9 September 2021

Sportech PLC

("Sportech" or the "Group" or the "Company")

Interim Results

Sportech (AIM:SPO), an international betting technology business and retail gaming operator, announces its interim results for the six months ended 30 June 2021 ("H1 2021" or the "period").

Summary

The Group continued to operate all business lines through most of the period before announcing the completion of the disposals of the Global Tote business to BetMakers Technology; the sale of Bump 50:50 to Canadian Banknote and the sale of a freehold property in New Haven, Connecticut in June 2021. Those disposals supported a resulting stronger balance sheet, with shareholder equity increasing by £23.3 million to £48.5 million (31 December 2020: £25.2 million), including an impressive cash position excluding customer cash of £48.6 million at the end of the period (31 December 2020: £16.8 million, which included £6.12 million deposit on a corporate sale and cash in disposal entities, and excluded customer cash balances).

Post the period end the Group announced and completed a move to AIM, an Exchange which is more suited to the Company's current size and strategy and, in August 2021, shareholders approved a proposed share capital reduction and a subsequent significant capital return to shareholders.

COVID related challenges persist within the Group's retail food and beverage operations in Connecticut, however wagering handle increased significantly versus the challenged 2020 period and in aggregate only declined 1.2% versus the 2019 comparable period. Online wagering handle which recorded solid gains through 2020 continued during the period +16% versus 2020 and +45% versus the 2019 comparable period.

The Lotteries unit delivered +75.1% revenue growth versus the challenged 2020 comparable period, unfortunately with domestic and international travel remaining difficult, this corresponded to 9% lower revenues than the H1 2019 period. However, in recent months revenues have returned to comparable 2019 levels. Post the period end, the Group announced discussions had commenced relating to a potential sale of a terrestrial lottery contract and will update the market in due course.

£m's	**Versus H1 2020 constant currency**	**H1 2021**	**Constant Currency H1 2020**	**Reported Currency[5] H1 2020**
Revenue	+70.3%	13.4	7.9	8.4
Gross Profit	+59.4%	7.1	4.4	4.0
Contribution[1]	+62.6%	6.9	4.2	3.7
Adjusted EBITDA pre-Sports Betting Investment[2]		0.5	(2.3)	(2.4)
Adjusted EBITDA[3]		0.3	(2.4)	(2.5)
Profit/(loss) pre-tax from continuing operations		1.2	(9.2)	(9.0)
Adjusted loss before tax[4]		(0.7)	(4.3)	(4.1)

1. Contribution is defined as gross profit, less marketing and distribution costs.
2. Excludes Sports Betting Investment during the period, amounting to £0.2 million (2020: £0.1 million), see note 4.
3. Adjusted EBITDA is earnings from continuing operations before interest, taxation, depreciation and amortisation, share option charges, impairments and separately disclosed items as reported in note 1 of the Interim Financial Statements.
4. Adjusted loss is the aggregate of Adjusted EBITDA, share option charges, depreciation, amortisation (excluding amortisation of acquired intangibles) and certain finance charges.
5. Prior year comparatives have been adjusted for discontinued operations.

As the Group moves through the rest of the financial year, the corporate focus will be on completing the proposed share capital reduction and shareholder capital return; operationally executing the delivery of sports betting across Connecticut, as announced in August 2021, and escalating the Group's digital lottery opportunities.

In spite of current encouraging trading, the uncertainty on the timing of when Connecticut Sports Betting will commence plus the potential impact of any further lockdowns means the Board cannot give meaningful guidance on H2 2021 outlook, at this precise time. The Board remain confident in the quality of the Group's innovative products, management strategy and in the stability of the significantly stronger balance sheet to support future investment and growth.

During the period the Group delivered the following notable strategic achievements:

- Completed key corporate transactions.
- Successfully managed discontinued operations to conclusion.
- Aligned business to focus on substantial growth opportunities.
- Significantly enhanced Group cash position and balance sheet.
- Initiated substantial capital return plan.
- Set out move to AIM market, completed in July.
- Progressed role in Connecticut expanded gaming.
- Built on recent developments to deliver a less capital-intensive business going forward.

The business transformation continues with the following objectives:

- Deliver significant capital return to investors.
- Deliver a less capital-intensive business and significantly reduce future corporate cost base.
- Develop and deliver meaningful returns from expanded opportunities in Connecticut.
- Execute further licensing opportunities within digital lottery.
- Evaluate and execute material corporate opportunities, delivering tangible investor returns.

Richard McGuire, Chief Executive Officer of Sportech, said: "The first half of 2021 marked a notably successful period of restructuring as Sportech completed business disposals, secured the move to the AIM market and built further on the online revenue gains from 2020. In recent weeks we also secured shareholder support for a proposed capital reduction and a significant capital return to shareholders and were delighted to announce a 10-year business relationship with the Connecticut Lottery Corporation to support their sports betting initiative."

"Shareholder funds during H1 almost doubled to £48.5 million, we have no debt and significant cash to deliver on our shareholder and investment commitments."

"In August, the Group also announced senior management changes and after several years of restructuring the business and pursuing a clear goal of realising shareholder value where possible, that objective now being mostly achieved, that our CFO Tom Hearne and I would hand over the leadership reins to the very experienced Andrew Lindley and Nicola Rowlands who know the business and its markets well. The business is in a strong position and it has been my privilege to work with so many dedicated professionals, business partners and supportive shareholders and I know the future of Sportech is in extremely capable hands."

For further information, please contact:

Sportech PLC enquiries@sportechplc.com
Giles Vardey, Chairman
Richard McGuire, Chief Executive Officer
Thomas Hearne, Chief Financial Officer

Peel Hunt Tel: +44 (0) 20 7418 8900
(Corporate Broker to Sportech)
George Sellar / Andrew Clark

Buchanan Tel: +44 (0) 20 7466 5000
(Financial PR adviser to Sportech)
Henry Harrison-Topham / Jamie Hooper / George Beale

Group Overview

The Group underwent significant restructuring during the period, completed the sale of operational divisions, strengthened its balance sheet and increased net cash for a potential combination of growth investment and investor returns. Recently the Group has moved its market listing to AIM, a market more appropriate for its scale and potential corporate transactions. In recent weeks shareholders approved a reduction of share capital and following certain required consents, a share buyback of approximately 47% of the outstanding shares in issue.

Group Overview

£'000	Revenue		EBITDA	
Continuing operations	**H1 2021**	**H1 2020[1]**	**H1 2021**	**H1 2020[1]**
Venues	11,505	6,785	1,192	(1,135)
Lotteries	1,940	1,108	781	63
Corporate costs	-	-	(1,516)	(1,173)
	13,445	7,893	457	(2,245)
Sports Betting Investment	-	-	(191)	(146)
Total at constant currency	13,445	7,893	266	(2,391)
Exchange rate impact	-	484	-	(146)
Total reported	13,445	8,377	266	(2,537)

1. 2020 numbers are at constant currency.

Discontinued Operations

The Group concluded the disposals of Global Tote, Bump 50:50 and a freehold property in Connecticut during the period and announced the completions on 18 June 2021.

Management continued to operate and oversee the operational business during the period as buyers sought the extensive regulatory gaming consents to complete. Although discontinued operations do not feature in certain financial metrics these business lines required continued management resource ensuring operational progress through the transition period.

These included key Global Tote business contract renewals and extensions preceding the completion of the sale to BetMakers Technology Group, including long-term extensions with Monmouth Park and Kentucky Downs.

Sustained momentum in the Bump 50:50 raffle business included new client acquisitions preceding the completion of the sale to Canadian Bank Note, including new contracts with the Miami Marlins and Arizona Diamondbacks, both Major League Baseball, MLB®.

Sportech maintains a strong supportive business relationship with the acquirers of each business unit and wishes them continued success under their respective banners and our thanks to the hundreds of employees for their dedication and professionalism.

