For immediate release **31 March 2022**

SPORTECH PLC
('Sportech', the 'Group' or the 'Company')

Final Results

Sportech, an international betting & technology business, is pleased to announce its final results for the year ended 31 December 2021.

Continuing operations	**2021 £'000**	**2020 £'000**
Revenue	22,942	17,372
Gross Profit	11,453	8,655
Adjusted[1] EBITDA	(1,783)	(4,035)
Adjusted[1] loss before tax	(3,358)	(6,533)
Loss before tax	(246)	(11,923)
Profit/(loss) for the year (including from discontinued operations)	34,563	(12,832)
Adjusted cash[2]	21,912	16,837

1. Adjusted profit measures exclude the effects of expenditure Management believes should be added back (separately disclosed items), other income and share option charges (see note D of this announcement).
2. Adjusted cash is cash excluding customer balances but including cash in entities held for sale (2020 only).

Financial Overview

Continuing operations:

- Revenues recovered by 32% to £22.9 million following strict COVID-19 restrictions on trading in 2020.
- Adjusted EBITDA loss of £1.8 million (2020: £4.0 million), this excludes income from the LEIDSA[3] contract which was disposed of on 31 December 2021.
- Loss before tax reduced to £0.2 million (2020: £11.9 million).

Discontinued operations:

- Revenues from the LEIDSA contract were £3.4 million (2020: £2.6 million).
- LEIDSA adjusted EBITDA grew to £2.5 million (2020: £1.7 million), representing a recovery to almost 2019 levels following 2020 COVID-19 impact.
- LEIDSA cash generated in the period from the contract was £0.6 million and net disposal proceeds amounted to £9.4 million (after disposal costs and including a working capital settlement of £0.4.m received in 2022).
- The Global Tote and Bump 50:50 business disposals agreed in late 2020 and early 2021 were completed in June 2021 following a licensing transfer, revenues from the discontinued businesses accrued to the Group during the periods to completion.

Group:

- Statutory profit for the year was £34.6 million (2020: loss of £12.8 million).
- Cash net of customer balances was £21.9 million (2020: £16.8 million, also including cash held by assets held for sale).

- Capex related to continuing operations was £0.2 million (2020: £0.3 million) and to discontinued operations £1.4 million (2020: £2.1 million).

GROUP DEVELOPMENTS

- **Disposals:** The Group completed agreements entered into in late 2020 and early 2021, to sell (a) the Global Tote Business to BetMakers Technology Group Limited; (b) Bump 50:50 to Canadian Bank Note Company Limited, and (c) a freehold property in New Haven, Connecticut ("CT"). It also entered into and completed the sale of the terrestrial lottery contract with Lotteria Electronica Internacionale Dominica S.A ("LEIDSA") in the year. In aggregate providing a net cash of £47.4 million to the Group.
- **Corporate:** In August, the Group moved its listing from the Main Market to the Alternative Investment Market ("AIM"), which the Board believed was a more appropriate venue for the Group's reduced size. In October, the Group returned £35.5m of cash to investors through a tender offer, reducing the shares in issue from 189m to 100m.
- **Venues:** COVID-19 continued to impact the business through the majority of 2021 resulting in a 28% decline in total retail betting handle versus 2019. The focus on cost management to de-risk the business through the period continued.
- **Sports Betting:** The Venues business in Connecticut was ultimately left out of the grant of sports betting licences by the State of Connecticut, which was a huge disappointment to the Group. The State issued 10-year licences to the two tribal casinos and the Connecticut Lottery Corporation ("CLC"). The latter being exclusive for retail sports betting on non-tribal lands. Sportech agreed a deal in August 2021 to become a distributor for CLC, offering sports wagering at each of its venues, and the first bets were taken at the end of October 2021.
- **Advanced Deposit Wagering:** The MyWinners.com site is an element of the Venues business serving CT residents with online pari-mutuel wagering. 123Bet.com operates under an Oregon licence and is able to provide the same offering to customers in multiple other States across the USA. Both businesses saw growth as the COVID-19 restrictions in 2020 limited betting at physical venues, and that level of trading has been maintained throughout 2021.
- **Lottery:** Work with LEIDSA to deliver their online retail proposition in the Dominican Republic, which will eventually be operated by Inspired under a royalty bearing licence, was started in the third quarter of 2021.

3. Loteria Electrónica Internacional Dominicana S.A.

Andrew Lindley, Chief Executive Officer of Sportech, said:

"2021 was a transitional year for the business with the completion of a significant amount of M&A and corporate actions to reduce the size of the business and de-risk our shareholders' investments. The business, although now small in the context of a plc, is tidy and fit for growth. The two divisions are right-sized for their operations and 2022 brings with it an attendant opportunity to garner new value for the Group and its shareholders."

Analyst briefing:
The analyst presentation will be available on the Company website https://www.sportechplc.com/investors/results/. Management is available as required for analyst and investor meetings; requests should be made via Peel Hunt.

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George Sellar / Andrew Clark / Lalit Bose

Forward-looking statements *This announcement contains certain statements that are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this announcement. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), as it applies in the UK), the Company undertakes no obligation to update or revise any such forward-looking statements. Nothing in this announcement should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this announcement save as would arise under English law.*

Notes to Editors:

About Sportech
Sportech is a technology supplier and operator in the gambling market with two core businesses: A digital omni channel platform for gaming verticals including its own in-house lottery module as its B2B offering. In B2C, the Company operates Sports Bars and other venues in the State of Connecticut USA where it deploys its exclusive licence to offer pari-mutuel wagering in the State and a distribution agreement with the Connecticut Lottery Corporation to offer sports betting in the State. It also has the exclusive licence to operate pari-mutuel betting online in Connecticut, which it does under the MyWinners.com brand, and a general licence for pari-mutuel betting online across the wider USA under the 123Bet.com brand.

Operating Review

2021 was another difficult year coloured by the long tail of the global pandemic and challenging trading for businesses operating leisure premises.

At the end of 2020 and in early 2021, the Group had entered into contracts for the sale of two significant divisions – Sportech Racing & Digital (Global Tote) and Bump 50:50. Those contracts were contingent upon licences being granted by the many gambling regulatory bodies that the businesses operated under and made for a protracted period between signing and closing the deals in June 2021. Over the period, the Group retained the people and infrastructure to service those businesses but with the finalisation of the disposals, was able to resize accordingly. The move from the Main Market to AIM was made in July and the corporate structure was resized with Richard McGuire and Tom Hearne both stepping down from their respective leadership roles. Sportech is very thankful for Richard and Tom's significant contributions in reshaping the business over their tenures and leaving Sportech lean and fit for the continuing journey to cash generation.

Following completion of the two deals, the transfers of the businesses were executed in an orderly fashion with transitional services being carried-on to support the remaining business through to the end of the year whilst the core teams in Sportech were reshaped. The Group is consequently now "right-sized" for the operations going into 2022.

Additionally, in October the Group completed a return of capital back to shareholders that delivered £35.5m of the tangible value, created by the disposals in the year.

A focus on maintenance of cash remains a core metric but the Venues business is, with sports included, in a period of change with busier operations and a new and additional crowd of patrons to service. Moreover, the United States as a whole remains a land of new opportunity in the gambling sector as sports betting continues to enter the pantheon of entertainment State by State. Sportech, as a participant with a significant USP in its Venues business, has the ability both to seize the immediate opportunities in Connecticut and demonstrate its skills in doing so to position itself for other opportunities which may arise across the rest of the country. Accordingly, there will be extra focus on operational efficiency and service to ensure that the value of this USP is maximised.

