

22 August 2018

**Sportech PLC**  
("Sportech" or the "Group")

**Interim results for the six months ended 30 June 2018**

Sportech, the international betting technology business, is pleased to announce its interim results for the six months ended 30 June 2018.

**Highlights**

- Completed agreement with Sportradar for sports betting data, trading, risk management, and technology platforms enabling delivery of a comprehensive sports betting platform
- Working proactively with key constituencies in Connecticut to secure the right to conduct sports betting as a licensed operator in the state
- Announced sale of Sportech Racing BV for €2.8 million, which closed on July 26, 2018
- The Bump 50:50 division added seven new professional sports teams and thirteen festivals
- Appointment of Andrew Gaughan to the position of Chief Executive Officer
- Appointment of Thomas Hearne to the position of Chief Financial Officer
- Group has cash of £12.5 million at 30 June 2018, and no bank debt. In July the Group received £2.5 million on the closing of the Sportech Racing BV sale
- Total Group revenue of £31.6 million from continuing operations (2017: £31.2 million using constant currency)
- EBITDA before sports betting investments of £3.3 million and total Adjusted Group EBITDA of £2.8 million from continuing operations (2017: £3.4 million using constant currency). The 2018 adjusted EBITDA includes £490k of costs related to the new sports betting division, (2017: nil)

**Financial Summary**

The financial summary below excludes the results in the six months of Sportech Racing BV, which was sold after the period end, and is accounted for as an asset available for sale. The H1 2017 numbers are presented on a constant currency and a reported currency basis. Constant currency translates the prior year's results at the current years exchange rates.

£m's	H1 2018	H1 2017 Constant Currency	H1 2017 Reported Currency
<b>Revenue</b>	<b>31.6</b>	<b>31.2</b>	<b>33.5</b>
<b>Gross Profit</b>	<b>22.9</b>	<b>22.8</b>	<b>24.3</b>
<b>Contribution<sup>1</sup></b>	<b>21.9</b>	<b>21.8</b>	<b>23.2</b>
<b>EBITDA before sports betting investments<sup>2</sup></b>	<b>3.3</b> <b>2.8</b>	<b>3.4</b> <b>3.4</b>	<b>3.6</b> <b>3.6</b>
<b>Adjusted EBITDA<sup>3</sup></b>			
<b>(Loss)/profit before tax from continuing operations</b>	<b>(0.6)</b>	<b>0.1</b>	<b>(0.3)</b>
<b>Adjusted (loss)/profit from continuing operations<sup>4</sup></b>	<b>(0.2)</b>	<b>0.9</b>	<b>0.9</b>

- 1 Contribution is defined as gross profits, less marketing and distribution costs.
- 2 Excludes Sports Betting investments during the period, amounting to £490k
- 3 Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, share option charges and separately identifiable items as reported in note 7 of the interim financial statements.
- 4 Adjusted profit from continuing operations is the aggregate of adjusted EBITDA, normalised share option charges, depreciation, amortisation (excluding amortisation of acquired intangibles), and finance charges.

**Andrew Gaughan, Chief Executive Officer of Sportech PLC, said:** "The May 2018 US Supreme Court decision that effectively permitted US states to enact legislation to license and regulate sports betting was very exciting for Sportech. Soon after the decision was announced, we signed an agreement with Sportradar for sports betting data, trading and risk management services, and technology platforms.

In Connecticut, we believe that we will have a strong direct-to-consumer sports betting offering for our brick-and-mortar and web/mobile betting services. We also believe that we are very well positioned to offer a competitive integrated sports and race betting solution in other US states.

We concluded the previously announced sale of Sportech BV, realising €2.8 million (£2.5 million), enhancing our cash reserves, and providing capital to execute on our US sports betting opportunities.

Our Racing and Digital business maintained consistent levels of service revenues for H1 2018 versus the prior year. We continue to assess further operational efficiencies to maintain profit levels in the business. We also believe the market outside of North America is moving to more service-based contracts versus one-time sales contracts and are positioning our teams accordingly.

Our Stamford, Connecticut Bobby V's Restaurant & Sports Bar has begun to grow both in terms of handle and food and beverage sales. Growth is slower than originally forecast, but we expect our new highly-experienced Food and Beverage and Group Sales Managers to deliver a beneficial impact as we enter the 2019 financial year."

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Sportech PLC  
("Sportech" or the "Group")

**Interim results for the six months ended 30 June 2018**

**Group Overview**

Sportech PLC, the international betting technology business, provides and operates betting technology solutions for some of the world's best-known gaming companies, sports teams, and horse and greyhound racetracks, as well as owning and operating its own gaming venues in Connecticut under exclusive licences.

The Group focuses on highly regulated markets worldwide. It has more than 27,000 betting terminals

deployed to over 400 clients in 37 countries. Its global systems process nearly US\$12 billion in betting handle annually. In the US, it operates under 35 licences across 37 states. The Group has invested over US\$60 million in the last five years in the successful expansion of its US gaming Venues and in developing its technology services, resulting in its proprietary Quantum™ System being the most widely deployed pari-mutuel betting system globally.

£'000's	Revenue		EBITDA	
	H1 2018	H1 2017*	H1 2018	H1 2017*
Racing and Digital Venues	16,565	16,639	3,274	3,724
IC elimination / corporate costs	(759)	(477)	(1,073)	(1,737)
Subtotal: Year-over-year comparison	31,580	31,219	3,287	3,362
Sports betting	-	-	(490)	-
Total at constant currency	31,580	31,219	2,797	3,362
Exchange rate impact		2,283	-	243
Total at reported currency	31,580	33,502	2,797	3,605

\* 2017 results have been restated at 2018 exchange rates.

### Sportech Racing and Digital

Sportech Racing and Digital provides betting technologies and services to 293 racetrack, off-track betting network, casino, lottery, and online pari-mutuel operator customers, plus an additional 145 commingling customers, in 37 countries and 37 US states. We have approximately 27,000 betting terminals, 26 white-label betting websites, and 23 white-label mobile apps deployed worldwide and our systems annually process nearly US\$12 billion in betting handle.

£'000s	H1 2018	H1 2017	H1 2017
		Constant Currency	Reported Currency
Sales revenue	637	645	660
Service revenue	15,928	15,994	16,944
Total revenues	16,565	16,639	17,604
Contribution	14,247	14,648	15,438
Contribution margin	86%	88%	88%
Adjusted operated expenses	(10,973)	(10,867)	(11,570)
<b>Adjusted EBITDA</b>	<b>3,274</b>	<b>3,781</b>	<b>3,868</b>
Intangible assets capitalised	1,569	1,620	1,731
Purchase of PPE	646	721	785
<b>Total capex in year</b>	<b>2,215</b>	<b>2,341</b>	<b>2,516</b>

Development of the new HTML5 version of our G4 betting website was completed and the initial launches are underway. All customer websites will be converted over time, allowing R&D to increase software development and maintenance efficiency and freeing resources to focus on new digital sports betting opportunities.

Service revenues were comparable year-over-year on a constant currency basis.

We signed five new contracts, four in the US and one in Europe, and renewed and extended eight existing customer contracts. Four of the renewals included enhanced Digital offerings. We are also pleased to report that we have not experienced any contract losses in the period.