Sportech Lotteries

Sportech is a member of the World Lottery Association (WLA) and the North American Association of State and Provincial Lotteries (NASPL). The acquisition of the technology platforms and talent of Lot.to Systems and the integration of these assets into Sportech's organisation was completed in 2019, resulting in further expansion of the Group's B2B lottery capabilities with a key mobile component and robust administrative, CRM and marketing tools.

Continued COVID challenges impacted sales for several months in 2021, however sales have recovered in recent months against 2019 comparisons. Revenues increased 75.1% versus H1 2020 and reported EBITDA was £0.8 million (H1 2020: £0.1 million).

The team advanced digital lottery capabilities further and post the period engaged in discussions which may lead to a potential sale of a terrestrial lottery contract.

Core focus for the lottery team remains pursuing licensing opportunities drawing on the Sportech brand, legacy and digital expertise to deliver an enhanced consumer experience.

Lotteries £'000	H1 2021	Constant Currency H1 2020	Reported Currency H1 2020
Service revenue	1,940	1,108	1,146
Contribution	1,342	441	451
Contribution margin	69.2%	39.8%	39.4%
Adjusted operating expenses[1]	(561)	(378)	(371)
Adjusted EBITDA	**781**	**63**	**80**
Intangible assets capex	95	-	-
Tangible assets capex	2	-	-
Total capex	**97**	**-**	**-**

1. Adjusted operating expenses exclude depreciation and amortisation, impairments and separately disclosed items as reported in note 1 of the Interim Financial Statements.

Sportech Venues

Sportech Venues operates eleven gaming venues, providing betting on horse racing, greyhound racing and jai alai in the State of Connecticut under an exclusive and in-perpetuity licence for retail, online, and telephone betting.

COVID related travel and hospitality restrictions within retail outlets continue to challenge food and beverage contribution, however wagering handle increased significantly versus 2020 (87.2%); whilst comparison against a more appropriate 2019 was a decline of 1.2%. Yet, online handle continued to build on the growth of last year, H1 2021 +15.6% versus H1 2020 and +44.8% versus comparable period in 2019. The Group continues to develop its online pari-mutuel betting presence with a rebranded MyWinners.com to support new customer acquisition campaigns in Connecticut, delivering growth opportunities.

Management addressed the global hospitality challenge, advancing the execution of estate planning, and a variety of strategic initiatives. The number of leased outlets were reduced from 12 to 10 including the sale and leaseback of one freehold asset completed during the period, realising net cash proceeds of £4.2 million. At the end of the period, the division operated 10 leasehold premises and one freehold premises in Connecticut, USA.

In May 2018, the US Supreme Court struck down the Professional and Amateur Sports Protection Act ("PASPA"), subsequently providing each US State with the option to introduce Sports Betting legislation. Since that time Sportech has been engaged in pursuing various opportunities and specifically a Sports Betting licence in Connecticut, where Sportech Venues Inc. has an exclusive pari-mutuel (tote) betting licence. In May 2021, the Connecticut General Assembly passed legislation to authorise sports betting in Connecticut. Governor Ned Lamont signed the Bill on 27 May 2021.

As previously announced, unfortunately Sportech was not awarded a Sports Betting licence. The Group considered two options: to legally challenge the decision or construct a mutually beneficial relationship with one of the three parties awarded a Sports Betting licence.

Sportech was delighted to announce in August 2021 a 10-year commercial arrangement with the Connecticut Lottery Corporation ("CLC") which, subject to required regulatory consents, provides Sportech Venues Inc., in conjunction with CLC's sports book provider Rush Street Interactive ("RSI"), an ability to deliver Sports Betting across its retail estate and promote CLC's online and mobile channels.

Venues £'000	H1 2021	H1 2020 Constant Currency	H1 2020 Reported Currency
F&B	824	765	807
Wagering revenue	10,681	6,020	6,424
Total revenue	11,505	6,785	7,231
Contribution	5,506	3,347	3,244
Contribution margin	47.9%	49.3%	44.9%
Adjusted operating expenses[1]	(4,314)	(4,482)	(4,510)
Adjusted EBITDA	**1,192**	**(1,135)**	**(1,266)**
Total capex	**-**	**29**	**29**

1. Adjusted operating expenses exclude depreciation and amortisation and separately disclosed items as reported in note 1 of the Interim Financial Statements.

Corporate Costs

Corporate costs and Sports Betting Investment expenditure, together, increased by £0.4 million due to staff costs savings in 2020 during the peak of the COVID-19 pandemic when staff were furloughed/took voluntary reductions, which then reverted back to normal cost levels from H2 2020, as well as higher corporate insurance costs in 2021.

Depreciation and Amortisation

Capital expenditure and depreciation/amortisation is much reduced in the continuing group from that of the Group prior to the disposals. Depreciation and amortisation in the period reduced from £1.5 million to £0.9 million as a result of the impairments taken at the end of H1 2020. No further impairments were considered to be required at 30 June 2021.

Separately Disclosed Items

The Group incurred administration costs in continuing operations during the period of £0.5 million (H1 2020: £0.1 million) which are shown as separately disclosed items. H1 2021 items include redundancy payments and corporate activity, namely costs incurred for the Company to delist from the Main Market and list on AIM. The Company expects further costs will be incurred in H2 2021 as the business completes restructuring for 2022 which will be separately disclosed.

Net Finance Costs

The Group has no debt. The Group had a net finance income of £0.1 million (H1 2020: cost of £0.4 million), including £0.1 million (H1 2020: £0.2 million) interest accrued on potential tax liabilities payable, £0.1 million (H1 2020: £0.2 million) interest on lease liabilities and £0.2 million (H1 2020: £0.1 million loss) foreign exchange gain on financial assets and liabilities denominated in foreign currency.

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 2021 is 49.0% (2020: (0.9)%). The movement is a result of a change in mix of profits/(losses) in jurisdictions with varying tax rates and the non-recognition of deferred tax on losses in certain jurisdictions due to expectation of non-recovery.

The Group continues to hold a tax provision of £4.6 million (30 June 2020: £5.0 million, 31 December 2020: £4.6 million) for tax potentially due on the 2016 Spot the Ball refund (excluding interest). Further provisions are held totaling £nil (30 June 2020: £0.5 million, 31 December 2020: £nil) for other uncertain tax positions. The remaining current tax liability on the balance sheet is for estimated tax payable on profits generated in the six months to 30 June 2021.

Net Cash

The Group held cash balances of £48.6 million, excluding customer balances (31 December 2020: £16.8 million, including cash in assets held for sale).

A further amount of consideration was received in August 2021 from BetMakers Technology Group Limited for the settlement of estimated closing cash less debt like items of £2.6 million. The final settlement for net working capital is due to be agreed between parties in H2 2021.

Capital Expenditure

Capital expenditure investment in the period was £1.1 million (H1 2020: £1.3 million). £0.1 million (H1 2020: £nil) related to the continuing Group and the remainder was mainly staff costs capitalised or expenditure agreed to be reimbursed by the buyer of the operation. Capital expenditure will increase into H2 2021 and 2022 as venues are improved ready for Sports Betting to commence.

Shareholders' Funds

Shareholders' funds increased by £23.3 million from 31 December 2020 to £48.5 million (31 December 2020: £25.2 million) following the completion of the corporate disposals and the profit on disposal recognised therefrom.

Going Concern

After making reasonable enquiries and forecasting the Group's cash flows with reasonable downside assumptions applied, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements. The Directors have not included in the downside model any assumption of a further local or more widespread "lockdown" as a result of COVID-19 cases or a new pandemic arising. Under this scenario the Directors will take all actions necessary (as evidenced in 2020) and make use of all government support available to ensure the Company and the Group continues in operational existence.

Outlook

Developing the sports betting opportunity in Connecticut with our partners, driving further growth opportunities and effective cost management remain priorities for management. Enhancing Group value remains the Board's key focus and the Group strategy is structured accordingly with regard to this central measure.

Timing around the commencement of Sports Betting in Connecticut is unclear at the time of writing, resulting in fluid financial forecasting. As timing becomes clearer, the Board will update the market accordingly.