The Venues business traded below the results of 2019 through the pandemic hit years of 2020 and 2021, so the first challenge for 2022 will be to recover that ground as the world recovers. Albeit five venues were permanently closed through 2020 and 2021, so the overall handle target will be lower than the full 2019 figure with the correct comparator being the like for like venues total. In 2019, for the remaining like for like venues, pari-mutuel handle was $96.1m and in 2021 was $89.7m (2020: $56.1m). Food and beverage revenues were $5.6m in 2019 and $2.9m in 2021 (2020: $1.9m). Sports betting has no comparator but handle in December was $6.5m and growing on a trajectory that could see it mature to levels similar to those of pari-mutuel handle in the short to medium term. The pari-mutuel and food and beverage sales had begun to measure up to those of 2019 in the last two months of 2021 and although 2022 did not start well with the Omicron surge hitting America at that time, the business remains positive for a full recovery in 2022.

Early in the year, Venues also completed the sale of its 'Sports Haven' property in Connecticut; a 40,000 sq. ft. concrete building of 1960s build that requires redevelopment. This delivered £4.2m of cash and was another element of the October return of cash to shareholders. With the leaseback of the property ending in Q4 2022, it is expected that the business will move out of the property to a new venue in the vicinity and in doing so will create the blueprint for a future model for the Venues business.

The online elements of the business traded above the 2019 numbers in 2020 and continuing in 2021; this being aided by the pandemic as the locked-down population went online to resume their leisure. The Group continued to invest in the digital opportunities to drive acquisition and stickiness and in the coming year will look to improve its platform offer to further capitalise on the gains made; this part of the overall strategy assisted the profitability of the Group again during 2021, delivering $22.8m handle, translating to $2.0m contribution.

The UK based digital technology team worked for the first half of 2021 on the delivery of a digital pari-mutuel solution for an Asian customer of the now sold Racing & Digital division and moved on post-sale to create a digital lottery platform for the Dominican Republic customer. The Dominican Republic business was sold on the very last day of 2021 to Inspired Entertainment Inc. ("Inspired") and the team will continue to work with Inspired, as a third-party supplier, to deliver a digital solution to the customer; this will bring a royalty revenue stream and a strengthened platform offer to the business once launched.

The disposal of the business in the Dominican Republic also secured £9.4m of free cash that increased the total cash in hand at the end of the year to £21.9m (with an additional £0.4m of working capital adjustment to be received in Q1 2022). Some of that cash is earmarked to clear down legacy liabilities of the Group including a potential tax liability relating to the Football Pools business and an onerous lease in California. Free cash then, will be circa £11m and it is expected that some of the value created by the disposal will be returned to shareholders in the 2022.

During 2021, capital and net cash position were considered more crucial metrics than EBITDA due to the uncertain trading position. Capex was kept low at £1.6m for both the continuing and discontinued business (including capitalised software costs of internal staff of £1.3m) and one of the costlier venues located in Bridgeport was closed, improving efficiency in CT. The return of cash reduced the liquid reserves of the Group, but to a comfortable level within the context of uncertain trading, with the future of the pandemic far from clear. Any further return will be made with a sufficient buffer in mind to counter a resurgence of COVID-19 and continue to optimise both divisions.

As the Group transitions through 2022, revenues and profitability will return to the fore as key metrics. The tail of legacy issues that affect the difference between cash held and 'free cash' on the balance sheet will be addressed and the liabilities settled to provide a clean company and reduce needless distraction. Whilst being mindful of events unfolding in Ukraine and our thoughts are with those affected, Sportech itself is not directly affected by economic and legal actions being taken in response to the crisis. However, the Group will monitor the ripple effects on prices and supply chains which will likely impact the businesses to some degree.

It is difficult to provide accurate guidance on the future outlook given the uncertainty of speed of recovery and the short history of sports betting in Connecticut so far. However, management are confident that trade is recovering and that a good rate of handle and growth is being experienced in the new sports product and that the business will meet market expectations.

DIVISIONAL SUMMARIES

SPORTECH VENUES

Sportech Venues offers legal betting across the State of Connecticut; (a) pari-mutuel betting on horseracing, greyhound racing and jai alai through both online and venue-based operations under an exclusive and perpetual licence and, (b) sports betting under a distributorship type arrangement with the Connecticut Lottery Corporation. The venues operations are of two distinct types; (a) Sports Bar/Restaurants which offer a main-steam leisure-based experience where betting is an exciting additional customer attraction, and (b) Off-Track Betting (OTB) shops, which are dedicated primarily to retail gambling operations albeit with some light refreshments and other products.

£'000	2021	Constant currency 2020
Wagering revenue	19,515	14,796
Commission from sports betting	280	-
Food and beverage revenue	2,115	1,401
Total revenue	21,910	16,197
Contribution	10,769	7,734
Contribution margin	*49.2%*	*47.7%*
Adjusted operating expenses	(9,149)	(8,682)
Adjusted EBITDA	1,620	(948)
Capex	27	27

Developments during the year

COVID-19 continued to affect the business for the entire year with closures of venues abundant across the year and facemasks being removed in all Connecticut counties only during December 2021 (immediately prior to the Omicron surge) impacting footfall generally for the full year.

Staffing and food and beverage stocks were carefully managed to reduce the impact of wasted cost, but central costs and rents were more difficult to keep in line with trading, and therefore, the impact of COVID-19 on the overall profitability of the Venues operation was high.

Internet traffic was increased as a result of COVID-19, albeit not sufficiently to negate the entire impact on the terrestrial business, however handle has remained trading at 35.3% above 2019 levels through additional marketing and closer management of individual customers.

During March 2021, the State of Connecticut approved new laws on gaming for the state with the inclusion of grants of sports betting licences; something Sportech had been campaigning to be a part of for a number of years. Unfortunately, Sportech was not included in the grants, which were secured only by the two tribal nations in Connecticut (for online betting across the state and terrestrial betting limited to their tribal lands) and the Connecticut Lottery Corporation ("CLC"), itself an emanation of the state (for online betting and terrestrial betting across the state). This was obviously a massive blow for the business and Sportech was considering its response to its legitimate expectation to be considered for a licence when the opportunity to participate in sports betting was offered by CLC. The deal struck delivered Sportech Venues the right to participate in the new sports betting product that it had been waiting for as a commission-based distributor for CLC, as well as a small share of CLC's online revenues to recognise the link between terrestrial and online participation. Crucially, any need for lengthy, costly and potentially risky litigation relating to the administrative decision of the state was averted.

The team readied the venues for launch within a month of the CLC deal, which was signed in August, and CLC's licences were granted at the end of October when Sportech took its first sports bets in the Stamford venue. Roll out to all venues continued into November and by the third week of the month all venues (except Norwalk, which will not take sports bets due to local restrictions) were trading sports.

$4.2m of sports betting handle was taken through November 2021, following which total sports handle increased by over $2m per month through to the end of January 2022, which marked the end of NFL season. Trading thereafter has levelled off in line with expectations (as January was the anticipated high watermark for the initial surge in sports betting). Venues' footfall has increased considerably, particularly in the bar / restaurants which are notably busier with a demographic shift toward younger sports betting patrons.

The handle to profit ratio from sports is poorer than those obtained from pari-mutuel as Sportech are only entitled to a share of CLC's profits as the distributor, however, it provides another strong vertical and attracts new patronage to the venues that is not limited to the sports products and therefore leverages both the existing products with new sales and existing cost base with new revenues, and thus synergises the entire operation.

Looking forward

Sport and capturing the revenues of its followers is clearly the key mantra for the future of the Venues business and we expect the shape of the business to change as this product beds in.

The immediate signs of improvement in the venues are strongest in the bar / restaurant formats where the sports patron demographic is the primary target audience. The management team will therefore be assessing the development of this trend throughout the year and planning for optimisation of the mix of formats and locations of venues to better capture the sports market without detraction from the mainstay earnings of pari-mutuel betting.

The freehold property in New Haven Connecticut (known as "Sports Haven") was sold during the year and a lease through to the last quarter of 2022 has kept operations there. It is expected that Sports Haven will close in the year and a new bar/restaurant will be opened locally to replace it (along with offices to house management and support staff). The result will be the most up to date iteration of the bar / restaurant in the estate and will capitalise on the learnings of the others and potentially provide a blueprint for any future investment in the business.