In June, the Group hosted over 95 attendees, including racing customers, regulators and other

constituencies at our "Sports Betting Crash Course" to educate and inform on the Sportech offering in the sports betting space. The division is aggressively developing our sports betting integration, and envisages being able to supply many of our racing customers with a sports betting solution that is integrated with their pari-mutuel betting solution.

### **Bump 50:50 (part of the Racing and Digital Division)**

The Bump 50:50 sports raffle business provides the technologies and services that allow charitable foundations associated with professional and college sports teams and entertainment venues to sell and fulfil 50/50 raffles to generate funds for their charitable missions. Jackpots are divided equally between the foundation and the winner.

The Bump 50:50 business continued to grow in H1 2018, with a customer base that increased from 48 professional sports teams in June 2017 to 72 teams in June 2018. Revenues grew 42% versus the prior period, from £0.5 million to £0.7 million. We added seven new customers in H1 2018 and renewed an additional seven customers, while losing only two smaller customers. The new customers included two MLB® teams, one NHL® team and one NBA® team. We also added 13 new festivals.

Bump 50:50 is looking to expand to new markets with offerings that are mobile focused and designed for charities outside of the sports space. These development projects are taking place during 2018, and the new initiative investment will likely reduce EBTIDA growth in the short term, but open up significant long-term opportunities. EBITDA was £138k for H1 2018 +12% in H1 2018 versus the prior year at constant currency.

### **Sportech Venues**

Sportech Venues operates all betting on horse racing, greyhound racing and jai alai in the state of Connecticut under an exclusive and in-perpetuity licence for retail, telephone and online. We believe that Connecticut will be an adopter of a comprehensive legal and regulatory framework for sports betting, either in a Fall special session or in H1 2019. We believe that we will have a strong direct-to-consumer sports betting offering in Connecticut and that our 16 current (24 potential) Venues and our online / mobile betting service form an ideal base from which to offer sports betting within the state, alongside the two Tribal Casinos. We continue to be a proactive supporter of legislation to regulate sports betting and combat illegal Advanced Deposit Wagering 'ADW' operators within the State to reduce the spread of illegal activity and protect consumers.

<b>£'000s</b>	<b>H1 2018</b>	<b>H1 2017 Constant Currency</b>	<b>H1 2017 Reported Currency</b>
F&B - Stamford	<b>1,081</b>	40	41
F&B - Other	<b>1,265</b>	1,274	1,388
F&B - Total	<b>2,346</b>	1,314	1,429
Wagering revenue	<b>13,428</b>	13,742	14,945
Total revenues	<b>15,774</b>	15,056	16,374
Contribution	<b>7,651</b>	7,227	7,861
Contribution margin	<b>49%</b>	48%	48%
Adjusted operated expenses	<b>(6,565)</b>	(5,853)	(6,382)
<b>Adjusted EBITDA</b>	<b>1,086</b>	1,374	1,479
<b>PPE - Stamford</b>	<b>-</b>	4,764	5,142
<b>PPE - Other</b>	<b>274</b>	354	367
<b>PPE - Total</b>	<b>274</b>	5,118	5,509

Within the Venues business, our Stamford, Connecticut Bobby V's Restaurant & Sports Bar has begun

to grow both in terms of handle and food and beverage sales. Growth is slower than originally forecast and margins are being impacted by increased costs, most noticeably from wage inflation, property costs and food costs, but we expect the new highly-experienced Food and Beverage and Group Sales Managers, both of whom started in July 2018, to deliver a beneficial impact as we enter the 2019 financial year.

Total H1 food and beverage revenue was up 79% over the prior year at constant currency, with EBITDA from food and beverage at £158k, up 105% versus the prior year.

Wagering revenues softness versus the prior year is from a combination of lower VIP betting and a reduced number of track racing days in key markets such as New York, Florida and Pennsylvania. This was offset somewhat by our successful Triple Crown where turnover was up 25% over the previous year.

### **US Sports Betting**

In May 2018 we announced our agreement with Sportradar to deliver sports betting solutions to US operators. Since that announcement we have been working diligently to create our unique integrated solution for both the consumer market in Connecticut and to be delivered as a B2B offering for our racing customers across the 36 other US states where we have a B2B presence. While only a few states have adopted new legislation to allow sports betting, we anticipate that many more will adopt legislation during 2019.

We have already begun the integration and pre-sales processes to allow Sportech to be a significant operator and solution provider in the US sports betting business, investing £490k in H1 2018. We expect sports betting expenses to be £1.1m to £1.3 million for 2018.

### **Corporate Costs**

Corporate costs are significantly reduced versus the prior year, down 39%, with the shift in management from London to Toronto, Canada. In March 2018 Andrew Gaughan was appointed to the role of Chief Executive Officer and in May 2018 Tom Hearne was hired as the new Chief Financial Officer. Both are based in Toronto.

### **Depreciation and Amortisation**

The Group's normal depreciation and amortisation charge from continuing operations increased in the period to £2.3m (2017: £2.0m). In the prior year the Group also incurred a non-cash amortisation charge of £0.1m on the intangible assets acquired with Datatote in 2013. This was fully written down by the end of 2017.

### **Exceptional Costs**

The Group has exceptional administration costs of £0.5m comprised of redundancy and restructuring costs of £0.3m and costs related to the Spot the Ball legal case of £0.2m offset by reduced licensing costs in relation to New Jersey, lower accrued contingent consideration costs for Bump, and lobbying costs, which are now in ordinary expenses (£0.1m).

### **Net Finance Income/(Costs)**

With no debt, the Group has finance income of £53k versus finance costs in the prior year of (£0.9m). The prior year's costs were made up of (£0.2m) of interest on bank overdrafts and a foreign exchange loss of (£0.7m). Foreign exchange gains and losses arise from the retranslation of foreign currency denominated inter-company loans and cash balances held within the Group. The Company delivers approximately 80% of net revenues in US Dollars and the Company is not currently engaged in any currency hedging.

### **Taxation**

A tax charge for the period of £28k (2016: £53k) has been provided at the weighted average applicable tax rate for the Group of 1.2% (2016: 1.0%) together with the tax effects of permanent differences and

other adjustments.

The Group has a net deferred tax asset of £7.3m (31 December 2017: £6.4m), representing primarily foreign taxes withheld which can be utilised against future profits. Tax payments of £0.7m were made during the period (2017: £12.1m), principally representing final payments for prior-year tax liabilities and overseas tax deducted at source in the US.

Following the successful Spot the Ball VAT reclaim, the Group is aware that HMRC are closely examining all the Group's tax affairs. The Board, after taking professional advice, believe the liabilities recorded in the financial statements are correct, and whilst they are open to challenge, the Group's position will be defended robustly.

In order to process an appeal, the Group is making one against HMRC for VAT for head office costs going back a number of years. The Group has made an 'in escrow' payment to HMRC of £1.3 million in Q1-2018. The Board, having taken professional advice on this matter, believe this is fully recoverable.

### **Net Cash/Net Current Assets**

The Group held cash balances of £12.5m at 30 June 2018, net of customer deposits, and has no debt. In July we closed our previously announced Sportech BV sale, bringing in €2.8 million (£2.5 million) on a debt free cash free basis. Cash actually received was €3.3 million (purchase price and cash adjustment on closing). Net current assets amounted to £6.6m (December 2017: £8.1m).

