we talk about the 3 territories that we mentioned there, yes, I mean, Germany was triple-digit growth, so would we expect to maintain triple digit growth as that business becomes bigger? Clearly, not. Japan was in very high double-digit growth. Very, very pleased with the performance there. But we'd, again, expect that to slow a little below the time just because of the quantum. And Brazil was also comfortably into double-digit growth. So all of those are growing strongly. Our focus on geographical diversification is to make sure that we focus on a few countries and do them well, but we're always looking at other areas and thinking about where does the next growth come from, as inevitably at some point, Japan, Germany and Brazil will start to slow. So it's going to be a constantly changing move. But at the moment, we're very comfortable with the way the business is performing.

Keith Laslop ***JPJ Group plc - CFO & Director***

And I think from my side, it's one of the reasons why these 2 segments complement each other so well. You have lower growth but very stable revenues within our Jackpotjoy segment. In JPJ U.K., 91.7% of revenues in 2018 came from customers that joined in 2017 or prior. You complement that with much faster growth, but definitely more volatile growth, in international jurisdictions.

Sreedhar Mahamkali ***Macquarie Research - Analyst***

Just one quick follow-up. I think in the statements you talk about with some confidence, return to growth in the latter part of 2019. Can you just take us through your thinking there? I think, once you've probably annualized the responsible gaming hits from late Q2 last year, I suppose. But if you could just talk through what you're thinking, that will be very helpful.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

Yes, I think that's -- I mean, if we look at the Jackpotjoy brand in the U.K., we have seen growth in every single customer segment, both in terms of the number of customers within each segment, but also that the amount of their spending in each segment, but we were impacted when we increased AML and RG measures around the half year, last year. We lost a number of our very highest-spending customers that decided that they didn't want to provide the level of documentation that we've required to continue with them as a customer. So that was almost a one-off step change. As the rest of the underlying dynamics are all in growth, and indeed, the amount of revenue we're generating from our top-tier customers is also growing into growth, all of the underlying dynamics of that brand are positive. The challenge that we have is, it will take until around the half year before the comparisons of the previous year begin to even themselves out. So sequentially, everything is strong but breakdown the business into the component parts, everything is strong. But year-on-year comparisons will be distorted until we've annualized that step change.

Operator

The next question comes from the line of Richard Stuber from Numis.

Richard Paul Stuber ***Numis Securities Limited, Research Division - Analyst***

Just 2 for me. First of all, on the phenomenal growth you've done internationally, particularly in so Japan. Could you say what's behind that? Are you doing anything differently? And what's behind that growth. And the second question is on common trading, you say it's double-digit growth at the movement, is that double-digit in both the Jackpotjoy and the Vera&John brands or any markets in particular, what is it that you said that you'd comment on?

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Okay, thanks. And so if I talk about how we've delivered the growth, I mean, I think there are probably 2 key areas. Firstly, we have invested significantly into our proprietary technology, making sure that we can give a better customer experience to all of our customers. That has undoubtedly been a driver of growth. We spend a lot of time on our platform trying to reduce the amount of time customers spend in non-playing activity. So customers want to play games with us. And so anytime they're not playing, they are, by default, going to be slightly frustrated. So we've reduced that time. What we also did at around the turn of the year was to change our marketing focus. So previously, we have looked to compete in a number of markets in a lower key way, so we'd spread our money across all the markets. What we changed in that focus is, we decided to concentrate on less markets but be far more aggressive in those markets. And so, therefore, the combination of investments in our technology, clearly improving the quality of our people within that segment and being more targeted in our marketing efforts have all resulted in that level of international growth.

Keith Laslop ***JPJ Group plc - CFO & Director***

And I -- also just to add to that, mention what -- or reiterate what Simon mentioned before, in terms of our own content in Asia as well that's doing phenomenally well. Hawaiian Dreams' is our top slot in Asia right now, and our content aggregation business in Asia is taking off as well. So in terms of Q1, it's double-digit across the business. So Vera&John continues to grow more strongly than the Jackpotjoy segment as we've just discussed responsible gaming measures won't annualize until latter half of this year. Now as Simon also mentioned, we are seeing the highest first-time depositors in last 7 years for JPJ U.K., but as -- also as I've just mentioned, when you have a business where, roughly, 92% of your revenues in any given year comes from people that joined in previous years, those customers will be with us for a very long time but you don't see an initial revenue impact.

Operator

The next question comes from the line of David Brohan from Goodbody.

David Brohan ***Goodbody Stockbrokers, Research Division - Analyst***

Just one question on Sweden. Kind of -- since the market regulated in January 1, how has the competitive environment been there? And are you, kind of, seeing any signs of stabilization? And if not, kind of, when do you expect that business to stabilize?

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Well, probably, 2 questions there. I mean, I think the Swedish market has gone backwards for most operators in the first 2 to 3 months of trading. What have we witnessed? Well, I mean, on our -- the good news is, actually, the number of active customers we've got has been maintained. In actual fact, they've grown slightly. So we are keeping all of our customers. What we have found is our customers are, a, depositing less and having a lot less spins. The spin counter's reduced significantly. Why is that? Well, firstly, the significant limits on bonusing, and we have made sure we follow the letter of the regulations on bonusing means there are less incentives to deposit. And also, there are less incentives to carry on playing. So you've got less cash to play with. So that's reduced deposits and reduced spins. And on top of that, there is now a 3-second time frame between spins. So therefore, that has also slowed the game.

What do we think that's done? Well, it's probably taken some of the fun out of the game for the customer, but because we've kept all of our customers, we're very confident that they will adjust to that process. And then, we will return back to where we were previously. In my experience, in Leisure generally, on any kind of customer change, it takes about 3 months for the customers to readjust to the new norm. So I'd be expecting to see revenues beginning to creep back up by the end of this month. If I look at this month's trading, I am seeing some indications of that already, but it may be too early to call them. So that's the initial impact in Sweden.