SPORTECH DIGITAL

Sportech Digital now encompasses the two digitally focused, small, non-CT based businesses of (a) a US facing B2C trading operation in the form of 123Bet.com, which was previously a white-label customer of the discontinued Racing and Digital business and was brought in-house in 2019, and (b) a B2B operation based in Chester, UK, that faces markets worldwide with an ultra-modern and proprietary platform for lottery management that can also integrate and manage any other gambling vertical.

123Bet.com continues to grow, operating with thin management and marketing budgets derived from its own profits. It has had success relative to its size and is ready for the offer to be refreshed and the business taken to the next stage of growth.

The Chester team is pursuing opportunities primarily in the lottery space with private and national lotteries to develop the business, drawing on the Sportech brand and legacy along with our new range of products and digital expertise to offer enhanced lottery capabilities.

£'000	**2021**	**Constant currency 2020**
Services revenue	1,032	295
Contribution	408	211
Contribution margin	*39.5%*	*71.5%*
Adjusted operating expenses	(987)	(984)
Adjusted EBITDA	(579)	(773)
Capex	169	230

Developments during the year

The Dominican Republic (LEIDSA) lottery supply contract was sold during the year. The Chester team has worked in the year to develop an online sales platform for the LEIDSA client with local capabilities. It continues to do so, with Inspired Entertainment (the buyer), and will licence the delivered product to Inspired who will manage it post-delivery and pay a royalty for doing so.

123Bet.com has maintained significant traction that it enjoyed during the beginnings of the pandemic when it saw an influx of players from Puerto Rico whilst the local cash betting venues were closed.

Looking forward

The Board will continue to evaluate both businesses and seek opportunities to build on their foundations and enhance the products through innovation, collaboration and/or investment.

GROUP OUTLOOK

Tentatively, the pandemic that so tested our organisation (and the world) may peter out in 2022 and provide everyone in Sportech with new purpose in a reinvigorated business.

The Board’s core strategies are clear in taking the current opportunities in Connecticut, looking at corporate and trading opportunities to create value, reducing costs and returning cash to shareholders.

The way forward is clear and simple, and the Board and management remain fully engaged and focused on delivering these objectives through 2022.

Financial Review

Income Statement – Detailed View

£'000	2021	Restated Reported 2020[2]	Constant Currency 2020
Service revenue	**20,547**	15,900	15,091
Sports betting commission	**280**	—	—
F&B revenue	**2,115**	1,472	1,401
Total revenues	**22,942**	17,372	16,492
Cost of sales	**(11,489)**	(8,717)	(8,276)
Gross profits	**11,453**	8,655	8,216
Marketing and distribution costs	**(276)**	(311)	(281)
Contribution	**11,177**	8,344	7,935
Contribution margin %	**48.7%**	48.0%	48.1%
Adjusted operating expenses[3]	**(12,960)**	(12,379)	(11,791)
Impact of FX on reported earnings	**—**	—	(179)
Adjusted EBITDA	**(1,783)**	(4,035)	(4,035)
Separately disclosed items	**(1,101)**	(229)	
Other income	**4,101**	—	
Non-cash items:			
Share option charges	**(334)**	(347)	
Depreciation	**(982)**	(1,621)	
Impairment of property, plant and equipment	**—**	(4,349)	
Reversal of impairment of property, plant and equipment	**335**	—	
Amortisation	**(129)**	(276)	
Amortisation of acquired intangibles	**(509)**	(509)	
Total – non-cash items	**(1,619)**	(7,102)	
LBIT	**(402)**	(11,366)	
Net finance income/(charges)	**156**	(557)	
LBT	**(246)**	(11,923)	
Taxation – continuing operations	**(192)**	1,055	
Result after taxation – continuing operations	**(438)**	(10,868)	
Result after taxation – discontinued operations	**35,001**	(1,964)	
Profit/(loss) for the year	**34,563**	(12,832)	
Adjusted loss before tax for the year from continuing operations[1]	**(3,358)**	(6,533)	

1. Adjusted loss before tax for the year from continuing operations is the aggregate of adjusted EBITDA, share option charges, depreciation, amortisation (excluding amortisation of acquired intangibles), and certain finance charges (see note D for reconciliation).
2. Prior year comparatives have been restated to exclude the results of the LEIDSA contract which have been included with the results of the Global Tote business and Bump 50:50 within profit/(loss) after taxation - discontinued operations.
3. Adjusted operating expenses exclude depreciation, amortisation, impairments and reversal of impairments, share option charges, other income and separately disclosed items.

Revenue – continuing operations

£'000	2021	Restated Reported 2020	Constant Currency 2020
Wagering revenue	**19,515**	15,596	14,796
Sports betting commission	**280**	—	—
F&B revenue	**2,115**	1,472	1,401
Total Sportech Venues	**21,910**	17,068	16,197
Total Sportech Digital	**1,032**	304	295
Total revenues	**22,942**	17,372	16,492

Revenue from continuing operations increased by 39% on a constant currency basis. In Venues, the land-based operation was shuttered for over three months in the prior year and had venue capacity restrictions imposed from July 2020 through most of 2021, as well as mask mandates and work from home orders in place in the State of Connecticut. However, despite the restrictions, revenue recovered to near 2019 levels. The online revenue in Connecticut fell by 5% in 2021 from 2020 but was up 35% on 2019, having maintained customers who migrated from in person to online wagering during 2020.

Adjusted EBITDA – continuing operations

£'000	2021	Restated Reported 2020	Constant currency 2020
Sportech Venues	**1,620**	(1,085)	(948)
Sportech Digital	**(579)**	(762)	(773)
Central costs	**(2,564)**	(1,927)	(1,890)
Adjusted EBITDA before sports betting investment	**(1,523)**	(3,774)	(3,611)
Sports betting investment	**(260)**	(261)	(245)
Adjusted EBITDA	**(1,783)**	(4,035)	(3,856)

Sportech Venues largely recovered in 2021 from the strict restrictions which were in place in 2020. Cost reductions implemented in 2020 were maintained wherever possible which also contributed to the EBITDA recovery. Costs were reduced in the Digital division as well as revenue growing from 123Bet.com, contributing to the reduced EBITDA loss. Central costs increased due to a significant increase in Directors and Officers insurance which was experienced market wide.

Sports Betting investment represents the lobbying costs the Group has incurred 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.

Discontinued operations

In addition to the Global Tote and Bump 50:50 businesses, whose disposals were agreed on 24 December 2020 and 31 January 2021, respectively and were held for sale as at 31 December 2020, the Group also agreed and completed the disposal of its contract with LEIDSA (Dominican lottery) on 31 December 2021.

All three disposals were completed by 31 December 2021 and all consideration was received apart from the net working capital settlement for LEIDSA (£0.4m, received in Q1 2022). The disposals signal a departure from major business lines in which the Group previously operated. Accordingly, they have been treated as discontinued operations, in accordance with IFRS 5, in these financial statements.

The table below shows the results of the discontinued operations.