### **Capital Expenditure**

Capital expenditure in the period was £2.5m (2017: £8.1m). The prior year's number includes £5.5m for venues, mostly related to the newly opened 20,000 sq. ft Stamford venue.

### **Shareholders' Funds**

Total equity and the Group's net assets at 30 June 2018 are £51.6m (31 December 2017: £51.2m).

### **Outlook**

#### Venues

The Stamford, Connecticut location continues to build market position and financial momentum and with the addition of our new Food and Beverage and Group Sales Managers we expect further improvements, particularly in the 2019 financial year. We do expect to see continued softness in wagering revenue for the remainder of the year.

#### Racing and Digital

We are seeing a shift in the market outside of North America from primarily one-time sales contracts to long-term service-based contracts. This will mean lower one-time sales revenues, but an increased and more consistent service revenue base.

With continued strong growth in Bump 50:50 contracts, we are investing in technology projects to further expand the market for Bump's technologies and services.

We are also continuing to look for efficiencies in all lines of business to enhance profitability.

#### Corporate costs

Corporate costs should be consistent with the H1 costs incurred.

#### Sports Betting

We believe that we will have a strong direct-to-consumer sports betting offering in Connecticut and that we are very well positioned to offer our Racing and Digital customers a competitive integrated sports

and race betting solution.

Sports betting costs for 2018 should be in the range of £1.1m to £1.3m. Given the legislative windows of various states we would anticipate our sports betting revenues to begin in the second half of 2019.

## Andrew Gaughan

Chief Executive

22 August 2018

### Interim consolidated income statement

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 (Unaudited) £000	Restated Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Revenue		<b>31,580</b>	33,501	66,271
Cost of sales	6	<b>(8,656)</b>	(9,181)	(18,562)
<b>Gross profit</b>		<b>22,924</b>	24,320	47,709
Marketing and distribution costs	6	<b>(1,026)</b>	(1,128)	(2,118)
<b>Contribution</b>		<b>21,898</b>	23,192	45,591
Operating costs	4, 6	<b>(22,553)</b>	(22,484)	(68,065)
Other income (net)	7	-	-	827
<b>Operating (loss)/profit</b>		<b>(655)</b>	708	(21,647)
Net finance income/(charges)	8	<b>53</b>	(869)	(19)
Share of loss after tax and impairment of joint ventures		-	(159)	(1,484)
<b>Loss before taxation</b>		<b>(602)</b>	(320)	(23,150)
Taxation	9	<b>28</b>	53	230
Loss from continuing operations		<b>(574)</b>	(267)	(22,920)
Net loss from discontinued operations	10	<b>(355)</b>	(2,974)	(1,522)
<b>Loss for the period</b>		<b>(929)</b>	(3,241)	(24,442)
<b>Attributable to:</b>				
Owners of the Company		<b>(929)</b>	(3,241)	(24,300)
Non-controlling interests		-	-	(142)
		<b>(929)</b>	(3,241)	(24,442)
<b>Loss per share attributable to owners of the Company from continuing operations</b>				
Basic	11	<b>(0.3)p</b>	(0.1)p	(12.0)p
Diluted	11	<b>(0.3)p</b>	(0.1)p	(12.0)p
<b>Loss per share attributable to owners of the Company from discontinued operations</b>				
Basic	11	<b>(0.2)p</b>	(1.5)p	(0.8)p
Diluted	11	<b>(0.2)p</b>	(1.5)p	(0.8)p
<b>Adjusted (loss)/earnings per share attributable to owners of the Company</b>				
Basic	11	<b>(0.1)p</b>	2.8p	2.9p
Diluted	11	<b>(0.1)p</b>	2.8p	2.9p

### Interim consolidated statement of comprehensive income

For the six months ended 30 June 2018

Six months      Six months      Year ended 31

	ended 30 June 2018 (Unaudited) £000	ended 30 June 2017 (Unaudited) £000	December 2017 (Audited) £000
Loss for the period	(929)	(3,241)	(24,442)
Other comprehensive items:			
<i>Items that will not be reclassified to profit and loss</i>			
Actuarial gain on retirement benefit liability	-	-	(171)
Deferred tax on movement on retirement benefit liability	-	-	55
	-	-	(116)
<i>Items that have been reclassified to profit and loss</i>			
Realised fair value loss on available-for-sale financial assets	-	-	2,500
<i>Items that may be subsequently reclassified to profit and loss</i>			
Revaluation of available for sale financial assets	-	(136)	-
Currency translation differences	766	(2,646)	(4,935)
	766	(2,782)	(4,935)
Total other comprehensive items for the period, net of tax	766	(2,782)	(2,551)
<b>Total comprehensive expense for the period</b>	<b>(163)</b>	<b>(6,023)</b>	<b>(26,993)</b>
<b>Attributable to:</b>			
Owners of the Company	(163)	(6,038)	(26,862)
Non-controlling interests	-	15	(131)
	(163)	(6,023)	(26,993)

### Interim consolidated statement of changes in equity

For the six months ended 30 June 2018

	Attributable to owners of the Company								Total £000
	Ordinary shares	Capital Redemption Reserve	Share option reserve	Pension reserve	FX reserve**	Available- for-sale reserve	Retained earnings	NCI***	
Six months ended 30 June 2017	£000	£000	£000	£000	£000	£000	£000	£000	
At 1 January 2017 (audited)	103,119	-	2,198	(530)	11,072	(2,500)	35,323	131	148,813
Comprehensive expense									
Loss for the period	-	-	-	-	-	-	(3,241)	-	(3,241)
Other comprehensive items									
Revaluation of available-for-sale financial asset	-	-	-	-	-	(136)	-	-	(136)
Currency translation differences	-	-	-	-	(2,661)	-	-	15	(2,646)
Total other comprehensive items	-	-	-	-	(2,661)	(136)	-	15	(2,782)
Total comprehensive items	-	-	-	-	(2,661)	(136)	(3,241)	15	(6,023)
Transactions with owners									
Share option charge	-	-	466	-	-	-	-	-	466
Employer taxes paid on options vesting	-	-	(21)	-	-	-	-	-	(21)
Share buyback	-	-	-	-	-	-	(21,192)	-	(21,192)
Cancellation of own shares	(10,312)	10,312	-	-	-	-	-	-	-
Total transactions with owners	(10,312)	10,312	445	-	-	-	(21,192)	-	(20,747)
Total changes in equity	(10,312)	10,312	445	-	(2,661)	(136)	(24,433)	15	(26,770)
At 30 June 2017 (unaudited)	92,807	10,312	2,643	(530)	8,411	(2,636)	10,890	146	122,043