Finally, following the restructuring of the Group, the move to AIM and the proposed significant return of capital to shareholders, the Group announced senior management changes in line with focus on reducing corporate overheads. The Board extends its sincere thanks to Richard McGuire and Tom Hearne for leading the Company in recent years and welcomes Andrew Lindley and Nicola Rowlands to their new positions as CEO and CFO respectively.

Interim consolidated income statement
For the six months ended 30 June 2021

	Note	**Six months ended 30 June 2021 (Unaudited) £000**	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Revenue		**13,445**	8,377	19,966
Cost of sales	6	**(6,370)**	(4,387)	(9,432)
Gross profit		**7,075**	3,990	10,534
Marketing and distribution costs	6	**(227)**	(295)	(319)
Contribution		**6,848**	3,695	10,215
Other income	20a	**2,575**	—	—
Operating costs	6	**(8,259)**	(12,278)	(20,225)
Operating profit/(loss)		**1,164**	(8,583)	(10,010)
Finance costs	8	**(154)**	(429)	(568)
Finance income	8	**230**	16	11
Profit/(loss) before taxation from continuing operations		**1,240**	(8,996)	(10,567)
Taxation – continuing operations	9	**(608)**	77	297
Profit/(loss) for the period from continuing operations		**632**	(8,919)	(10,270)
Profit/(loss) after taxation from discontinued operations	20f	**23,331**	(1,801)	(2,562)
Profit/(loss) for the period		**23,963**	(10,720)	(12,832)
Attributable to:				
Owners of the Company		**23,963**	(10,720)	(12,832)
Basic profit/(loss) per share attributable to owners of the Company				
From continuing operations	10	**0.3p**	(4.7)p	(5.4)p
From discontinued operations	10	**12.4p**	(1.0)p	(1.4)p
Total	10	**12.7p**	(5.7)p	(6.8)p
Diluted profit/(loss) per share attributable to owners of the Company				
From continuing operations	10	**0.3p**	(4.7)p	(5.4)p
From discontinued operations	10	**12.4p**	(1.0)p	(1.4)p
Total	10	**12.7p**	(5.7)p	(6.8)p
Adjusted loss per share attributable to owners of the Company				
Basic	10	**(0.3)p**	(2.3)p	(2.2)p
Diluted	10	**(0.3)p**	(2.3)p	(2.2)p

See note 4 for a reconciliation of the above interim consolidated income statement to the adjusted performance measures used by the Board of Directors to assess divisional performance.

Prior period comparatives have been adjusted for discontinued activities.

Interim consolidated statement of comprehensive income

For the six months ended 30 June 2021

	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Profit/(loss) for the period	**23,963**	(10,720)	(12,832)
Other comprehensive expense:			
Items that will not be reclassified to profit and loss			
Actuarial loss on retirement benefit liability	—	—	(344)
Deferred tax on movement on retirement benefit liability	—	—	88
	—	—	(256)
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	**(892)**	2,444	(77)
Total other comprehensive (expense)/income for the period, net of tax	**(892)**	2,444	(333)
Total comprehensive income/(expense) for the period	**23,071**	(8,276)	(13,165)
Attributable to:			
Owners of the Company	**23,071**	(8,276)	(13,165)

Interim consolidated statement of changes in equity
For the six months ended 30 June 2021

Six months ended 30 June 2021	Ordinary shares £000	Other reserves: Capital redemption reserve £000	Other reserves: Other reserve £000	Other reserves: Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 January 2021 (audited)	37,750	10,312	(638)	6,865	(29,130)	25,159
Comprehensive income/(expense)						
Profit for the period	—	—	—	—	23,963	23,963
Other comprehensive items						
Transfer cumulative actuarial losses to retained earnings	—	—	952	—	(952)	—
Currency translation differences	—	—	—	(892)	—	(892)
Currency translation differences moved to retained earnings	—	—	—	(2,994)	2,994	—
Total other comprehensive items	—	—	952	(3,886)	2,042	(892)
Total comprehensive items	—	—	952	(3,886)	26,005	23,071
Transactions with owners						
Share option charge	—	—	—	—	261	261
Total transactions with owners	—	—	—	—	261	261
Total changes in equity	—	—	952	(3,886)	26,266	23,332
At 30 June 2021 (unaudited)	**37,750**	**10,312**	**314**	**2,979**	**(2,864)**	**48,491**

Six months ended 30 June 2020	Ordinary shares £000	Other reserves: Capital redemption reserve £000	Other reserves: Other reserve £000	Other reserves: Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 January 2020 (audited)	37,750	10,312	(382)	6,942	(16,645)	37,977
Comprehensive income/(expense)						
Loss for the period	—	—	—	—	(10,720)	(10,720)
Other comprehensive items						
Currency translation differences	—	—	—	2,444	—	2,444
Total other comprehensive items	—	—	—	2,444	—	2,444
Total comprehensive items	—	—	—	2,444	(10,720)	(8,276)
Transactions with owners						
Share option charge	—	—	—	—	112	112
Total transactions with owners	—	—	—	—	112	112
Total changes in equity	—	—	—	2,444	(10,608)	(8,164)
At 30 June 2020 (unaudited)	**37,750**	**10,312**	**(382)**	**9,386**	**(27,253)**	**29,813**

* Net of deferred tax.

Year ended 31 December 2020	Ordinary shares £000	Other reserves: Capital redemption reserve £000	Other reserves: Other reserve £000	Other reserves: Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 January 2020	37,750	10,312	(382)	6,942	(16,645)	37,977
Comprehensive (expense)/income						
Loss for the year	—	—	—	—	(12,832)	(12,832)
Other comprehensive items						
Actuarial loss on defined benefit pension liability*	—	—	(256)	—	—	(256)
Currency translation differences	—	—	—	(77)	—	(77)
Total other comprehensive items	—	—	(256)	(77)	—	(333)
Total comprehensive items	—	—	(256)	(77)	(12,832)	(13,165)
Transactions with owners						
Share option charge	—	—	—	—	347	347
Total transactions with owners	—	—	—	—	347	347
Total changes in equity	—	—	(256)	(77)	(12,485)	(12,818)
At 31 December 2020	**37,750**	**10,312**	**(638)**	**6,865**	**(29,130)**	**25,159**

* Net of deferred tax

Interim consolidated balance sheet

As at 30 June 2021

	Note	**As at 30 June 2021 (Unaudited) £000**	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Audited) £000
ASSETS				
Non-current assets				
Goodwill		**604**	604	604
Intangible fixed assets	11	**6,657**	14,665	7,343
Property, plant and equipment	12	**4,932**	15,184	5,077
Right-of-use assets	13	**1,079**	2,187	1,133
Trade and other receivables	14	**154**	465	156
Deferred tax assets		**—**	1,198	4
Total non-current assets		**13,426**	34,303	14,317
Current assets				
Trade and other receivables	14	**5,694**	5,699	1,517
Inventories		**128**	2,694	120
Current tax receivable		**—**	—	1,442
Cash and cash equivalents	15	**49,139**	12,977	11,821
		54,961	21,370	14,900
Assets classified as held for sale		**—**	—	27,671
Total current assets		**54,961**	21,370	42,571
TOTAL ASSETS		**68,387**	55,673	56,888
LIABILITIES				
Current liabilities				
Trade and other payables	16	**(9,626)**	(12,352)	(14,104)
Provisions	17	**(1,402)**	(466)	(321)
Lease liabilities	19	**(1,099)**	(1,132)	(823)
Current tax liabilities		**(4,871)**	(4,895)	(4,700)
Deferred tax liabilities		**(46)**	(89)	(94)
		(17,044)	(18,934)	(20,042)
Liabilities directly associated with assets classified as held for sale		**—**	—	(7,507)
Total current liabilities		**(17,044)**	(18,934)	(27,549)
Net current assets		**37,917**	2,436	15,022
Non-current liabilities				
Retirement benefit liability		**—**	(1,151)	—
Lease liabilities	19	**(2,852)**	(4,495)	(3,059)
Deferred tax liabilities		**—**	(48)	—
Provisions	17	**—**	(1,232)	(1,121)
		(2,852)	(6,926)	(4,180)
TOTAL LIABILITIES		**(19,896)**	(25,860)	(31,729)
NET ASSETS		**48,491**	29,813	25,159
EQUITY				
Ordinary shares		**37,750**	37,750	37,750
Other reserves		**13,605**	19,316	16,539
Accumulated losses		**(2,864)**	(27,253)	(29,130)
TOTAL EQUITY		**48,491**	29,813	25,159