£'000	Global Tote 2021	Bump 50:50 2021	LEIDSA 2021	Total 2021	Global Tote 2020	Bump 50:50 2020	LEIDSA 2020	Total 2020
Revenue	**12,245**	**810**	**3,364**	**16,419**	25,052	703	2,594	28,349
Costs	**(8,140)**	**(487)**	**(913)**	**(9,540)**	(19,525)	(1,598)	(857)	(21,980)
Adjusted EBITDA	**4,105**	**323**	**2,451**	**6,879**	5,527	(895)	1,737	6,369
Depreciation and amortisation	**—**	**—**	**(372)**	**(372)**	(5,083)	(291)	(381)	(5,755)
Profit on sale of assets	**68**	**—**	**47**	**115**	—	—	—	—
Other income	**1,057**	**—**	**—**	**1,057**	—	—	—	—
Separately disclosed items	**(371)**	**—**	**—**	**(371)**	(1,159)	(65)	—	(1,224)
Finance (costs)/income	**(24)**	**78**	**—**	**54**	(113)	45	—	(68)
Profit/(loss) before tax	**4,835**	**401**	**2,126**	**7,362**	(828)	(1,206)	1,356	(678)
Taxation	**(195)**	**—**	**(791)**	**(986)**	(528)	—	(758)	(1,286)
Profit/(loss) after tax	**4,640**	**401**	**1,335**	**6,376**	(1,356)	(1,206)	598	(1,964)

The trading from the discontinued operations through to disposal date accrued to the Group which benefited the Group's cash position. The above disclosures for Global Tote and Bump 50:50 differ from those disclosed in the half year accounts following additional information becoming available after the approval of the Interim Report, a reconciliation will be provided in the 2022 Interim Report.

In addition to the discontinued operations above, the disposal of our New Haven freehold property in Connecticut, USA for consideration of circa £4.3m (US$6.0m) was completed on 28 April 2021. The sale and purchase agreement included a leaseback clause, whereby Sportech shall lease back the property for a period not to exceed 18 months from the date of closing. The lease has a monthly rental of circa £36k (US$50k) per month. The profit on disposal of £2,575k has been recorded within other income in the income statement.

Separately disclosed items

£'000	2021	Reported 2020
Included in operating costs – continuing operations		
Onerous contract provisions and other losses resulting from exit from Californian operations	**91**	—
Restructuring and redundancy costs	**625**	—
Corporate activity costs	**21**	118
Costs in relation to Spot the Ball VAT refund	**10**	44
Costs in relation to exiting the Group's interests in India	**13**	65
Costs in relation to the Group's move to AIM	**341**	—
UK defined pension scheme buy-out	**—**	2
	1,101	229
Discontinued operations		
Included in operating costs	**371**	1,224
Included in finance costs – continuing operations		
Interest accrued on corporate tax potentially due and unpaid at the balance sheet date on STB refund received in 2016	**150**	150
Interest paid on VAT settlement reached in 2020	**—**	83
	150	233
	1,622	1,686

The Group continues to focus on resolving legacy issues and reducing ongoing separately disclosed items. The Group's lease issues in California have been resolved in the year and in early 2022. The Group has been resized to reflect the reduced operations following the disposals in the year and in response has moved its listing from the Main Market to AIM during the year.

Other income

Other income includes the profit on disposal of Sports Haven (£2,575k), credits received against the US payroll through the CARES Act as amended on 27 December 2020 (£1,426k in continuing operations and £1,057k in discontinued operations) and a contract settlement (£100k). All have been excluded from Adjusted EBITDA due to the one-off nature of the credits and the fact the amounts would distort comparability of the results of 2021 when analysing underlying performance.

Taxation

The current tax expense for the year in continuing activities was £239k being mainly state taxes payable in the US. The deferred tax credit for the year was £47k within continuing activities; relating to the recognition of timing differences in the US on the Group's former joint venture in California net of deferred tax liability release on acquired intangibles. The Group continues to not recognise deferred tax assets on gross timing differences of £14,225k (2020: £35,745k), £12,016k being in the US and £2,209k being in the UK. A significant amount of the timing differences were utilised in the year against profits on disposal in the US meaning no tax was payable of those disposals.

Tax paid in the year of £105k in continuing operations is mainly taxes in the US both federal and state, a further £924k was paid by discontinued operations, being mainly withholding taxes in the Dominican Republic. A tax refund of £1,442k was received in February 2021 in relation of overpaid prior year UK taxes in relation to the disposal of the Football Pools.

The Group's current tax liability includes a provision for uncertain tax liabilities of £4.6 million in relation to corporation tax on the 2016 VAT refund. The Group is working with HMRC to resolve the issue. The balance is US taxes payable for 2021.

Cash flow

The Group's cash flow for the year is as follows (including discontinued operations):

£'000		**2021**	**2020**
Adjusted EBITDA – continuing operations		**(1,783)**	(4,035)
Adjusted EBITDA – discontinued operations		**6,879**	6,369
Total Adjusted EBITDA		**5,096**	2,334
Payment of lease liabilities including interest		**(1,512)**	(1,655)
EBITDA after lease payments		**3,584**	679
Add:	Net proceeds from disposal of Sports Haven	**4,193**	—
	Net proceeds from disposal of Global Tote	**22,786**	6,180
	Net proceeds from disposal of Bump 50:50	**4,644**	—
	Net proceeds from disposal of LEIDSA contract	**9,417**	—
Less:	Other Acquisition, disposal, and JV items	—	(500)
	Capitalised software	**(1,012)**	(1,650)
	Property plant and equipment (net of proceeds from sales)	**(582)**	(753)
	Separately disclosed items and other income (net)	**76**	(484)
	Working capital and other	**(2,418)**	1,552
	Tax received net of tax paid and net interest received	**438**	(1,100)
	Share buy-back including expenses	**(35,880)**	—
	FX impact	**(171)**	(72)
Net cash flows in year		**5,075**	3,852
Opening cash, excluding customer balances		**16,837**	12,985
Closing cash, excluding customer balances		**21,912**	16,837

Net cash inflow (excluding movement in customer balances) in the year was £5,075k. Total proceeds from disposals in the year net of cash disposed of and disposal costs was £41,040k with £6,180k having been received late in 2020 on account, bringing the total net cash in of £47,220k. Capex in the year was reduced following the disposal of Global Tote and Bump 50:50. Other income includes inflows for CARES Act credits of £2,483k after the US Federal Government amended the legislation from mid-2020 to make it more wide ranging and enabling the Group to claim credits for 2021 US payroll. Net tax received of £413k was a tax refund of £1,442k net of tax paid of £1,029k, and net interest received was £25k.

Finally, a significant amount of the disposal proceeds received in the year were distributed to shareholders in a tender offer which completed in October 2021, following a Court Approved reduction of capital process to create distributable reserves in the Sportech PLC company, by cancelling its capital redemption reserve of £10.3m and reducing the nominal value of each share from 20p to 1p.

Consolidated Income Statement
for the year ended 31 December 2021

	Note	2021 £000	Restated 2020 £000
Revenue	E	**22,942**	17,372
Cost of sales	E	**(11,489)**	(8,717)
Gross profit	E	**11,453**	8,655
Marketing and distribution costs	E	**(276)**	(311)
Contribution	E	**11,177**	8,344
Operating costs	D	**(15,680)**	(19,710)
Other income	X	**4,101**	—
Operating loss		**(402)**	(11,366)
Finance costs	G	**(305)**	(568)
Finance income	G	**461**	11
Loss before tax from continuing operations		**(246)**	(11,923)
Tax – continuing operations	H	**(192)**	1,055
Loss for the year – continuing operations		**(438)**	(10,868)
Profit/(loss) after taxation from discontinued operations	I(g)	**35,001**	(1,964)
Profit/(loss) for the year		**34,563**	(12,832)
Attributable to:			
Owners of the Company		**34,563**	(12,832)
Basic (loss)/earnings per share attributable to owners of the Company			
From continuing operations	J(a)	**(0.3)p**	(5.8)p
From discontinued operations	J(a)	**20.6p**	(1.0)p
Total	J(a)	**20.3p**	(6.8)p
Diluted (loss)/earnings per share attributable to owners of the Company			
From continuing operations	J(b)	**(0.3)p**	(5.8)p
From discontinued operations	J(b)	**20.6p**	(1.0)p
Total	J(b)	**20.3p**	(6.8)p
Adjusted loss per share attributable to owners of the Company			
Basic	J(c)	**(1.7)p**	(2.8)p
Diluted	J(c)	**(1.7)p**	(2.8)p