Attributable to owners of the Company



Year ended 31 December 2017	Ordinary shares £000	Capital Redemption Reserve £000	Other reserves				Available-for-sale reserve £000	Retained earnings £000	NCI*** £000	Total £000
			Share option reserve £000	Pension reserve £000	FX reserve** £000					
At 1 January 2017 (audited)	103,119	-	2,198	(530)	11,072	(2,500)	35,323	131	148,813	
<i>Comprehensive expense</i>										
Loss for the period	-	-	-	-	-	-	(24,300)	(142)	(24,442)	
<i>Other comprehensive items</i>										
Actuarial loss on defined benefit pension liability *	-	-	-	(116)	-	-	-	-	(116)	
Realised fair value losses on available-for-sale financial assets	-	-	-	-	-	2,500	-	-	2,500	
Currency translation differences	-	-	-	-	(4,946)	-	-	11	(4,935)	
<b>Total other comprehensive items</b>	-	-	-	(116)	(4,946)	2,500	-	11	(2,551)	
<b>Total comprehensive items</b>	-	-	-	(116)	(4,946)	2,500	(24,300)	(131)	(26,993)	
<i>Transactions with owners</i>										
Share option charge, excluding accelerated IFRS 2 charge	-	-	666	-	-	-	-	-	666	
Acceleration of IFRS 2 charge for departing management	-	-	3,765	-	-	-	-	-	3,765	
Employer taxes paid on vesting of options	-	-	(21)	-	-	-	-	-	(21)	
Share buyback	-	-	-	-	-	-	(21,192)	-	(21,192)	
Cancellation of share capital	(10,312)	10,312	-	-	-	-	-	-	-	
Capital reduction	(55,684)	-	-	-	-	-	55,684	-	-	
Special dividend	-	-	-	-	-	-	(53,828)	-	(53,828)	
<b>Total transactions with owners</b>	(65,996)	10,312	4,410	-	-	-	(19,336)	-	(70,610)	
<b>Total changes in equity</b>	(65,996)	10,312	4,410	(116)	(4,946)	2,500	(43,636)	(131)	(97,603)	
At 31 December 2017 (audited)	37,123	10,312	6,608	(646)	6,126	-	(8,313)	-	51,210	

\* Net of deferred tax

\*\* Foreign exchange reserve

\*\*\* Non-controlling interests, representing stakes not held in Norco, California by the Sportech Group

**Interim consolidated balance sheet**

As at 30 June 2018

	Note	As at 30 June 2018 (Unaudited) £000	Restated As at 30 June 2017 (Unaudited) £000	As at 31 December 2017 (Audited) £000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible fixed assets	12	12,550	24,132	11,629
Property, plant and equipment	13	25,766	28,584	25,705
Net investment in joint ventures and associates		-	1,270	-
Trade and other receivables	14	2,289	2,156	2,443
Deferred tax assets		7,259	3,375	6,406
		<b>47,864</b>	59,517	46,183
<b>Current assets</b>				
Trade and other receivables	14	11,479	12,303	10,342
Inventories		2,609	3,194	2,652
Assets held for sale		270	-	778
Available for sale financial assets		-	1,180	-
Cash and cash equivalents	15	16,437	78,986	18,757
		<b>30,795</b>	95,663	32,529
<b>TOTAL ASSETS</b>		<b>78,659</b>	155,180	78,712

<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	16	(16,164)	(17,245)	(16,058)
Provisions	17	(1,050)	(27)	(1,103)
Financial liabilities		-	(152)	(175)
Current tax liabilities		(7,008)	(13,928)	(7,106)
		(24,222)	(31,352)	(24,442)
<b>Net current assets</b>		<b>6,573</b>	64,311	8,087
<b>Non-current liabilities</b>				
Retirement benefit liability		(1,345)	(1,284)	(1,537)
Provisions	17	(1,452)	(501)	(1,523)
		(2,797)	(1,785)	(3,060)
<b>TOTAL LIABILITIES</b>		<b>(27,019)</b>	(33,137)	(27,502)
<b>NET ASSETS</b>		<b>51,640</b>	122,043	51,210
<b>EQUITY</b>				
Ordinary shares		37,350	92,807	37,123
Other reserves		23,532	18,200	22,400
Retained earnings		(9,242)	10,890	(8,313)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>51,640</b>	121,897	51,210
Non-controlling interests		-	146	-
<b>TOTAL EQUITY</b>		<b>51,640</b>	122,043	51,210

**Interim consolidated statement of cash flows**

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 (Unaudited) £000	Restated Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
<b>Cash flows from operating activities</b>				
Net cash from operating activities, before exceptional items	18	2,560	(485)	6,418
Interest received/(paid)		41	(316)	(235)
Tax paid		(772)	(12,146)	(15,859)
Net cash generated from/(used in) operating activities before exceptional items		1,829	(12,947)	(9,676)
Exceptional cash inflows		487	3,146	3,685
Exceptional cash outflows		(2,051)	(10,449)	(8,391)
Net cash flows from operating activities - continuing operations		265	(20,250)	(14,382)
Net cash flows from operating activities - discontinued operations		(83)	4,091	(7,114)
Net cash flows from operating activities		182	(16,159)	(21,496)
<b>Cash flows from investing activities</b>				
Investment in joint ventures and associates		-	(78)	(173)
Disposal of shares in NYX Gaming Group Limited		-	-	2,333
Disposal of Football Pools division		-	86,200	86,200
Investment in intangible fixed assets	12	(1,569)	(1,808)	(3,948)
Purchase of property, plant and equipment	13	(920)	(6,316)	(6,905)
Net cash flows from investing activities - continuing operations		(2,489)	77,998	77,507
Net cash flows from investing activities - discontinued operations		(54)	(1,008)	(1,104)
Net cash flows from investing activities		(2,543)	76,990	76,403
<b>Cash flows from financing activities</b>				
Distributions to shareholders		-	(21,192)	(75,020)
Net cash used in financing activities		-	(21,192)	(75,020)
<b>Net movement in cash and cash equivalents</b>		<b>(2,361)</b>	39,639	(20,113)
Exchange (loss)/gain on cash and cash equivalents		(96)	(293)	(357)
Net cash and cash equivalents at the beginning of the period		19,170	39,640	39,640

<b>Net cash and cash equivalents at the end of the period</b>	<b>16,713</b>	78,986	19,170
<b>Less cash held by asset held for sale</b>	<b>(276)</b>	-	(413)
<b>Group cash and cash equivalents at the end of the period</b>	<b>16,437</b>	78,986	18,757
<b>Represented by:</b>			
Cash and cash equivalents	<b>16,437</b>	78,986	18,757
Less customer funds	<b>(3,960)</b>	(2,783)	(2,872)
<b>Adjusted net cash at the end of the period</b>	<b>12,477</b>	76,203	15,885

## Notes to the consolidated interim financial statements

For the six months ended 30 June 2018

### 1. General information

Sportech PLC (the "Company") is a company domiciled in the UK and listed on the London Stock Exchange. The Company's registered office is Collins House, Rutland Square, Edinburgh, Midlothian, Scotland EH1 2AA. The condensed consolidated interim financial statements of the Company as at and for the period ended 30 June 2018 comprise the Company, its subsidiaries, joint ventures and associates (together referred to as the "Group"). The Company's accounting interim reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 2 July 2018 (2017: 3 July 2017). For ease of reference in these condensed interim financial statements, all references to the results for the period are for the period ended 30 June 2018 (2017: 30 June 2017) and the financial position at the same date. The principal activities of the Group are the provision of a tote technology platform to around 300 contracted parties (disclosed as segment "Racing and Digital"), and the operation, in Connecticut and California of licensed sports wagering venues (disclosed as segment "Venues"). Following the US Supreme Court decision to repeal PASPA and allow state regulation of sports betting, the Group has a new targeted market for this new product opportunity, and investment is being made to allow capitalisation of this as regulation allows (disclosed as segment "Sports betting").