Interim consolidated statement of cash flows
For the six months ended 30 June 2021

	Note	**Six months ended 30 June 2021 (Unaudited) £000**	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Cash flows from operating activities				
Cash generated from operations, before separately disclosed items	18	**3,524**	102	3,928
Interest received		**27**	13	13
Interest paid		**(2)**	(83)	(84)
Tax refund received		**1,442**	—	—
Tax paid		**(378)**	(263)	(1,029)
Net cash generated from/(used in) operating activities before separately disclosed items		**4,613**	(231)	2,828
Cash outflows - separately disclosed items	7	**(634)**	(283)	(484)
Cash generated from/(used in) operations		**3,979**	(514)	2,344
Cash flows from investing activities				
Disposal of freehold property in New Haven, Connecticut (net of disposal costs)	20a	**4,193**	—	—
Consideration paid for Lot.to Systems Limited, net of cash acquired		**—**	(500)	(500)
Receipt of Initial Payment for disposal of Global Tote	20e	**—**	—	6,180
Proceeds net of cash disposed of and disposal costs – Global Tote	20e	**18,664**	—	—
Proceeds net of cash disposed of and disposal costs – Bump 50:50	20e	**4,732**	—	—
Proceeds from sale of other intangible assets	20c	**150**	—	—
Investment in intangible fixed assets	11,20	**(920)**	(798)	(1,650)
Purchase of property, plant and equipment	12,20	**(146)**	(525)	(753)
Net cash generated from/(used in) investing activities		**26,673**	(1,823)	3,277
Cash flows used in financing activities				
Principal paid on lease liabilities	19,20	**(675)**	(575)	(1,316)
Interest paid on lease liabilities	19,20	**(103)**	(184)	(339)
Cash used in financing activities		**(778)**	(759)	(1,655)
Net increase/(decrease) in cash and cash equivalents		**29,874**	(3,096)	3,966
Effect of foreign exchange on cash and cash equivalents		**(194)**	508	(72)
Cash and cash equivalents at the beginning of the year		**11,821**	15,565	15,565
Add cash included in assets held for sale		**7,638**	—	—
Cash and cash equivalents at the end of the period		**49,139**	12,977	19,459
Less cash held by assets held for sale		**—**	—	(7,638)
Group cash and cash equivalents at the end of the period	15	**49,139**	12,977	11,821
Represented by:				
Cash and cash equivalents	15	**49,139**	12,977	11,821
Less customer funds	15	**(530)**	(3,399)	(465)
Adjusted net cash at the end of the period	15	**48,609**	9,578	11,356

Notes to the consolidated interim financial statements
For the six months ended 30 June 2021

1. General information

Sportech PLC (the "Company") is a company domiciled in the UK and listed on the London Stock Exchange's Alternative Investment Market ("AIM"). 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 2021 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 2021. The principal activities of the Group were the provision of pari-mutuel betting (B2C) and the supply of wagering technology solutions (B2B) up until the disposal of the Group's Global Tote business on 17 June 2021 and the disposal of the Group's 50:50 Lottery division (Bump 50:50) on 2 June 2021. Following the disposals the Group continues to provide pari-mutuel betting (B2C) and lottery technology (B2B).

The condensed consolidated interim financial statements were approved for issue on 9 September 2021.

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 2020 were approved by the Board of Directors on 31 March 2021 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.

2. Basis of preparation

a. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and also in accordance with the measurement and recognition principles of UK adopted international accounting standards. 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 2020 which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

b. After making reasonable enquiries and forecasting the Group's cash flows with reasonable downside assumptions applied, 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 condensed consolidated interim financial statements. The Directors have not included in the downside model any assumption of a further local or more widespread "lockdown" as a result of COVID-19 cases or a new pandemic arising. Under this scenario the Directors will take all actions necessary (as evidenced in 2020) and make use of all government support available to ensure the Company and the Group continues in operational existence.

c. The preparation of condensed consolidated 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 judgements have been made by management with respect to the assumptions underpinning the Group's tax liabilities and the carrying value of intangible fixed assets.

d. The principal risks and uncertainties for the Group remain the same as those detailed on pages 24 to 26 of the 2020 Sportech PLC Annual Report and Accounts, where descriptions of mitigating activities carried out by the Group are also outlined. Those risks are regulation, product popularity, technological changes, client concentration and industry competition, foreign exchange, failure to implement Sports Betting strategy and global pandemics.

3. Accounting policies

There are no new standards or amendments to standards or interpretations that are mandatory for the first time for the financial year beginning 1 January 2021 that would impact the Group financial statements. Therefore, all accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

The standards, amendments and interpretations that are not yet effective and have not been adopted early by the Group are listed in the 2020 Annual Report and accounts.

4. Adjusted performance measures

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA which excludes the effects of expenditure management believe should be added back (separately disclosed items). The share option expense is also excluded given it is not directly linked to operating performance of the divisions. Interest is not allocated to segments as the Group's cash position is controlled by the central finance team. This measure provides the most reliable indicator of underlying performance of each of the trading divisions. This is considered the most reliable indicator as it is the closest approximation to cash generated by underlying trade, excluding the impact of separately disclosed items and working capital movements.

Adjusted EBITDA is not an IFRS measure, nevertheless although it may not be comparable to adjusted figures used elsewhere, 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 2021 (Unaudited) £000**	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Operating costs per income statement		**(8,259)**	(12,278)	(20,225)
Add back:				
Sports Betting investment	5	**191**	157	261
Depreciation	12,13	**479**	1,114	1,793
Amortisation, excluding acquired intangible assets	11	**206**	145	485
Amortisation of acquired intangible assets	11	**254**	254	509
Impairment of property, plant and equipment	12	**—**	2,521	4,349
Impairment of right-of-use asset	13	**—**	1,827	—
Share option charge	5	**261**	112	347
Separately disclosed items	7	**477**	73	229
Total adjusted net operating costs (pre Sports Betting investment)		**(6,391)**	(6,075)	(12,252)

Adjusted EBITDA is calculated as follows:

	Six months ended 30 June 2021 (Unaudited) £000	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Revenue	**13,445**	8,377	19,966
Cost of sales	**(6,370)**	(4,387)	(9,432)
Gross profit	**7,075**	3,990	10,534
Marketing and distribution costs	**(227)**	(295)	(319)
Contribution	**6,848**	3,695	10,215
Adjusted operating income and costs (pre Sports Betting investment)	**(6,391)**	(6,075)	(12,252)
Adjusted EBITDA pre Sports Betting investment	**457**	(2,380)	(2,037)
Sports Betting investment	**(191)**	(157)	(261)
Adjusted EBITDA	**266**	(2,537)	(2,298)

Sports Betting investment represents the time and cost the Group has incurred in seeking to secure a Sports Betting licence in the State of Connecticut and also in seeking partnerships across the rest of the US in Sports Betting. It includes lobbying costs and consultants. Of these costs, £191k were external costs and £nil were internal (six months ended 30 June 2020: £157k were external and £nil were internal, year ended 31 December 2020: £261k were external costs and £nil were internal).

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 certain 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.