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

Prior year comparatives have been restated to exclude the results of the LEIDSA contract which have been included with the results of the Global Tote business and Bump 50:50 within profit/(loss) after taxation from discontinued operations.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021

	2021	2020
	£000	£000
Profit/(loss) for the year	**34,563**	(12,832)
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit and loss		
Actuarial gain/(loss) on retirement benefit liability – discontinued operations	**186**	(344)
Deferred tax on movement on retirement benefit liability – discontinued operations	**—**	88
	186	(256)
Items that may be subsequently reclassified to profit and loss		
Currency translation differences – continuing operations	**(617)**	237
Currency translation differences – discontinued operations	**(550)**	(314)
Less: gain reclassified to profit and loss on disposal of foreign operations	**(3,373)**	—
	(4,540)	(77)
Total other comprehensive expense for the year, net of tax	**(4,354)**	(333)
Total comprehensive income/(expense) for the year	**30,209**	(13,165)
Attributable to:		
Owners of the Company	**30,209**	(13,165)

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £000	2020 £000
ASSETS			
Non-current assets			
Goodwill	K	**604**	604
Intangible fixed assets	L	**6,357**	7,343
Property, plant and equipment	M	**4,261**	5,077
Right-of-use assets	N	**4,657**	1,133
Trade and other receivables	O	**158**	156
Deferred tax assets	P	**—**	4
Total non-current assets		**16,037**	14,317
Current assets			
Trade and other receivables	O	**1,750**	1,517
Inventories	Q	**124**	120
Current tax receivable	H	**—**	1,442
Cash and cash equivalents	R	**22,367**	11,821
		24,241	14,900
Assets classified as held for sale		**—**	27,671
Total current assets		**24,241**	42,571
TOTAL ASSETS		**40,278**	56,888
LIABILITIES			
Current liabilities			
Trade and other payables	S	**(7,945)**	(14,104)
Provisions	T	**(736)**	(321)
Lease liabilities	U	**(923)**	(823)
Deferred tax liabilities	P	**—**	(94)
Current tax liabilities	H	**(4,718)**	(4,700)
		(14,322)	(20,042)
Liabilities directly associated with assets classified as held for sale		**—**	(7,507)
Total current liabilities		**(14,322)**	(27,549)
Net current assets		**9,919**	15,022
Non-current liabilities			
Lease liabilities	U	**(6,091)**	(3,059)
Deferred tax liabilities	P	**(43)**	—
Provisions	T	**—**	(1,121)
Total non-current liabilities		**(6,134)**	(4,180)
TOTAL LIABILITIES		**(20,456)**	(31,729)
NET ASSETS		**19,822**	25,159
EQUITY			
Ordinary shares	V	**1,000**	37,750
Other reserves		**3,527**	16,539
Retained earnings		**15,295**	(29,130)
TOTAL EQUITY		**19,822**	25,159

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

		Other reserves				
	Ordinary shares £000	**Capital redemption reserve £000**	**Other reserve £000**	**Foreign exchange reserve £000**	**Retained earnings £000**	**Total £000**
At 1 January 2021	37,750	10,312	(638)	6,865	(29,130)	25,159
Comprehensive income						
Profit for the year	—	—	—	—	34,563	34,563
Other comprehensive items						
Actuarial gain on defined benefit pension liability*	—	—	186	—	—	186
Cumulative actuarial loss on defined benefit pension liability disposed of, transferred to retained earnings	—	—	766	—	(766)	—
Currency translation differences arising in the year	—	—	—	(4,540)	—	(4,540)
Total other comprehensive items	—	—	952	(4,540)	(766)	(4,354)
Total comprehensive items	—	—	952	(4,540)	33,797	30,209
Transactions with owners						
Share option charge	—	—	—	—	334	334
Cancellation of capital redemption reserve	—	(10,312)	—	—	10,312	—
Capital reduction (note V)	(35,862)	—	—	—	35,862	—
Fees in relation to capital reduction (note V)	—	—	—	—	(66)	(66)
Fees in relation to share buy-back (note V)	—	—	—	—	(314)	(314)
Share buy-back (note V)	(888)	888	—	—	(35,500)	(35,500)
Total transactions with owners	(36,750)	(9,424)	—	—	10,628	(35,546)
Total changes in equity	(36,750)	(9,424)	952	(4,540)	44,425	(5,337)
At 31 December 2021	**1,000**	**888**	**314**	**2,325**	**15,295**	**19,822**

Other reserve includes the premium on shares issued of £314k in relation to the acquisition of Lot.to Systems Limited in 2019, which is recorded as a merger reserve.

* Net of deferred tax.

Consolidated Statement of Changes in Equity
for the 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

Other reserve includes the premium on shares issued of £314k in relation to the acquisition of Lot.to Systems Limited in 2019, which is recorded as a merger reserve and cumulative actuarial movements on defined benefit pension schemes net of deferred tax.

* Net of deferred tax.

Consolidated Statement of cash flows
for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Cash generated from operations, before separately disclosed items	W	**511**	3,928
Interest received		**—**	13
Interest paid		**—**	(84)
Tax refund received	H	**1,442**	—
Tax paid	H	**(1,029)**	(1,029)
Net cash generated from operating activities before separately disclosed items		**924**	2,828
Cash inflows – other income	X	**2,483**	—
Cash outflows - separately disclosed items	F	**(2,407)**	(484)
Cash generated from operations		**1,000**	2,344
Cash flows from investing activities			
Disposal of Sports Haven (net of transaction costs)		**4,193**	—
Disposal of Bump 50:50 (net of cash disposed of and transaction costs)		**4,644**	—
Consideration paid for Lot.to Systems Limited, net of cash acquired		**—**	(500)
Disposal of LEIDSA contract (net of cash disposed of and transaction costs)		**9,417**	—
Disposal of Global Tote (net of cash disposed of and transaction costs)		**22,636**	6,180
Proceeds from sale of intangible assets	M	**150**	—
Investment in intangible fixed assets	L	**(1,012)**	(1,650)
Purchase of property, plant and equipment	M	**(582)**	(753)
Net cash generated from investing activities		**39,446**	3,277
Cash flows used in financing activities			
Principal paid on lease liabilities	U	**(1,333)**	(1,316)
Interest paid on lease liabilities		**(179)**	(339)
Share buy-back including transaction costs	V	**(35,880)**	—
Interest received		**27**	—
Interest paid		**(2)**	—
Cash used in financing activities		**(37,367)**	(1,655)
Net increase in cash and cash equivalents		**3,079**	3,966
Effect of foreign exchange on cash and cash equivalents		**(171)**	(72)
Cash and cash equivalents at the beginning of the year	R	**11,821**	15,565
Opening cash included in asset held for sale and excluded from cash and cash equivalents		**7,638**	—
Cash and cash equivalents at the end of the year	R	**22,367**	19,459
Less cash held by assets held for sale		**—**	(7,638)
Group cash and cash equivalents at the end of the year		**22,367**	11,821
Represented by:			
Cash and cash equivalents	R	**22,367**	11,821
Less customer funds	R	**(455)**	(465)
Adjusted net cash at the end of the year	R	**21,912**	11,356

Notes to the Final Statement
For the year ended 31 December 2021

All accounting policies applied in this Preliminary Statement are consistent with those in the full financial statements which have yet to be published. The preliminary results for the year ended 31 December 2021 were approved by the Board of Directors on 31 March 2022. The financial information set out in this announcement does not constitute statutory financial statements for the years ended 31 December 2021 and 2020 within the meaning of Section 435 of the Companies Act 2006, but is extracted from those financial statements. The auditors have reported on those financial statements and have given an unqualified report which does not contain a statement under Section 498 of the Companies Act 2006.