The condensed consolidated interim financial statements were approved for issue on 21 August 2018.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors on 23 April 2018 and delivered to the Registrar of Companies. The Report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have not been reviewed or audited.

### 2. Basis of preparation

- These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017 which have been prepared in accordance with IFRSs as adopted by the European Union.
- After making reasonable enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.
- The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, significant judgments have been made by management with respect to the assumptions underpinning the Group's tax liabilities, the carrying value of intangible fixed assets, and the carrying value of contingent consideration receivable.

#### *Restatement of previous periods*

In accordance with IFRS 5, the historic results of Sportech Racing BV, the Venues business in the Netherlands, have been disclosed separately as those arising from a discontinued operation. This is due to the sale of this business to RBP Luxembourg S.A, which completed on 26 July 2018. This business was considered to be an asset held for sale as at 31 December 2017, and accordingly the interim results for the period ended 30 July 2017 have been restated to reflect this.

Certain intangible assets were presented within property, plant and equipment as at 30 June 2017 in the previous period. This

has been identified and adjusted for. Note that this has no impact on the total non-current assets, net assets or any other financial statement category other than intangible assets and property, plant and equipment for that period.

- d. The principal risks and uncertainties for the Group remain the same as those detailed on page 36 of the 2018 Sportech PLC Annual Report and Accounts, where descriptions of mitigating activities carried out by the Group are also outlined. Those risks include product popularity, technological changes, foreign exchange, and industry competition.

### 3. Accounting policies

The following standards, have been adopted by the Group with effect from 1 January 2018:

Standard or interpretation	Content	Applicable for financial year beginning on or after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018

Following the performance of an impact assessment by management, it was noted that there were considered to be immaterial amendments to the historic accounting treatment of its revenue or financial instruments in ensuring compliance with IFRS 15 or IFRS 9.

The following standards, amendments and interpretations that are not yet effective and have not been adopted early by the Group are as follows:

Standard or interpretation	Content	Applicable for financial year beginning on or after
IFRS 16	Leases	1 January 2019

A review of the impact of IFRS 16 will be performed in the second half of 2018, and an analysis of this impact will be provided in the Annual Report for the year ended 31 December 2018.

### Adjusted performance measures

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted EBITDA which excludes the effects of non-recurring expenditure such as exceptional items and asset impairment charges. The share option expense is also excluded. Interest is not allocated to segments as the Group's cash position is controlled by the central finance team. This is considered the most reliable indicator as it is the closest approximation to cash generated by underlying trade, excluding the impact of one-off items of a material nature and working capital movements.

Adjusted EBITDA is not an IFRS measure, nevertheless it is widely used by both the analyst community to compare with other gaming companies and by management to assess underlying performance.

A reconciliation of the adjusted operating expenses used for statutory reporting and the adjusted performance measures is shown below:

	Note	Six months ended 30 June 2018 (Unaudited) £000	Restated Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Operating costs per income statement		<b>(22,553)</b>	(22,484)	(68,065)
Add back:				
Depreciation	13	<b>1,388</b>	1,251	2,740
Amortisation, excluding acquired intangible assets	12	<b>953</b>	725	1,540
Amortisation of acquired intangible assets	12	-	140	350
Impairment of intangible assets	12	-	-	12,040
Impairment of property, plant and equipment	13	-	-	874
Share option charge, excluding acceleration of charge for departing management		<b>660</b>	466	666
Accelerated IFRS 2 charge for departing management		-	-	3,765
Fair value losses realised on shares held in NYX Gaming Group		-	-	1,603
Exceptional items	7	<b>451</b>	310	5,603
Adjusted operating costs		<b>(19,101)</b>	(19,592)	(38,884)

Adjusted EBITDA is calculated as below. Note that "other income", i.e. income arising on exceptional items (see note 7) is also excluded from adjusted EBITDA.

	Six months ended 30 June 2018 (Unaudited) £000	Restated Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Revenue	31,580	33,501	66,271
Cost of sales	(8,656)	(9,181)	(18,562)
Gross profit	22,924	24,320	47,709
Marketing and distribution costs	(1,026)	(1,128)	(2,118)
Contribution	21,898	23,192	45,591
Adjusted operating costs	(19,101)	(19,592)	(38,884)
<b>Adjusted EBITDA</b>	<b>2,797</b>	<b>3,600</b>	<b>6,707</b>

Adjusted profit is also an adjusted performance measure used by the Group. This uses adjusted EBITDA, as defined above as management's view of the closest proxy to cash generation for underlying divisional performance, and deducting share option charges, depreciation, amortisation of intangible assets (other than those which arise in the acquisition of businesses) and finance charges. This provides an adjusted profit before tax measure, which is then taxed by applying an estimated adjusted tax measure. The adjusted tax charge excludes the tax impact of income statement items not included in adjusted profit before tax.

	Six months ended 30 June 2018		
	Continuing £000	Discontinued £000	Total £000
Adjusted EBITDA	2,797	114	2,911
Share option charge	(660)	-	(660)
Depreciation	(1,388)	(48)	(1,436)
Amortisation	(953)	(34)	(987)
Finance income	40	-	40
Adjusted (loss)/profit before tax	(164)	32	(132)
Tax at (6.0)%			(8)
Adjusted profit after tax			(124)

	Six months ended 30 June 2017			Year ended 31 December 2017		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Adjusted EBITDA	3,600	5,940	9,540	6,707	6,172	12,879
Share option charge	(466)	-	(466)	(666)	-	(666)
Depreciation	(1,251)	(115)	(1,366)	(2,740)	(179)	(2,919)
Amortisation (excluding amortisation of acquired intangibles)	(725)	(520)	(1,245)	(1,540)	(561)	(2,101)
Finance charges	(225)	-	(225)	(212)	-	(212)
Adjusted profit before tax	933	5,305	6,238	1,549	5,432	6,981
Tax*			(886)			(1,508)
Adjusted profit after tax			5,352			5,473

\* The adjusted tax rate for the six months ended 30 June 2017 is 14.2%, and for the year ended 31 December 2017 is 21.6%.

## Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic and operational decisions.

The Group has identified its business segments as outlined below:

- Sportech Racing and Digital - provision of pari-mutuel wagering services and systems worldwide principally to the horseracing industry;
- Sportech Venues - off-track betting venue management;
- Sports betting - investments made to capitalise on regulation of sports betting in the US; and
- Corporate costs - central costs relating to the Company in its capacity as the holding company of the Group.

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted EBITDA as defined in note 4. The share option expense is also excluded. Interest is not allocated to segments as the Group's cash position is controlled by the central finance team. Sales between segments are at arm's length.