From continuing operations:	**Six months ended 30 June 2021 (Unaudited) £000**	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Adjusted EBITDA	**266**	(2,537)	(2,298)
Share option charge	**(261)**	(112)	(347)
Depreciation	**(479)**	(1,114)	(1,793)
Amortisation (excluding amortisation of acquired intangibles)	**(206)**	(145)	(485)
Net finance costs (excluding certain finance costs – note 8)	**(55)**	(168)	(254)
Adjusted loss before tax	**(735)**	(4,076)	(5,177)
Tax at 12.2% (30 June 2020: (4.8)%, 31 December 2020: 20.2%)	**89**	(195)	1,045
Adjusted loss after tax	**(646)**	(4,271)	(4,132)

From discontinued operations:	**Six months ended 30 June 2021 (Unaudited) £000**	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Adjusted EBITDA	**5,366**	1,315	4,632
Depreciation	**—**	(1,039)	(1,998)
Amortisation (excluding amortisation of acquired intangibles)	**—**	(1,796)	(3,376)
Net finance costs (excluding certain finance costs – note 7)	**(24)**	(53)	(68)
Adjusted profit/(loss) before tax	**5,342**	(1,573)	(810)
Tax at 22.3% (30 June 2020: (3.9)%, 31 December 2020: 71.3%)	**(1,191)**	(61)	577
Adjusted profit/(loss) after tax	**4,151**	(1,634)	(233)

5. **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 Board of Directors, which makes strategic and operational decisions.

The Group has identified its operating segments as outlined below:

- Sportech Lotteries – provision of lottery services and systems worldwide;
- Sportech Venues – off-track betting venue management; and
- Corporate costs – central costs relating to the overall management of the Group.

The Board of Directors 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 2021 (Unaudited)			
	Sportech Lotteries £000	Sportech Venues £000	Corporate costs £000	Group £000
Revenue from food and beverage sales	—	824	—	824
Revenue from rendering of services	1,940	10,681	—	12,621
Total revenue	**1,940**	**11,505**	—	**13,445**
Cost of sales	(576)	(5,794)	—	(6,370)
Gross profit	**1,364**	**5,711**	—	**7,075**
Marketing and distribution costs	(22)	(205)	—	(227)
Contribution	**1,342**	**5,506**	—	**6,848**
Adjusted operating costs	(561)	(4,314)	(1,516)	(6,391)
Adjusted EBITDA (pre Sports Betting investment)	**781**	**1,192**	**(1,516)**	**457**
Sport betting investment	—	(191)	—	(191)
Adjusted EBITDA	**781**	**1,001**	**(1,516)**	**266**
Share option charge	—	—	(261)	(261)
Depreciation	(105)	(366)	(8)	(479)
Amortisation (excluding amortisation of acquired intangibles)	(116)	—	(90)	(206)
Segment result	**560**	**635**	**(1,875)**	**(680)**
Amortisation of acquired intangibles	(254)	—	—	(254)
Profit on disposal of Sports Haven	—	2,575	—	2,575
Separately disclosed items	(173)	(8)	(296)	(477)
Operating profit/(loss)	**133**	**3,202**	**(2,171)**	**1,164**
Net finance income				76
Profit before taxation from continuing operations				**1,240**
Taxation – continuing operations				(608)
Profit for the period from continuing operations				**632**
Profit after taxation from discontinued operations				23,331
Profit for the period				**23,963**
Other segment items				
Capital expenditure – intangible fixed assets	95	—	—	95
Capital expenditure – property, plant and equipment	2	—	—	2

Restated	Six months ended 30 June 2020 (Unaudited)			
	Sportech Lotteries £000	Sportech Venues £000	Corporate costs £000	Group £000
Revenue from food and beverage sales	—	807	—	807
Revenue from rendering of services	1,146	6,424	—	7,570
Total revenue	1,146	7,231	—	8,377
Cost of sales	(689)	(3,698)	—	(4,387)
Gross profit	457	3,533	—	3,990
Marketing and distribution costs	(6)	(289)	—	(295)
Contribution	451	3,244	—	3,695
Adjusted operating costs	(371)	(4,510)	(1,194)	(6,075)
Adjusted EBITDA (pre Sports Betting investment)	80	(1,266)	(1,194)	(2,380)
Sport betting investment	—	(157)	—	(157)
Adjusted EBITDA	80	(1,423)	(1,194)	(2,537)
Share option charge	—	—	(112)	(112)
Depreciation	(102)	(1,005)	(7)	(1,114)
Amortisation (excluding amortisation of acquired intangibles)	(13)	—	(132)	(145)
Segment result	(35)	(2,428)	(1,445)	(3,908)
Amortisation of acquired intangibles	(254)	—	—	(254)
Impairment of property, plant and equipment	—	(2,521)	—	(2,521)
Impairment of right-of-use asset	—	(1,827)	—	(1,827)
Separately disclosed items	—	(18)	(55)	(73)
Operating loss	(289)	(6,794)	(1,500)	(8,583)
Net finance costs				(413)
Loss before taxation – continuing operations				(8,996)
Taxation – continuing operations				77
Loss after taxation – continuing operations				(8,919)
Loss after taxation – discontinued operations				(1,801)
Loss for the period				(10,720)
Other segment items				
Capital expenditure – intangible fixed assets	—	—	1	1
Capital expenditure – property, plant and equipment	—	29	—	29

The above table has been restated to exclude discontinued activities.

	Year ended 31 December 2020 (Audited)			
	Sportech Lotteries £000	Sportech Venues £000	Corporate costs £000	Group £000
Revenue from food and beverage sales	—	1,472	—	1,472
Revenue from rendering of services	2,898	15,596	—	18,494
Total revenue	2,898	17,068	—	19,966
Cost of sales	(808)	(8,624)	—	(9,432)
Gross profit	2,090	8,444	—	10,534
Marketing and distribution costs	(8)	(311)	—	(319)
Contribution	2,082	8,133	—	10,215
Adjusted net operating costs (note 1)	(1,107)	(9,218)	(1,927)	(12,252)
Adjusted EBITDA (pre sports betting investment)	**975**	**(1,085)**	**(1,927)**	**(2,037)**
Sports betting investment	—	(261)	—	(261)
Adjusted EBITDA	**975**	**(1,346)**	**(1,927)**	**(2,298)**
Share option charge	—	—	(347)	(347)
Depreciation	(182)	(1,595)	(16)	(1,793)
Amortisation (excluding amortisation of acquired intangible assets)	(235)	—	(250)	(485)
Segment result before amortisation of acquired intangibles	558	(2,941)	(2,540)	(4,923)
Amortisation of acquired intangibles	(509)	—	—	(509)
Impairment of property, plant and equipment and right-of-use assets	—	(4,349)	—	(4,349)
Separately disclosed items	—	(18)	(211)	(229)
Operating profit/(loss)	49	(7,308)	(2,751)	(10,010)
Net finance costs				(557)
Loss before taxation from continuing operations				(10,567)
Taxation				297
Loss for the year from continuing operations				(10,270)
Loss after tax from discontinued operations				(2,562)
Loss for the year				(12,832)

Discontinued operations were within the Sportech Racing and Digital division which existed in prior years and to 31 December 2020 prior to classification as discontinued. The remaining businesses in the former Racing and Digital division now form a new division "Sportech Lotteries".

	Sportech Lotteries £000	Sportech Venues £000	Corporate costs £000	Group £000
Other segment items – capital expenditure				
Capital expenditure – intangible fixed assets	230	—	—	230
Capital expenditure – property, plant and equipment	121	29	—	150

6. Expenses by nature

	Six months ended 30 June 2021 (Unaudited) £000	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Cost of sales			
Tote and track fees	**5,426**	3,186	7,821
F&B consumables	**305**	285	528
Betting and gaming duties	**48**	157	79
Repairs and maintenance cost of sales	**18**	45	48
Ticket paper	**53**	42	148
Programs	**147**	69	196
Outsourced service costs	**334**	603	561
Cost of sales	**39**	—	51
Total cost of sales	**6,370**	4,387	9,432
Marketing and distribution costs			
Marketing	**210**	286	294
Vehicle costs	**14**	—	16
Freight	**3**	9	9
Total marketing and distribution costs	**227**	295	319
Operating costs			
Staff costs – gross, excluding share option charges	**3,415**	3,337	7,015
Less amounts capitalised	**(95)**	—	(230)
Staff costs - net	**3,320**	3,337	6,785
Property costs	**1,434**	1,189	2,865
IT & communications	**224**	241	499
Professional fees and licences	**1,445**	1,215	2,160
Travel and entertaining	**72**	71	66
Banking transaction costs and FX	**35**	64	114
Other costs	**52**	115	24
Adjusted operating costs	**6,582**	6,232	12,513
Share option charge	**261**	112	347
Depreciation	**479**	1,114	1,793
Amortisation, excluding amortisation of acquired intangibles	**206**	145	485
Amortisation of acquired intangibles	**254**	254	509
Impairment of property, plant and equipment and right-of-use asset	**—**	4,348	4,349
Separately disclosed items	**477**	73	229
Total operating costs	**8,259**	12,278	20,225