Operator

The next question comes from the line of Victoria Pease from Edison.

Victoria Elaine Pease ***Edison Investment Research Limited - Analyst***

Just a couple of questions for me, just in the U.K. to start with. Do you have a sense of -- you, kind of, provided the share of market on Page 21, but do you have a sense of the Bingo-led market and how much it shrank in 2018? And I know you talk about companies who've maybe not been able to withstand the pressures of the regulatory changes, but do you have a sense of how much -- how many of those companies are sort of falling out, and thereby, your given market share?

And the second question was on Japan. If you could just remind us of -- if there has been any risks to those, perhaps, regulatory situation payment processes, et cetera?

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Okay, firstly, taking the U.K. market. It's very, very difficult to get market stats on online Bingo, particularly as everyone operates a different business model. So what's happened across the U.K.? Well, for every single operator, they've had to adapt to a new operating environment caused by regulation. So we have the CMA changes coming in the spring, which effectively change the way that we could retain and acquire customers. We had GDPR, which had a significant impact on reactivation and retention. We have the tax on bonuses, which changed the way we needed to incentivize customers. And then, we had the, kind of, increased RG and AML measures, which meant that we had to get -- ask some pretty -- ask for some pretty probing information from customers when they just wanted to play a game with us. So all of those areas changed everyone's business model and everyone is out to learn and adapt their model accordingly.

What we have seen in our Jackpotjoy segment is, Jackpotjoy is continuing to grow, so we're growing our active customers. Yes, we lost a small group of very high-spending customers that lost our revenue. But I think, our experience in Jackpotjoy is that the market is still growing. What we did see in our Mandalay business was a huge pain in trying to adapt that model, and those small brands declined significantly over the course. And I think, if you follow any reporting on the online Bingo sub 2 in the U.K., you'll see the big brands generally performing well and the small brands finding life very difficult. So we expect rigorous report, but I think online Bingo will grow at 3%. Traditionally, we'd have said that online Bingo, the growth is mid-single digit. We're a little bit more casino-orientated than some, so we always pitch normal run rate growth, provided there are no regulatory changes somewhere between mid- to high single digit growth.

Keith Laslop ***JPJ Group plc - CFO & Director***

And on Japan, it is a great market as no online gaming licenses are available. They are starting to change with respect to physical casinos. So hopefully, online gaming license will become available in the future. And it is a more volatile market with respect to PSPs. We did have some PSP issues a couple of years ago, but they haven't continued. So it's a good market for us.

Operator

(Operator Instructions) We have one question coming from the line of Suthan Sukumar from Eight Capital.

Suthan Sukumar ***Eight Capital, Research Division - Research Analyst***

I apologize I missed the opening remarks, but I just wanted to see if you can guys provided an update on the Gamesys relationship. I guess, that working towards the prior time lines for internalizing staff and, et cetera.

Simon Michael Wykes ***JPJ Group plc - Group MD & Director***

Yes, that's fine. In terms of our contractual relationship with Gamesys, we get on very well with Gamesys. We are constantly having conversations about how the relationship works going forward. The [RMG SA] which is our original contract, won't allow us to internalize any services until April 8 this year. So nothing happens until that time. We're not in a huge rush. We're not desperate on April 8 to transfer across. We will do whatever we can to ensure that both businesses are continuing to perform very successfully in the future. We have acquired senior personnel to manage that process. We have got premises, so all things are moving forward on that. But let's not forget that this is a employee matter as well. And so our first communications will be with employees and internally. And then, we'll update the market accordingly once we've had those initial conversations.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

And it's Neil. If I can just add to what Simon said there is, our plan is to work very closely with Gamesys in partnership to make sure that whatever we do is done in a collegiate way, the benefits and doesn't detract from either business. And the words I've used frequently in meetings is we need to get this right not get it done so there's no rush from our side.

Suthan Sukumar ***Eight Capital, Research Division - Research Analyst***

Okay, great. And just the last question for me. Some -- just kind of thinking about M&A. Curious if M&A is still part of your core growth strategy, and if so, do you guys see an opportunity to consolidate from other Bingo players in the U.K. market? Or is the priority more still focused on looking at new markets or new verticals altogether?

Keith Laslop ***JPJ Group plc - CFO & Director***

I think we've always said that if there's an acquisition that is earnings accretive and that adds extra capability to the group, we'll consider the merits. I think that some small Bingo site in the U.K. might be earnings accretive but would add no extra capability to the group. Given that we've just sold our smaller casino brands, I don't think that we're on the market for others -- smaller Bingo brands, sorry. Internationally, always a possibility.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

I think just adding to what Keith said that, I mean, what we've seen in the U.K. is big brand's work. There's no point acquiring small brands within this marketplace because we think they're going to find life very tough.

Are there any more questions, operator?

Operator

There are no further questions in the line. So I will hand to you -- back to your host for any concluding remarks.

Neil Geoffrey Goulden ***JPJ Group plc - Executive Chairman***

Thank you very much. Thank you all for joining today's call. I got calls and meetings sheltered in in with most of our major shareholders over the next 2 to 3 days. So Keith, Simon, Jason and myself look forward to meet -- seeing you at those meetings. If you have any further questions or updates, please contact Jason in the first instance, and we will do our very best to answer any questions you may have. But at the moment, thank you very much for your time.

Keith Laslop ***JPJ Group plc - CFO & Director***

Thanks everyone. Bye.

Operator

Thank you for joining today's call. You may now disconnect your calls.

Hosts, please stay connected.