	Six months ended 30 June 2018 (Unaudited)					Group £000
	Racing and Digital	Venues	Corporate costs	Sports betting	Inter- segment elimination	
	£000	£000	£000	£000	£000	
Revenue from sale of goods	637	-	-	-	-	637
Revenue from rendering of services	15,928	15,774	-	-	(759)	30,943
<b>Total revenue</b>	<b>16,565</b>	<b>15,774</b>	<b>-</b>	<b>-</b>	<b>(759)</b>	<b>31,580</b>
Cost of sales	(1,930)	(7,485)	-	-	759	(8,656)
<b>Gross profit</b>	<b>14,635</b>	<b>8,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,924</b>
Marketing and distribution costs	(388)	(638)	-	-	-	(1,026)
<b>Contribution</b>	<b>14,247</b>	<b>7,651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,898</b>
Adjusted operating expenses	(10,973)	(6,565)	(1,073)	(490)	-	(19,101)
<b>Adjusted EBITDA</b>	<b>3,274</b>	<b>1,086</b>	<b>(1,073)</b>	<b>(490)</b>	<b>-</b>	<b>2,797</b>
Share option charge	-	-	(660)	-	-	(660)
Depreciation	(838)	(537)	(13)	-	-	(1,388)
Amortisation (excluding amortisation of acquired intangibles)	(837)	-	(116)	-	-	(953)
Exceptional costs	(48)	(40)	(363)	-	-	(451)
<b>Operating profit/(loss)</b>	<b>1,551</b>	<b>509</b>	<b>(2,225)</b>	<b>(490)</b>	<b>-</b>	<b>(655)</b>
Net finance income						53
<b>Loss before taxation</b>						<b>(602)</b>
Taxation						28
Loss from continuing operations						(574)
Net loss from discontinued operations						(355)
<b>Loss for the period</b>						<b>(929)</b>
<b>Other segment items</b>						
Capital expenditure - intangible fixed assets	1,569	-	-	-	-	1,569
Capital expenditure - property, plant and equipment	646	274	-	-	-	920

	Six months ended 30 June 2017 (Unaudited) (Restated)*					Group £000
	Racing and Digital	Venues	Corporate costs	Sports betting	Inter- segment elimination	
	£000	£000	£000	£000	£000	
Revenue from sale of goods	660	-	-	-	-	660
Revenue from rendering of services	16,944	16,374	-	-	(477)	32,841
Total revenue	17,604	16,374	-	-	(477)	33,501
Cost of sales	(1,714)	(7,837)	-	-	370	(9,181)
Gross profit	15,890	8,537	-	-	(107)	24,320
Marketing and distribution costs	(452)	(676)	-	-	-	(1,128)
Contribution	15,438	7,861	-	-	(107)	23,192
Adjusted operating expenses	(11,570)	(6,382)	(1,747)	-	107	(19,592)
Adjusted EBITDA	3,868	1,479	(1,747)	-	-	3,600
Share option charge	-	-	(466)	-	-	(466)

Depreciation	(827)	(374)	(50)	-	-	(1,251)
Amortisation (excluding amortisation of acquired intangibles)	(673)	-	(52)	-	-	(725)
Amortisation of acquired intangibles	(140)	-	-	-	-	(140)
Exceptional costs	(32)	(32)	(166)	(80)	-	(310)
Operating profit/(loss)	2,196	1,073	(2,481)	(80)	-	708
Net finance charges						(869)
Share of loss after tax of joint ventures						(159)
Loss before taxation						(320)
Taxation						53
Loss from continuing operations						(267)
Net loss from discontinued operations						(2,974)
Loss for the period						(3,241)
Other segment items						
Capital expenditure - intangible fixed assets	1,731	-	77	-	-	1,808
Capital expenditure - property, plant and equipment	785	5,509	22	-	-	6,316

## Year ended 31 December 2017 (Audited) (Restated)\*

	Racing and Digital	Venues	Corporate costs	Sports betting	Inter-segment elimination	Group
	£000	£000	£000	£000	£000	£000
Revenue from sale of goods	1,389	-	-	-	(4)	1,385
Revenue from rendering of services	34,080	31,606	-	-	(800)	64,886
Total revenue	35,469	31,606	-	-	(804)	66,271
Cost of sales	(4,335)	(14,760)	-	-	533	(18,562)
Gross profit	31,134	16,846	-	-	(271)	47,709
Marketing and distribution costs	(754)	(1,364)	-	-	-	(2,118)
Contribution	30,380	15,482	-	-	(271)	45,591
Adjusted operating expenses	(22,672)	(13,985)	(2,498)	-	271	(38,884)
Adjusted EBITDA	7,708	1,497	(2,498)	-	-	6,707
Share option charge, excluding acceleration of charge for departing management	-	-	(666)	-	-	(666)
Depreciation	(1,738)	(928)	(74)	-	-	(2,740)
Amortisation (excluding amortisation of acquired intangibles)	(1,400)	-	(140)	-	-	(1,540)
Amortisation of acquired intangibles	(350)	-	-	-	-	(350)
Impairment of assets	-	(12,914)	-	-	-	(12,914)
Acceleration of IFRS 2 charge for departing management	-	-	(3,765)	-	-	(3,765)
Fair value losses realised on sale of shares held in NYX Gaming Group	-	(1,603)	-	-	-	(1,603)
Exceptional income	-	-	827	-	-	827
Exceptional costs	(1,701)	(1,480)	(2,268)	(154)	-	(5,603)
Operating profit/(loss)	2,519	(15,428)	(8,584)	(154)	-	(21,647)
Net finance charges						(19)
Share of loss after tax of joint ventures						(1,484)
Loss before taxation						(23,150)
Taxation						230
Loss from continuing operations						(22,920)
Net loss from discontinued operations						(1,522)
Loss for the period						(24,442)
Other segment items						
Capital expenditure - intangible fixed assets	3,891	-	57	-	-	3,948
Capital expenditure - property, plant and						

equipment	1,281	5,608	16	-	-	6,905
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\* Segmental results for 2017 periods have been restated to present any items attributable to the Group's new fourth segment, "Sports betting". Those costs in 2017 were solely costs of lobbying the State of Connecticut for expanded gaming. The comparative operating costs for 2018 have been presented within adjusted operating expenses.

#### 4. Expenses by nature

	Six months ended 30 June 2018 (Unaudited)	Restated Six months ended 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
	£000	£000	£000
<b>Cost of sales</b>			
Tote and track fees	5,526	6,232	12,166
F&B consumables	705	486	1,322
Betting and gaming duties	363	231	480
Repairs and maintenance cost of sales	169	176	402
Ticket paper	392	451	855
Programs	275	261	472
Outsourced service costs	885	889	1,605
Cost of inventories sold, including provision for obsolete inventory	341	455	1,260
<b>Total cost of sales</b>	<b>8,656</b>	<b>9,181</b>	<b>18,562</b>
<b>Marketing and distribution costs</b>			
Marketing	784	837	1,664
Vehicle costs	112	157	234
Freight	130	134	220
<b>Total marketing and distribution costs</b>	<b>1,026</b>	<b>1,128</b>	<b>2,118</b>
<b>Adjusted operating costs</b>			
Staff costs - gross, excluding share option charges	13,639	14,403	28,562
Less amounts capitalised	(1,047)	(1,099)	(3,026)
Staff costs - net	12,592	13,304	25,536
Property costs	2,562	2,645	5,454
IT & Communications	657	667	1,351
Professional fees	2,040	1,823	3,249
Travel and entertaining	679	765	1,524
Banking transaction costs and FX	163	77	271
Provision for doubtful debts	-	-	762
Other costs	408	311	737
<b>Total adjusted operating costs</b>	<b>19,101</b>	<b>19,592</b>	<b>38,884</b>

#### 5. Exceptional items

	Six months ended 30 June 2018 (Unaudited)	Restated Six months ended 30 June 2017 (Unaudited)	Restated Year ended 31 December 2017 (Audited)
	£000	£000	£000
<b>Exceptional costs:</b>			
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	251	-	2,291
Onerous contract provisions and other losses resulting from exit from Californian operations	-	-	2,740
Compensation received in relation to 2016 New Jersey data outage	-	-	(45)