7. Separately disclosed items

	Note	Six months ended 30 June 2021 (Unaudited) £000	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Continuing operations				
Included in operating costs:				
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business		**179**	25	—
Corporate activity		**290**	4	118
Costs in relation to the Spot the Ball VAT refund		**—**	—	44
Costs in relation to exiting the Group's interests in India		**8**	44	65
UK defined benefit pension scheme buy-out		**—**	—	2
		477	73	229
Discontinued operations				
Included in operating costs	20b,20c	**371**	147	1,224
Total included in operating costs		**848**	220	1,453
Included in finance costs:				
Interest accrued on corporate tax potentially due and unpaid at the balance sheet date on STB refund received in 2016	8	**74**	183	150
Interest paid on VAT settlement reached in 2018		**—**	—	83
		74	183	233
Total Separately disclosed items		**922**	403	1,686

Below is a summary of cash outflows from separately disclosed items:

	Six months ended 30 June 2021 (Unaudited) £000	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Continuing operations - cash outflows from separately disclosed items:			
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	**(44)**	(3)	(18)
Expenses in relation to the UK defined benefit pension scheme "buy-in"	**—**	—	(2)
Costs in relation to the Spot the Ball VAT refund	**(27)**	—	—
Costs in relation to corporate activity	**(48)**	—	(127)
Costs in relation to legacy tax disputes	**—**	—	(17)
Transaction costs – disposal of Global Tote Business	**—**	—	(16)
Costs in relation to the Group's lease in Norco, California	**(1)**	(32)	—
Costs in relation to exiting the Group's interests in India	**(8)**	(44)	(65)
Corporate activity	**—**	(7)	(224)
One off start-up costs of new ventures, including new venue builds and joint ventures	**—**	(197)	—
	(128)	(283)	(469)
Cash outflows from separately disclosed items – discontinued operations	**(506)**	—	(15)
	(634)	(283)	(484)

8. Net finance costs

	Note	Six months ended 30 June 2021 (Unaudited) £000	Restated Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Continuing operations:				
Finance costs:				
Interest accrued and paid on tax liabilities		**(74)**	(183)	(233)
Interest on lease liabilities		**(80)**	(184)	(265)
Foreign exchange loss on financial assets and liabilities denominated in foreign currency		**—**	(62)	(70)
Total finance costs		**(154)**	(429)	(568)
Finance income:				
Foreign exchange gain on financial assets and liabilities denominated in foreign currency		**205**	—	—
Interest received on overpaid tax		**25**	—	—
Interest received on bank deposits		**—**	16	11
Total finance income		**230**	16	11
Discontinued operations	20b,20c	**54**	(53)	(68)
Net finance costs		**130**	(466)	(625)

Of the above amounts the following have been excluded for the purposes of deriving the alternative performance measures in note 4.

Continuing operations	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Foreign exchange gain/(loss) on financial assets and liabilities denominated in foreign currency	**205**	(62)	(70)
Interest accrued and paid on tax liabilities	**(74)**	(183)	(233)
	131	(245)	(303)

9. 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 2021 is 49.0% (2020: (0.9)%). The movement is a result of a change in mix of profits/(losses) in jurisdictions with varying tax rates and the non-recognition of deferred tax on losses in certain jurisdictions due to expectation of non-recovery.

The Group continues to hold a tax provision of £4,600k (30 June 2020: £5,047k, 31 December 2020: £4,600k) for tax potentially due on the 2016 Spot the Ball refund (excluding interest). Further provisions are held totalling £nil (30 June 2020: £469k, 31 December 2020: £nil) for other uncertain tax positions. The remaining current tax liability is for estimated tax payable on profits generated in the six months to 30 June 2021.

10. Earnings per share

Six months ended 30 June (Unaudited)	2021 Continuing	2021 Discontinued	2021 Total	2020 (restated) Continuing	2020 (restated) Discontinued	2020 (restated) Total
Basic EPS						
Profit/(loss) for the period (£000)	**632**	**23,331**	**23,963**	(8,919)	(1,801)	(10,720)
Weighted average no of shares ('000)	**188,751**	**188,751**	**188,751**	188,751	188,751	188,751
Basic EPS	**0.3p**	**12.4p**	**12.7p**	(4.7)p	(1.0)p	(5.7)p

Year ended 31 December (Audited)	2020 Continuing	2020 Discontinued	2020 Total
Basic EPS			
Loss for the year (£000)	(10,270)	(2,562)	(12,832)
Weighted average no of shares ('000)	188,751	188,751	188,751
Basic EPS	(5.4)p	(1.4)p	(6.8)p

Six months ended 30 June (Unaudited)	2021 Continuing	2021 Discontinued	2021 Total	2020 (restated) Continuing	2020 (restated) Discontinued	2020 (restated) Total
Diluted EPS						
Profit/(loss) for the period (£000)	**632**	**23,331**	**23,963**	(8,919)	(1,801)	(10,720)
Weighted average no of shares ('000)	**188,751**	**188,751**	**188,751**	188,751	188,751	188,751
Dilutive potential ordinary shares ('000)	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Total potential ordinary shares ('000)	**188,751**	**188,751**	**188,751**	188,751	188,751	188,751
Diluted EPS	**0.3p**	**12.4p**	**12.7p**	(4.7)p	(1.0)p	(5.7)p

Year ended 31 December (Audited)	2020 Continuing	2020 Discontinued	2020 Total
Diluted EPS			
Loss for the year (£000)	(10,270)	(2,562)	(12,832)
Weighted average no of shares ('000)	188,751	188,751	188,751
Dilutive potential ordinary shares ('000)	N/A	N/A	N/A
Total potential ordinary shares ('000)	188,751	188,751	188,751
Diluted EPS	(5.4)p	(1.4)p	(6.8)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.

Continuing operations	Note	**Six months ended 30 June 2021 (Unaudited)**	Restated Six months ended 30 June 2020 (Unaudited)	Year ended 31 December 2020 (Audited)
Adjusted loss after tax (£000)	4	**(646)**	(4,271)	(4,132)
Basic Adjusted EPS (pence)		**(0.3)p**	(2.3)p	(2.2)p
Diluted Adjusted EPS (pence)		**(0.3)p**	(2.3)p	(2.2)p

11. Intangible fixed assets

	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
At 1 January	**7,343**	14,935	14,935
Additions	**95**	798	1,650
Transferred to held for sale	**—**	—	(4,544)
Amortisation charge for period	**(460)**	(2,195)	(4,370)
Disposal	**(82)**	—	—
Movement as a result of foreign exchange	**(239)**	1,127	(328)
Net book amount at end of period	**6,657**	14,665	7,343

12. Property, plant and equipment

	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
At 1 January	**5,077**	17,676	17,676
Additions	**2**	525	753
Transferred to held for sale	**—**	—	(8,048)
Depreciation charge for period	**(225)**	(1,495)	(2,604)
Impairment	**—**	(2,521)	(2,521)
Movement as a result of foreign exchange	**78**	999	(179)
Net book amount at end of period	**4,932**	15,184	5,077

13. Right-of-use assets

	Note	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
At 1 January (2020 - on transition to IFRS 16)		**1,133**	6,312	6,312
Additions	**19**	**169**	148	654
Depreciation charge for period		**(254)**	(658)	(1,187)
Reassessment of lease assumptions – break clause	**19**	—	(2,232)	(2,231)
Impairment		—	(1,827)	(1,828)
Transferred to held for sale		—	—	(833)
Movement as a result of foreign exchange		**31**	444	246
Net book amount at end of period		**1,079**	2,187	1,133

14. Trade and other receivables

	As at 30 June 2021 (Unaudited) £000	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Audited) £000
Non-current			
Trade and other receivables	**154**	465	156
Current			
Trade and other receivables	**5,694**	5,699	1,517
Total trade and other receivables	**5,848**	6,164	1,673

Included in current trade and other receivables is £3,377k consideration to be received for the disposal of the Global Tote division (note 20e).