A. Reporting entity

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 consolidated financial statements of the Company as at and for the period ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). 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, the disposal of the Group's 50:50 Lottery business (Bump 50:50) on 2 June 2021 and the disposal of the Group's supply contract with LEIDSA in the Dominican Republic on 31 December 2021. Following the disposals, the Group continues to provide pari-mutuel betting (B2C) and lottery technology (B2B).

B. Going concern

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. Following the completion of the disposal of the LEIDSA Lottery contract on 31 December 2021, the Group has realised significant cash, the Board will continue to engage with shareholders to assess the optimal use of capital.

The forecasts used in the analysis of the Group's ability to continue in operational existence for the foreseeable future include both the base plan and downside scenarios which although Sportech has no connections with Russia or Ukraine through its operations (no employees located there nor any customers or suppliers in the region), include assumptions taking into account macro-economic potential indirect impacts of the events unfolding.

C. Basis of reporting

a. The accounting policies used in preparation of this preliminary announcement have remained unchanged from those set out in the Group's 2020 financial statements.

b. The consolidated financial statements have been extracted from the statutory financial statements which have been prepared in accordance with UK adopted international accounting standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities.

c. The preparation of consolidated 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. Details of the critical judgements applied in the preparation of these financial statements are included in the full statutory financial statements.

D. 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 that management believe should be added back (separately disclosed items) and other income. 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 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	2021 £000	Restated 2020 £000
Operating costs per income statement		**(15,680)**	(19,710)
Add back:			
Sports betting investment		**260**	261
Depreciation	M,N	**982**	1,621
Amortisation, excluding acquired intangible assets	L	**129**	276
Amortisation of acquired intangible assets	L	**509**	509
Impairment of property, plant and equipment and right-of-use assets		**—**	4,349
Reversal of impairment of property, plant and equipment		**(335)**	—
Share option charge		**334**	347
Separately disclosed items (net)	F	**1,101**	229
Adjusted operating costs, pre sports betting investment		**(12,700)**	(12,118)

Adjusted EBITDA is calculated as below.

Continuing operations	2021 £000	Restated 2020 £000
Revenue	**22,942**	17,372
Cost of sales	**(11,489)**	(8,717)
Gross profit	**11,453**	8,655
Marketing and distribution costs	**(276)**	(311)
Contribution	**11,177**	8,344
Adjusted operating income and costs (pre sports betting investment)	**(12,700)**	(12,118)
Adjusted EBITDA pre sports betting investment	**(1,523)**	(3,774)
Sports betting investment	**(260)**	(261)
Adjusted EBITDA	**(1,783)**	(4,035)

Prior year comparatives have been adjusted for discontinued operations related to the LEIDSA contract (prior year comparatives were adjusted in the 2020 financial statements to excluded results of the Global Tote and Bump 50:50 business).

Sports Betting investment represents the time and cost the Group has incurred on 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. In both the current and prior year, the costs were all wholly externally incurred and included no internal allocations.

Adjusted profit/(loss) 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.

		Restated
	2021	2020
From continuing operations:	**£000**	£000
Adjusted EBITDA	**(1,783)**	(4,035)
Share option charge	**(334)**	(347)
Depreciation	**(982)**	(1,621)
Amortisation (excluding amortisation of acquired intangibles)	**(129)**	(276)
Net finance costs (excluding certain finance costs – note G)	**(130)**	(254)
Adjusted loss before tax	**(3,358)**	(6,533)
Tax at 16.4% (2020: 20.3%)	**551**	1,326
Adjusted loss after tax	**(2,807)**	(5,207)

		Restated
	2021	2020
From discontinued operations:	**£000**	£000
Adjusted EBITDA	**6,879**	6,369
Depreciation	**(221)**	(2,170)
Amortisation	**(151)**	(3,585)
Net finance costs	**54**	(68)
Adjusted profit before tax	**6,561**	546
Tax at 25.8% (2020: (60.9)%)	**(1,693)**	333
Adjusted profit after tax	**4,868**	879

E. Segmental reporting

2021

	Sportech Digital	Sportech Venues	Corporate costs	Group
	£000	£000	£000	£000
Revenue from sports betting services	—	280	—	280
Revenue from food and beverage sales	—	2,115	—	2,115
Revenue from rendering of services	1,032	19,515	—	20,547
Total revenue	1,032	21,910	—	22,942
Cost of sales	(548)	(10,941)	—	(11,489)
Gross profit	484	10,969	—	11,453
Marketing and distribution costs	(76)	(200)	—	(276)
Contribution	408	10,769	—	11,177
Adjusted net operating costs	(987)	(9,149)	(2,564)	(12,700)
Adjusted EBITDA (pre sports betting investment)	**(579)**	**1,620**	**(2,564)**	**(1,523)**
Sports betting investment	—	(260)	—	(260)
Adjusted EBITDA	**(579)**	**1,360**	**(2,564)**	**(1,783)**
Share option charge	—	—	(334)	(334)
Depreciation	(10)	(950)	(22)	(982)
Amortisation (excluding amortisation of acquired intangible assets)	(97)	—	(32)	(129)
Segment result before amortisation of acquired intangibles	(686)	410	(2,952)	(3,228)
Amortisation of acquired intangibles	(509)	—	—	(509)
Reversal of impairment of property, plant and equipment	—	335	—	335
Separately disclosed items	(165)	(84)	(852)	(1,101)
Other income	100	4,001	—	4,101
Operating (loss)/profit	(1,260)	4,662	(3,804)	(402)
Net finance income				156
Loss before taxation from continuing operations				(246)
Taxation – continuing operations				(192)
Loss for the year from continuing operations				(438)
Profit after tax from discontinued operations				35,001
Profit for the year				**34,563**

Discontinued operations in relation to the LEIDSA contract were within the Sportech Digital division, formally known as Sportech lotteries. Those in relation to Global Tote and Bump 50:50 were classified as discontinued in 2020 also.

Within Sportech Venues' services revenue there is an amount of c£263k which related to 2020 handle taken from Connecticut residents online by out of state operators. It was only in 2021 that those operators received sub-licences to take bets from Connecticut residents and as such that Sportech could collect as "source market" fee from those operators, including back dating to 2020 handle.

	Sportech Digital	Sportech Venues	Corporate costs	Group
	£000	£000	£000	£000
Segment assets	1,252	20,288	18,738	40,278
Segment liabilities	(208)	(12,144)	(8,104)	(20,456)
Other segment items – capital expenditure				
Intangible assets (continuing operations)	165	—	—	165
Intangible assets (discontinued operations)	847	—	—	847
Property, plant and equipment (continuing operations)	4	27	—	31
Property, plant and equipment (discontinued operations)	551	—	—	551

2020

Restated	Sportech Digital £000	Sportech Venues £000	Corporate costs £000	Group £000
Revenue from food and beverage sales	—	1,472	—	1,472
Revenue from rendering of services	304	15,596	—	15,900
Total revenue	304	17,068	—	17,372
Cost of sales	(93)	(8,624)	—	(8,717)
Gross profit	211	8,444	—	8,655
Marketing and distribution costs	—	(311)	—	(311)
Contribution	211	8,133	—	8,344
Adjusted net operating costs	(973)	(9,218)	(1,927)	(12,118)
Adjusted EBITDA (pre sports betting investment)	**(762)**	**(1,085)**	**(1,927)**	**(3,774)**
Sports betting investment	—	(261)	—	(261)
Adjusted EBITDA	**(762)**	**(1,346)**	**(1,927)**	**(4,035)**
Share option charge	—	—	(347)	(347)
Depreciation	(10)	(1,595)	(16)	(1,621)
Amortisation (excluding amortisation of acquired intangible assets)	(26)	—	(250)	(276)
Segment result before amortisation of acquired intangibles	(798)	(2,941)	(2,540)	(6,279)
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 loss	(1,307)	(7,308)	(2,751)	(11,366)
Net finance costs				(557)
Loss before taxation from continuing operations				(11,923)
Taxation – continuing operations				1,055
Loss for the year from continuing operations				(10,868)
Loss after tax from discontinued operations				(1,964)
Loss for the year				(12,832)