Costs in relation to the Spot the Ball legal case	160	-	-
Licencing costs in New Jersey in respect of the acquisition of Sportech Racing	-	90	110
One off start up costs of new ventures, including new venue builds and joint ventures	40	90	390
Earn out and similar costs required to be recognised as an expense	-	50	74
Release of provisions which did not arise during period of Sportech ownership	-	-	(261)
Professional fees associated with new remuneration arrangements approved by shareholders	-	-	150
Costs of lobbying the State of Connecticut for expanded gaming and enforcement of exclusive licence	-	80	154
	451	310	5,603
<b>Exceptional income:</b>			
Net gain on successful outcome of Supreme Court Spot the Ball ruling	-	-	(827)
<b>Net exceptional costs</b>	<b>451</b>	<b>310</b>	<b>4,776</b>

## 6. Net finance income/(charges)

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Finance income/(charges):			
Interest payable on bank loans and overdrafts	-	(225)	(159)
Interest earned on cash balances held	40	-	-
Interest on defined benefit pension obligation	-	-	(53)
Total finance costs	40	(225)	(212)
Other finance income/(charges):			
Foreign exchange (loss)/gain on financial assets and liabilities denominated in foreign currency	(25)	(684)	97
Unwinding of interest on discounted non-current liabilities	38	40	96
Total other financial income/(charges)	13	(644)	193
Net finance income/(charges)	53	(869)	(19)

## 7. Taxation

Taxation is provided based on management's best estimate of the expected weighted average annual taxation rate for the full year. The estimated weighted average annual tax rate for the year ended 31 December 2017 is 1.2% (2017: (1.0)%). The movement is a result of a change in mix of profits/(losses) in jurisdictions with varying tax rates.

### Profit/(loss) from discontinued operations

Results from discontinued operations includes the Football Pools division, disposed of in June 2017, and also the Venues business in The Netherlands, Sportech Racing BV and its subsidiaries ("Sportech Holland"). Sportech Holland was disposed of in full on 26 July 2018 and is considered to be a held for sale asset as at the reporting date. The sale of this business to RBP Luxembourg SA was structured as a locked box, with an effective date of 1 January 2018. The risks and benefits of its cash generation are therefore transferred to the purchaser from that date. Control of the entity did not however transfer until completion of the deal on 26 July 2018, and accordingly its results have been included in the six months ended 30 June 2018 as those of a discontinued operation.

	Six months ended June 2018 (unaudited)		
	FP* £000	Holland £000	Total £000
Revenue	-	2,631	2,631
Cost of sales, marketing and distribution and adjusted operating (expenses)/income	46	(2,562)	(2,516)
Adjusted EBITDA	46	69	115
Depreciation and amortisation	-	(82)	(82)
Exceptional costs	-	(461)	(461)

Tax, excluding tax arising on disposal	-	-	-
Profit after tax	<b>46</b>	<b>(474)</b>	<b>(428)</b>
Gain on disposal (note 10a)	<b>73</b>	-	<b>73</b>
Net result from discontinued operations	<b>119</b>	<b>(474)</b>	<b>(355)</b>

Exceptional costs incurred in the period by Sportech Holland are redundancy and restructuring costs in respect of a rationalisation of this business.

	Six months ended June 2017 (unaudited)			Year ended 31 December 2017 (audited)		
	FP*	Holland	Total	FP*	Holland	Total
	£000	£000	£000	£000	£000	£000
Revenue	13,971	2,914	16,885	13,971	6,038	20,009
Cost of sales, marketing and distribution and adjusted operating expenses	(8,226)	(2,719)	(10,945)	(8,226)	(5,611)	(13,837)
Adjusted EBITDA	5,745	195	5,940	5,745	427	6,172
Depreciation and amortisation	(523)	(112)	(635)	(523)	(216)	(739)
Exceptional items	(258)	-	(258)	917	(37)	880
Profit before tax	4,964	83	5,047	6,139	174	6,313
Tax, excluding tax arising on disposal	(1,067)	-	(1,067)	632	-	632
Profit after tax	3,897	83	3,980	6,771	174	6,945
Loss on disposal (note 10a)	(6,954)	-	(6,954)	(8,467)	-	(8,467)
Net result from discontinued operations	(3,057)	83	(2,974)	(1,696)	174	(1,522)

\* Football Pools results for 2017 are to the date of disposal of 26 June 2017.

**10a)** Gain/(loss) on disposal is calculated as follows in respect of the Football Pools. As the sale of Holland did not complete until after the reporting date, no gain/loss on disposal has been recognised in these financial statements in respect of that disposal. This will be reflected in the financial statements for the year ended 31 December 2018.

	Six months ended June 2018 (unaudited) £000	Six months ended June 2017 (unaudited) £000	Year ended 31 December 2017 (audited) £000
Consideration, net of working capital adjustments	<b>73</b>	86,549	86,149
Net assets disposed of	-	(3,124)	(3,124)
Goodwill relating to the Football Pools division	-	(81,849)	(81,849)
Transaction costs incurred in the year	-	(2,135)	(3,248)
Pre-tax gain/(loss) on disposal	<b>73</b>	(559)	(2,072)
Tax arising on disposal	-	(6,395)	(6,395)
Gain/(loss) on disposal	<b>73</b>	(6,954)	(8,467)

## 8. (Loss)/earnings per share

Basic EPS	Six months ended 30 June 2018 (Unaudited)			Six months ended 30 June 2017 (Unaudited)			Year ended 31 December 2017 (Audited)		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
(Loss)/profit for the period (£000)	<b>(574)</b>	<b>(355)</b>	<b>(929)</b>	(267)	(2,974)	(3,241)	(22,778)	(1,522)	(24,300)
Weighted average no of shares	<b>186,029</b>	<b>186,029</b>	<b>186,029</b>	194,581	194,581	194,581	190,135	190,135	190,135
Basic EPS	<b>(0.3)p</b>	<b>(0.2)p</b>	<b>(0.5)p</b>	(0.1)p	(1.5)p	(1.7)p	(12.0)p	(0.8)p	(12.8)p

Diluted EPS	Six months ended 30 June 2018 (Unaudited)			Six months ended 30 June 2017 (Unaudited)			Year ended 31 December 2017 (Audited)		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total

(Loss)/profit for the period (£000)	(565)	(355)	(920)	(267)	(2,974)	(3,241)	(22,778)	(1,522)	(24,300)
Weighted average no of shares	186,029	186,029	186,029	194,581	194,581	194,581	190,135	190,135	190,135
Dilutive potential ordinary shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total potential ordinary shares	186,029	186,029	186,029	194,581	194,581	194,581	190,135	190,135	190,135
Diluted EPS	(0.3)p	(0.2)p	(0.5)p	(0.1)p	(1.5)p	(1.7)p	(12.0)p	(0.8)p	(12.8)p

### Adjusted EPS

Adjusted EPS is calculated by dividing the adjusted profit after tax attributable to owners of the Company, as defined in note 4, by the weighted average number of ordinary shares in issue during the year.