15. Cash and cash equivalents

	Note	As at 30 June 2021 (Unaudited) £000	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Audited) £000
Cash and short-term deposits		**48,609**	9,578	11,356
Customer funds	16	**530**	3,399	465
Total cash and cash equivalents		**49,139**	12,977	11,821

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

16. Trade and other payables

	Note	As at 30 June 2021 (Unaudited) £000	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Audited) £000
Trade payables		**3,806**	1,948	3,581
Other taxes and social security costs		**575**	495	141
Accruals and other payables		**4,695**	5,610	3,737
Deferred income		**20**	900	6,180
Player liability	15	**530**	3,399	465
Total trade and other payables		**9,626**	12,352	14,104

17. Provisions

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Year ended 31 December 2020 (Audited)
	£000	£000	£000
At beginning of period	**1,442**	1,605	1,605
Utilised during the period	—	(31)	(105)
Transferred to assets held for sale	—	—	(7)
Currency movements	**(40)**	124	(51)
Total provisions	**1,402**	1,698	1,442
Provisions are in relation to:			
Current provisions			
Onerous contracts	**1,402**	466	321
Non-current provisions			
Onerous contracts	—	1,226	1,121
Other	—	6	—
Total non-current provisions	—	1,232	1,121
Total provisions	**1,402**	1,698	1,442

The Group agreed a settlement for one of its committed leases in California, USA following the period end. The settlement amounted to £899k ($1,242k) with related legal fees incurred of c£72k. A provision of £1,184k is included in the above table in relation to this liability as well as a lease liability of £214k shown within lease liabilities in note 19. The provision in excess of the agreed settlement will be released to the income statement in H2 2021. The settlement was paid in August 2021. The remaining provision relates to a second committed lease dispute and settlement discussions are ongoing.

18. Cash flow from operating activities before separately disclosed items

Reconciliation of profit/(loss) before taxation to cash flows from operating activities before separately disclosed items:

	Note	**Six months ended 30 June 2021 (Unaudited) £000**	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Profit/(loss) before taxation from continuing operations		**1,240**	(8,996)	(10,567)
Profit/(loss) before taxation from discontinued operations	20b,20c	**23,505**	(1,720)	(2,034)
Total profit/(loss) before tax		**24,745**	(10,716)	(12,601)
Adjustments for:				
Net Separately disclosed items (included in operating costs)	7	**848**	220	1,453
Depreciation and amortisation	11,12,13	**939**	4,348	8,161
Profit on disposal of Sports Haven	20a	**(2,575)**	—	—
Profit on disposal of discontinued operations	20d	**(18,327)**	—	—
Profit on disposal of software		**(65)**	—	—
Impairment of assets	12,13	**—**	4,348	4,349
Net finance charges	8	**(130)**	466	625
Share option expense		**261**	112	347
Changes in working capital:				
(Increase)/decrease/in trade and other receivables		**(5,716)**	1,938	2,791
Decrease/(increase) in inventories		**205**	78	(179)
Increase/(decrease) in trade and other payables, excluding player liabilities		**2,776**	(1,511)	(1,060)
Increase/(decrease) in player liabilities	15	**563**	819	42
Cash generated from operating activities, before Separately disclosed items		**3,524**	102	3,928

19. Lease liabilities

Maturity analysis – contractual undiscounted cashflows	**As at 30 June 2021 (Unaudited) £000**	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Unaudited) £000
Less than one year	**1,416**	1,591	1,085
Between 2 and 5 years	**2,880**	4,416	3,241
More than 5 years	**1**	279	—
Total	**4,297**	6,286	4,326

The weighted average incremental borrowing rate applied to the lease liabilities was 5.75%, lowest rate being 2.75% and the highest being 8.45%.

Lease liabilities included in the balance sheet	**As at 30 June 2021 (Unaudited) £000**	As at 30 June 2020 (Unaudited) £000	As at 31 December 2020 (Unaudited) £000
Current	**1,099**	1,132	823
Non-current	**2,852**	4,495	3,059
Total	**3,951**	5,627	3,882

Movement in lease liability during the period	Note	Six months ended 30 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Unaudited) £000
At 1 January		**3,882**	7,724	7,724
Interest charged to the income statement	**8**	**80**	218	339
New leases entered into	**13**	**633**	148	654
Reassessment of lease assumptions – break clause	**13**	**—**	(2,232)	(2,231)
Lease rentals paid		**(621)**	(759)	(1,655)
Transferred to held for sale		**—**	—	(998)
Movement as a result of foreign exchange		**(223)**	528	49
At period end		**3,751**	5,627	3,882

20. Discontinued operations and profit on disposal

20a) On 28 April 2021 the Group completed the disposal of its freehold property in New Haven, Connecticut, known as "Sports Haven" for gross consideration of £4,346k ($6,000k). The asset was classified as held for sale as at 31 December 2020 and was part of the Sportech Venues division. Costs related to the disposal amounted to £153k ($210k). The property is to be leased back for 18 months to 31 October 2022 at a rental of c£36k per month ($50k). On disposal, a lease liability of £633k was recognised as well as a right-of-use asset of £169k. The profit on disposal is analysed as follows:

	Note	£000
Cash consideration received		**4,346**
Net book value disposed of		**(1,154)**
Right-of-use asset recognised	13	**169**
Lease liability recognised	19	**(633)**
Costs of disposal		**(153)**
Profit after tax on disposal net of costs		**2,575**

20b) On 2 June 2021 the Group completed the disposal of its 100% interest in Bump (Worldwide) Inc. ("Bump") for gross consideration of £4,972k ($8,556k). An estimate for net working capital settlement has been included of £307k (which was received in the period), final settlement could be more or less than management's estimate. The division was classified as held for sale as at 31 December 2020 and was part of the Sportech Racing division.

The profit/(loss) for the period and cashflows from Bump are shown below:

Bump (Worldwide) Inc.:	Note	Period ended 2 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Revenue		**810**	395	703
Cost of sales, marketing and distribution and adjusted operating expenses		**(487)**	(697)	(1,598)
Adjusted EBITDA		**323**	(302)	(895)
Depreciation and amortisation		—	(148)	(291)
Separately disclosed items		—	—	(65)
Finance income/(costs)		**78**	(90)	45
Profit/(loss) before tax		**401**	(540)	(1,206)
Tax, excluding tax arising on disposal		—	—	—
Profit/(loss) after tax		**401**	(540)	(1,206)
Gain from selling discontinued operations after tax (net of disposal costs)	20d	**3,843**	—	—
Profit/(loss) for the period		**4,244**	(540)	(1,206)
Net cash flow from operating activities		**134**	(192)	(801)
Net cash flow from investing activities		**(37)**	(79)	(118)
Net decrease in cash generated/(used)		**97**	(271)	(919)

Separately disclosed items within the above table are disposal costs.

20c) On 17 June 2021 the Group completed the disposal of its Global Tote division which also formed part of the Sportech Racing division and was classified as held for sale as at 31 December 2020. Gross Consideration amounts to £34,127k including a payment for cash transferred to the buyer with the business of £3,890k net of debt like items of £1,294k, received in July 2021 plus an estimate for settlement of net working capital which was in excess of an agreed Target working capital (and other adjustments) of £781k also delivered. The estimate may be higher or lower than management's estimate when settled. In addition, the historical underlying tote software code was disposed of by Sportech PLC to BetMakers Technology Group Limited within the same agreement, proceeds of £150k resulted in a profit on disposal of £68k.