	Sportech Digital	Sportech Venues	Corporate costs	Assets held for sale	Group
	£000	£000	£000	£000	£000
Segment assets (excluding investments and intercompany balances)	2,943	13,681	12,593	27,671	56,888
Segment liabilities (excluding intercompany balances)	(472)	(8,659)	(15,091)	(7,507)	(31,729)
Other segment items – capital expenditure					
Intangible assets (continuing operations)	230	—	—	—	230
Intangible assets (discontinued operations)	—	—	—	1,420	1,420
Property, plant and equipment (continuing operations)	—	29	—	—	29
Property, plant and equipment (discontinued operations)	121	—	—	603	724

F. Separately disclosed items

Continuing operations	Note	2021 £000	2020 £000
Included in operating costs:			
Onerous contract provisions and other losses resulting from exit from Californian operations		**91**	—
Redundancy and restructuring costs		**625**	—
Corporate activity costs	(a)	**21**	118
Costs in relation to the Spot the Ball VAT refund	(b)	**10**	44
Costs in relation to exiting the Group's interests in India		**13**	65
Costs in relation to the Group's move from Main Market to AIM		**341**	—
UK defined benefit pension scheme buy-out		**—**	2
		1,101	229
Discontinued operations			
Included in operating costs	I(c)	**371**	1,224
Total included in operating costs		**1,472**	1,453
Included in finance costs – continuing operations:			
Interest accrued on corporate tax potentially due and unpaid at the balance sheet date on STB refund received in 2016		**150**	150
Interest paid on VAT settlement reached in 2020		**—**	83
	G	**150**	233
Net separately disclosed items		**1,622**	1,686

(a) Corporate activity costs

Costs incurred in relation to the approach by Standard General LLP to acquire the entire equity of Sportech PLC and other corporate activity.

(b) Costs in relation to the Sport the Ball refund

Advice continues to be received in relation to the corporate tax filings in relation to the Spot the Ball VAT refund in 2016.

(c) Costs in relation to exiting the Group's interests in India

The Group is incurring costs in relation to dissolving the holding company of the joint venture in Mauritius, the issue is ongoing.

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

	2021	2020
	£000	£000
Continuing operations - cash outflows from separately disclosed items:		
Redundancy and restructuring costs	**(625)**	(18)
Expenses in relation to the UK defined benefit pension scheme "buy-out"	**—**	(2)
Costs in relation to the Spot the Ball VAT refund	**(37)**	—
Costs in relation to corporate activity	**(71)**	(127)
Costs in relation to legacy tax disputes	**—**	(17)
Transaction costs – disposal of Global Tote Business	**—**	(16)
One off start-up costs of new ventures, including new venue builds and joint ventures	**—**	(224)
Costs in relation to the Group's move to AIM	**(341)**	—
Costs in relation to the Group's lease in Norco, California	**(785)**	—
Costs in relation to exiting the Group's interests in India	**(13)**	(65)
	(1,872)	(469)
Cash outflows from separately disclosed items – discontinued operations (net)	**(535)**	(15)
	(2,407)	(484)

G. Net finance income/(costs)

	2021	2020
Continuing operations	**£000**	£000
Finance costs:		
Interest accrued and paid on tax liabilities	**(150)**	(233)
Interest on lease obligations (note U)	**(155)**	(265)
Foreign exchange loss on financial assets and liabilities denominated in foreign currency	**—**	(70)
Total finance costs	**(305)**	(568)
Finance income:		
Interest received on bank deposits	**25**	11
Foreign exchange gain on financial assets and liabilities denominated in foreign currency	**436**	—
Total finance income	**461**	11
Discontinued operations (note I)	**54**	(68)
Net finance income/(costs)	**210**	(625)

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

	2021	Restated 2020
	£000	£000
Foreign exchange gain/(loss) on financial assets and liabilities denominated in foreign currency	**436**	(70)
Interest accrued and paid tax liabilities	**(150)**	(233)
	286	(303)

H. Taxation

The Group's tax charge from continuing and discontinuing operations comprises:

	2021	2020
	£000	£000
Current tax:		
Current tax on profit for the year	**1,219**	1,176
Adjustments in respect of prior years	**6**	(1,895)
Total current tax	**1,225**	(719)
Deferred tax:		
Origination and reversal of temporary differences	**(56)**	169
Change in rates	**(4)**	(1)
Adjustments in respect of prior years	**13**	(204)
Derecognition of previously recognised deferred tax assets	**—**	986
Total deferred tax	**(47)**	950
Total tax charge	**1,178**	231

	2021	Restated 2020
	£000	£000
Total tax charge/(credit) in continuing operations	**192**	(1,055)
Total tax charge in discontinued operations	**986**	1,286
Total tax charge	**1,178**	231

The taxation on the Group's profit/loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	2021	2020
	£000	£000
Profit/(loss) for the year	**34,563**	(12,832)
Total tax charge	**1,178**	231
Profit/(loss) before tax	**35,741**	(12,601)
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective countries	**8,065**	(2,669)
Tax effects of:		
– expenses not deductible for tax purposes net of income not taxable	**(5,282)**	449
– foreign taxes paid not provided for	**689**	835
– adjustments in respect of prior years – current tax	**6**	(1,895)
– adjustments in respect of prior years – deferred tax	**13**	(204)
– effect of change in rates	**(4)**	(1)
– deferred tax not recognised during the year	**319**	2,730
– deferred tax not previously provided	**(2,628)**	—
– derecognition of previously recognised deferred tax assets	**—**	986
Total tax charge	**1,178**	231

US deferred tax assets were revalued downwards in 2020 by £986k to £nil carrying value (predominantly foreign taxes paid in the Dominican Republic), following a review of recoverability. Group cash flow forecasts were used and any assets not showing as recoverable within five years were considered not recoverable and a valuation allowance was charged to the income statement. The same analysis was carried out in 2021 and the review confirmed no recoverability and therefore no deferred tax asset has been recognised in the US businesses as at 31 December 2021. There are no changes expected in the US federal income tax rate from the current rate of 21%.

These financial statements account for the change in the UK Corporation Tax rate from 19% to 25% based on enacted legislation. Deferred tax in the UK would be provided at 25%, however deferred tax in the UK is valued at £nil as losses carried froward are not expected to be recovered.

Included within the Group's current tax liabilities is a provision of £4.6m for an uncertain tax position in relation to the treatment of the gain included in the 2016 financial statements for the Spot the Ball VAT refund. Included in current tax receivable in the prior year is £1.4m in relation to a refund, which was subsequently received in February 2021, for overpaid tax in relation to the disposal of The Football Pools trade and assets in June 2017.

An analysis of the current tax liabilities is as follows:

	2021 £000	Restated 2020 £000
At 1 January	**3,258**	4,880
Charged to the income statement – continuing operations	**239**	(1,770)
Charged to the income statement – discontinued operations*	**791**	1,051
Paid during the year – continuing operations	**(105)**	41
Received during the year – continuing operations	**1,442**	—
Paid during the year – discontinued operations*	**(904)**	(1,070)
Transferred to liabilities associated with assets held for sale	—	117
Foreign exchange movements	**(3)**	9
At 31 December	**4,718**	3,258
Included in:		
Current assets	**—**	(1,442)
Current liabilities	**4,718**	4,700
	4,718	3,258

* Relating to LEIDSA contract only. Tax paid in the other discontinued operations was £20k.