	Note	Six months ended 30 June 2018 (Unaudited)	Restated Six months ended 30 June 2017 (Unaudited)	Restated Year ended 31 December 2017 (Audited)
Adjusted profit before tax	4	(124)	5,352	5,473
Basic Adjusted EPS (pence)		(0.1)p	2.8p	2.9p
Diluted Adjusted EPS (pence)		(0.1)p	2.8p	2.9p

### 9. Intangible fixed assets

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
At 1 January	11,629	27,833	27,833
Additions - continuing operations	1,569	1,808	3,948
Additions - discontinued operations	-	952	1,032
Disposals - continuing operations	-	-	(11)
Disposals - discontinued operations	-	(5,288)	(5,029)
Transfer from property, plant and equipment	-	-	221
Amortisation charge for period - continuing operations	(953)	(865)	(1,890)
Amortisation charge for period - discontinued operations	-	(520)	(561)
Impairment	-	-	(12,040)
Movement as a result of foreign exchange	305	212	(1,874)
<b>Net book amount at end of period</b>	<b>12,550</b>	<b>24,132</b>	<b>11,629</b>

### Property, plant and equipment

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
At 1 January	25,705	26,182	26,182
Additions - continuing operations	920	6,316	6,905
Additions - discontinued operations	-	56	72
Disposals - discontinued operations	-	(720)	(1,063)
Transfer to intangible assets	-	-	(221)

Depreciation charge for period - continuing operations	(1,388)	(1,251)	(2,740)
Depreciation charge for period - discontinued operations	-	(115)	(178)
Impairment	-	-	(874)
Movement as a result of foreign exchange	529	(1,884)	(2,378)
<b>Net book amount at end of period</b>	<b>25,766</b>	<b>28,584</b>	<b>25,705</b>

## 10. Trade and other receivables

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
	£000	£000	£000
<b>Non-current</b>			
Trade and other receivables	660	609	897
Contingent consideration receivable from disposal of Sportech-NYX Gaming, LLC	1,629	1,547	1,546
<b>Total non-current trade and other receivables</b>	<b>2,289</b>	<b>2,156</b>	<b>2,443</b>
<b>Current</b>			
Trade and other receivables	11,479	12,303	10,342
<b>Total trade and other receivables</b>	<b>13,768</b>	<b>14,459</b>	<b>12,785</b>

Contingent consideration receivable relates to that due on the 2015 disposal of Sportech-NYX Gaming, LLC to NYX Gaming Group Limited. This amount is payable as CAD \$1.0m for each customer that goes live on the NYX Real Money Wagering Platform in the US, its territories and Commonwealth, Canada and all sovereign Indian Nations in these countries prior to 28 May 2020, up to a maximum of CAD \$3.0m. Management continue to believe that NYX will acquire at least three customers to the relevant platform by this date, and therefore continue to recognise the contingent consideration in full (discounted to today's value at a rate of 8.3%). Movements on this receivable in the reporting period include unwinding this discount, plus exchange rate movements, given the consideration receivable is denominated in CAD.

## 11. Cash and cash equivalents

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Note	£000	£000	£000
Cash and short-term deposits	12,477	76,203	15,885
Customer funds	16	3,960	2,872
<b>Total cash and cash equivalents</b>	<b>16,437</b>	<b>78,986</b>	<b>18,757</b>

Customer funds are matched by liabilities of an equal value within trade and other payables (see note 16).

Included within cash and short-term deposits as at 30 June 2018 are amounts held in tills and vaults and other estimated amounts required by the Group to fund day to day working capital commitments totalling approximately £2.5m.

## Trade and other payables

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Note	£000	£000	£000
Trade payables	6,014	7,560	5,356
Other taxes and social security costs	157	2,045	435
Accruals	5,825	4,728	7,107
Deferred income	208	129	288
Player liability	15	3,960	2,872
<b>Total trade and other payables</b>	<b>16,164</b>	<b>17,245</b>	<b>16,058</b>

## 12. Provisions

Restated

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
At beginning of period	2,626	558	558
Net charge to income statement, excluding releases of provisions which did not arise during period of Sportech ownership	-	-	2,553
Reclassification of provision for doubtful debts	-	-	(125)
Utilised during the period	(186)	-	-
Unwinding of discount on non-current provisions	7	-	-
Release of provisions which did not arise during period of Sportech ownership	-	-	(261)
Reclassification as held for sale asset	-	-	(30)
Currency movements	54	(30)	(69)
<b>Total provisions</b>	<b>2,501</b>	<b>528</b>	<b>2,626</b>
<b>Provisions are in relation to:</b>			
<i>Current provisions</i>			
Onerous contracts	1,050	-	1,103
Other	-	27	-
<b>Total current provisions</b>	<b>1,050</b>	<b>27</b>	<b>1,103</b>
<i>Non-current provisions</i>			
Onerous contracts	1,338	112	1,411
Other	114	389	112
<b>Total non-current provisions</b>	<b>1,452</b>	<b>501</b>	<b>1,523</b>

### 13. Cash flow from operating activities

#### *Reconciliation of (loss)/profit before taxation to cash flows from operating activities for continuing operations*

	Six months ended 30 June 2018 (Unaudited) £000	Restated Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
(Loss)/profit before taxation - continuing operations	(602)	(320)	(23,150)
<b>Adjustments for:</b>			
Net exceptional items	451	310	4,776
Realised loss on sale of shares in NYX Gaming Group	-	-	1,603
Share of loss after tax and impairment of joint ventures and associates	-	159	1,484
Depreciation and amortisation	2,341	2,116	4,630
Impairment of assets	-	-	12,914
Net finance (income)/charges	(53)	869	19
Acceleration of IFRS 2 charge for departing management	-	-	3,765
Share option expense	660	466	666
Employers' taxes paid on options vested	(67)	(21)	(21)
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables	(1,556)	(2,090)	1,099
Decrease/(increase) in inventories	122	(842)	(177)
Increase/(decrease) in trade and other payables, excluding player liabilities	176	(1,087)	(939)
Movement in customer funds	1,088	(45)	(251)
<b>Net cash from operating activities of continuing operations, before exceptional items</b>	<b>2,560</b>	<b>(485)</b>	<b>6,418</b>

### 14. Related party transactions

The extent of transactions with related parties of the Group and the nature of the relationship with them are summarised below.

a. Key management compensation is disclosed below:

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
Short-term employee benefits	511	842	1,438
Consultancy fees	174	-	146
Share-based payments	164	239	373
Accelerated IFRS 2 charge for departing management	-	-	3,567
Pay in lieu of notice	-	-	964
Post-employment benefits	5	1	51
<b>Total</b>	<b>854</b>	<b>1,082</b>	<b>6,539</b>

b. The Group invested the following amounts of cash into each of its joint ventures and associates during the period:

	Six months ended 30 June 2018 (Unaudited) £000	Six months ended 30 June 2017 (Unaudited) £000	Year ended 31 December 2017 (Audited) £000
S&S Venues California, LLC	-	78	173
<b>Total</b>	<b>-</b>	<b>78</b>	<b>173</b>

#### Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report and Accounts.

A list of current Directors of Sportech PLC is maintained on the Sportech PLC website: [www.sportechplc.com](http://www.sportechplc.com).

On behalf of the Board

Andrew Gaughan  
Chief Executive  
21 August 2018

Tom Hearne  
Chief Financial Officer  
21 August 2018