The profit/(loss) for the period and cashflows from Global Tote are shown below:

Global Tote Group:	Note	Period ended 17 June 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Revenue		**12,175**	11,400	25,052
Cost of sales, marketing and distribution and adjusted operating expenses		**(7,003)**	(9,783)	(19,525)
Adjusted EBITDA		**5,172**	1,617	5,527
Depreciation and amortisation		—	(2,687)	(5,083)
Separately disclosed items		**(371)**	(147)	(1,159)
Finance (costs)/income		**(24)**	37	(113)
Profit/(loss) before tax		**4,777**	(1,180)	(828)
Tax, excluding tax arising on disposal		**(174)**	(81)	(528)
Profit/(loss) after tax		**4,603**	(1,261)	(1,356)
Gain from selling discontinued operations after tax (net of disposal costs)	20d	**14,484**	—	—
Profit/(loss) for the period		**19,087**	(1,261)	(1,356)
Net cash flow from operating activities		**1,780**	3,861	6,099
Net cash flow from investing activities		**(932)**	(1,214)	(1,905)
Net cash flow from financing activities		**(158)**	(221)	(436)
Net increase in cash generated		**690**	2,426	3,758

Separately disclosed items incurred in the period were redundancy and restructuring costs in respect of a rationalisation of this business (period ended 30 June 2020: provision for dilapidation costs on an expiring lease (£147k), year ended 31 December 2020: redundancy and restructuring costs in respect of a rationalisation of this business including a provision for dilapidation costs on an expiring lease (£155k) and disposal costs of £1,004k).

20d) A summary of the gain on disposal of each discontinued operation is as follows:

	Note	Global Tote Group £000	Bump (Worldwide) Inc. £000	Total £000
Cash consideration received and receivable		**34,127**	**4,972**	**39,099**
Cash disposed of		**(3,609)**	**(116)**	**(3,725)**
Cash consideration received and receivable net of cash disposed of	20e	**30,518**	**4,856**	**35,374**
Less:				
Costs of disposal		**1,086**	**201**	**1,287**
Net assets disposed of:				
Intangibles		**6,570**	**274**	**6,844**
Property, plant and equipment		**4,991**	**210**	**5,201**
Right-of-use assets		**761**	—	**761**
Deferred tax assets		**26**	—	**26**
Trade and other receivables		**4,621**	**380**	**5,001**
Inventories		**2,479**	—	**2,479**
Income tax receivable		**(38)**	—	**(38)**
Trade and other payables		**(2,493)**	**(52)**	**(2,545)**
Lease liabilities		**(786)**	—	**(786)**
Retirement benefit liability		**(1,183)**	—	**(1,183)**
		14,948	**812**	**15,760**
Pre-tax gain on disposal of discontinued operations		**14,484**	**3,843**	**18,327**
Taxation		—	—	—
Gain on disposal of discontinued operations		**14,484**	**3,843**	**18,327**

Costs of disposal include bonuses paid to Group employees of £1,068k for Global Tote and £167k for Bump.

20e) A summary of the cash consideration received and receivable net of cash disposed of is as follows:

	Note	Global Tote Group £000	Bump (Worldwide) Inc. £000	Total £000
Cash consideration received in 2020		**6,180**	**—**	**6,180**
Cash consideration received in H1 2021 net of cash disposed of		**20,961**	**4,856**	**25,817**
Disposal costs paid in H1 2021		**(2,297)**	**(124)**	**(2,421)**
Net cash received in H1 2021		**18,664**	**4,732**	**23,396**
Cash consideration receivable in H2 2021		**3,377**	**—**	**3,377**
Cash consideration received and receivable net of cash disposed of and disposal costs paid in the period		**28,221**	**4,732**	**32,953**
Add back cash disposal costs paid in the period		2,297	124	2,421
Cash consideration received and receivable net of cash disposed of before disposal costs paid in the period	20d	**30,518**	**4,856**	**35,374**

20f) Reconciliation to profit/(loss) for the period included in the income statement:

	Note	**Six months ended 30 June 2021 (Unaudited) £000**	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Global Tote	20c	**19,087**	(1,261)	(1,356)
Bump	20b	**4,244**	(540)	(1,206)
		23,331	(1,801)	(2,562)

21. 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 2021 (Unaudited) £000	Six months ended 30 June 2020 (Unaudited) £000	Year ended 31 December 2020 (Audited) £000
Short-term employee benefits	**722**	285	796
Share-based payments	**51**	51	103
Post-employment benefits	**9**	—	20
Total	**782**	336	919

22. Contingencies

Contingent items

Tax

The Group's activities in recent periods have resulted in material tax liabilities crystallising. The ultimate tax liability due, in all instances, is subject to a degree of management judgement. The judgements which are made are done so in good faith, with the aim of always paying the correct amount of tax at the appropriate time. Management work diligently with the Group's external financial advisors in quantifying the anticipated accurate and fair tax liability which arises from material one-off events such as the Spot the Ball legal case and the disposal of the Football Pools. Management has an open, transparent and constructive relationship with tax regulators, and engage positively when discussing any difference in legal interpretation between that of the Group and the regulators.

Penalties could potentially be imposed on the Group's corporation tax filing position for the STB VAT refund, however Management consider this possibility to be remote and therefore are not disclosing a contingent liability in relation to this item.

Contingent items are summarised as follows:

M&A activity

Both the 2017 sale of the Football Pools division and the 2018 sale of the Group's Venues business in The Netherlands have customary seller tax warranties under the terms of the Sale and Purchase Agreements. The possibility of material claims being made under the seller tax warranties in either deal is considered by management to be remote. In addition, the 2021 sales of the Bump 50:50 and the Global Tote business have customary seller warranties under the terms of the Sale and Purchase Agreements. Those warranties have been provided in good faith by management in light of the probability of certain events occurring. The possibility of material claims being made under the seller warranties (other than the Irish Subsistence Claim referred to above) in either deal is considered by management to be remote.

Legal

The Group is engaged in certain disputes in the ordinary course of business which could potentially lead to outflows greater than those provided for on the balance sheet. The maximum possible exposure considered to exist, in view of advice received from the Group’s professional advisors, is up to £0.1m (30 June 2020: £0.4m, 31 December 2020: £0.5m). Management is of the view that the risk of those outflows arising is not probable and accordingly they are considered contingent items.

23. Post balance sheet events

The following table summarises events which have occurred since the balance sheet date all of which are reference previously in this statement.

	Date of announcement	
Event	via RNS	Description
Admission of Ordinary Shares to trading on AIM	28 July 2021	Further to the Company's announcement on 4 June 2021, the General Meeting held on 29 June 2021 and the Schedule 1 and Schedule 1 Appendix announcements made on 30 June 2021, the Board confirmed that the admission of the Company's Ordinary Shares to trading on AIM occurred at 08.00 a.m. on 28 July 2021. Simultaneously, the admission of the Company's Ordinary Shares on the Official List of the Financial Conduct Authority and to trading on the Main Market of London Stock Exchange plc had been cancelled
Proposed Capital Reduction & Tender Offer	6 August 2021	Proposed Tender Offer to return up to approximately £35.5 million to Shareholders and a Capital Reduction (required in order to create the distributable reserves necessary to implement the Tender Offer).
Connecticut Sports Betting	13 August 2021	Announcement of an exclusive 10-year commercial arrangement with the Connecticut Lottery Corporation ("CLC") which, subject to required regulatory consents, provides Sportech Venues Inc., in conjunction with CLC's sports book provider Rush Street Interactive (RSI), an ability to deliver Sports Betting across its retail estate and promotes CLC's online and mobile channel.
Settlement of lease dispute in California	n/a	See note 17
Director Changes	27 August 2021	Richard McGuire (CEO) and Tom Hearne (CFO) will step down from their current roles, following the release of the Company interim results on 9 September 2021. Andrew Lindley, formerly the Group's COO, will become CEO (and Executive Director) and Nicola Rowlands will be appointed to CFO (and Executive Director) from her current position as Group Financial Controller.