I. Discontinued operations and assets held for sale

Ia) 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:

	2021 £000
Cash consideration received	**4,346**
Net book value disposed of	**(1,154)**
Right-of-use asset recognised	**169**
Lease liability recognised	**(633)**
Costs of disposal	**(153)**
Profit after tax on disposal net of costs	**2,575**

Ib) On 2 June 2021 the Group completed the disposal of its 100% interest in Bump (Worldwide) Inc. ("Bump") for gross consideration of £4,941k (CAD$8,462k), including a net working capital settlement of £277k. The division was classified as held for sale as at 31 December 2020 and was part of the Sportech Racing division. Further deferred contingent consideration is potentially due of £1,165k (CAD$2,000k). This has not been recognised given the uncertainty of the revenue hurdle required to be achieved.

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

Bump (Worldwide) Inc.:	Note	Period ended 2 June 2021 £000	2020 £000
Revenue		**810**	703
Cost of sales, marketing and distribution and adjusted operating expenses		**(487)**	(1,598)
Adjusted EBITDA		**323**	(895)
Depreciation and amortisation		**—**	(291)
Separately disclosed items		**—**	(65)
Finance income		**78**	45
Profit/(loss) before tax		**401**	(1,206)
Tax, excluding tax arising on disposal		**—**	—
Profit/(loss) after tax		**401**	(1,206)
Gain from selling discontinued operations after tax (net of disposal costs)	Ie	**3,805**	—
Profit/(loss) for the period		**4,206**	(1,206)
Net cash flow from operating activities		**462**	(801)
Net cash flow from investing activities		**(37)**	(118)
Net decrease in cash generated/(used)		**425**	(919)

Separately disclosed items within the above table are disposal costs.

Ic) 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 £33,906k including a payment for cash transferred to the buyer with the business of £3,609k net of debt like items of £1,294k, received in July 2021 plus a settlement of net working capital which was in excess of an agreed Target working capital (and other adjustments) of £559k also delivered. 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 £000**	2020 £000
Revenue		**12,245**	25,052
Cost of sales, marketing and distribution and adjusted operating expenses		**(8,140)**	(19,525)
Adjusted EBITDA		**4,105**	5,527
Other income	X	**1,057**	—
Depreciation and amortisation		**—**	(5,083)
Profit on disposal of intangible assets		**68**	—
Separately disclosed items		**(371)**	(1,159)
Finance costs		**(24)**	(113)
Profit/(loss) before tax		**4,835**	(828)
Tax, excluding tax arising on disposal		**(195)**	(528)
Profit/(loss) after tax		**4,640**	(1,356)
Gain from selling discontinued operations after tax (net of disposal costs)	Ie	**17,051**	—
Profit/(loss) for the period		**21,691**	(1,356)
Net cash flow from operating activities		**1,944**	6,099
Net cash flow from investing activities		**(930)**	(1,905)
Net cash flow from financing activities		**(160)**	(436)
Net increase in cash generated		**854**	3,758

Separately disclosed items incurred in the period were redundancy and restructuring costs in respect of a rationalisation of this business and a provision for an employment tax settlement in Ireland (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).

Id) On 31 December 2021 the Group completed the disposal of its wholly owned subsidiary, Sportech Lotteries, LLC which had the legal rights to the service contract with LEIDSA who operates the Dominican Republic national lottery. Gross Consideration amounts to £9,854k including an estimate for settlement of net working capital which was in excess of an agreed Target working capital of £431k. £9,432k of the consideration was received on 31 December 2021, the final working capital settlement has been received in Q1 2022, there was no variance to estimate as at 31 December 2021.

The profit for the period and cashflows from Sportech Lotteries, LLC are shown below:

Sportech Lotteries, LLC:	Note	Period ended 31 December 2021 £000	2020 £000
Revenue		**3,364**	2,594
Cost of sales, marketing and distribution and adjusted operating expenses		**(913)**	(857)
Adjusted EBITDA		**2,451**	1,737
Depreciation and amortisation		**(372)**	(381)
Profit on disposal of property, plant and equipment		**47**	—
Profit before tax		**2,126**	1,356
Tax, excluding tax arising on disposal		**(791)**	(758)
Profit after tax		**1,335**	598
Gain from selling discontinued operations after tax (net of disposal costs)	Ie	**7,769**	—
Profit for the period		**9,104**	598
Net cash flow from operating activities		**1,068**	568
Net cash flow from investing activities		**(429)**	(121)
Net decrease in cash generated/(used)		**639**	447

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

	Note	Global Tote Group £000	Bump (Worldwide) Inc. £000	Sportech Lotteries LLC £000	Total £000
Cash consideration received and receivable		**33,906**	**4,941**	**9,854**	**48,701**
Cash disposed of		**(3,609)**	**(116)**	**—**	**(3,725)**
Cash consideration received and receivable net of cash disposed of	If	**30,297**	**4,825**	**9,854**	**44,976**
Add cumulative foreign exchange movements recycled to the income statement		**3,234**	**(101)**	**240**	**3,373**
Costs of disposal		**(1,511)**	**(118)**	**(405)**	**(2,034)**
Less net assets disposed of:					
Intangibles		**6,582**	**274**	**209**	**7,065**
Property, plant and equipment		**5,001**	**210**	**180**	**5,391**
Right-of-use assets		**761**	—	—	**761**
Deferred tax assets		**12**	—	—	**12**
Trade and other receivables		**4,621**	**380**	**1,542**	**6,543**
Inventories		**2,479**	—	—	**2,479**
Income tax payable		**(44)**	—	—	**(44)**
Trade and other payables		**(2,660)**	**(63)**	**(11)**	**(2,734)**
Lease liabilities		**(786)**	—	—	**(786)**
Retirement benefit liability		**(997)**	—	—	**(997)**
		14,969	**801**	**1,920**	**17,690**
Pre-tax gain on disposal of discontinued operations		**17,051**	**3,805**	**7,769**	**28,625**
Taxation		—	—	—	—
Gain on disposal of discontinued operations		**17,051**	**3,805**	**7,769**	**28,625**

Costs of disposal include bonuses paid to Group employees of £1,173k for Global Tote, £85k for Bump and £375k for Sportech Lotteries, LLC (including employer's taxes payable).

If) 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	Sportech Lotteries LLC £000	Total £000
Cash consideration received in 2021 net of cash disposed of		**24,352**	**4,825**	**9,423**	**38,600**
Disposal costs paid in 2021		**(1,716)**	**(181)**	**(6)**	**(1,903)**
Cash consideration received net of cash disposed of and disposal costs paid in the period		**22,636**	**4,644**	**9,417**	**36,697**
Add back cash disposal costs paid in the period		**1,716**	**181**	**6**	**1,903**
Cash consideration received net of cash disposed of before disposal costs paid in the period		**24,352**	**4,825**	**9,423**	**38,600**
Cash consideration received in 2020 (including FX movement)		**5,945**	**—**	**—**	**5,945**
Consideration to be received in 2022		**—**	**—**	**431**	**431**
Cash consideration received and receivable net of cash disposed of before disposal costs paid in the period	Ie	**30,297**	**4,825**	**9,854**	**44,976**

Cash consideration received in 2020 related to an Initial Payment received from BetMakers Technology Group Ltd for the disposal of Global Tote, the deposit was unconditional and non-returnable.

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

	Note	2021 £000	2020 £000
Global Tote	Ic	**21,691**	(1,356)
Bump	Ib	**4,206**	(1,206)
Sportech Lotteries, LLC	Id	**9,104**	598
		35,001	(1,964)

J. (Loss)/earnings per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

	2021			Restated 2020		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
	£000	**£000**	**£000**	£000	£000	£000
(Loss)/profit attributable to the owners of the Company	**(438)**	**35,001**	**34,563**	(10,868)	(1,964)	(12,832)
Weighted average number of ordinary shares in issue ('000)	**169,785**	**169,785**	**169,785**	188,751	188,751	188,751
Basic (loss)/earnings per share	**(0.3)p**	**20.6p**	**20.3p**	(5.8)p	(1.0)p	(6.8)p

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Where there is a loss attributable to owners of the Company, the earnings per share is not diluted.

	2021			Restated 2020		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
	£000	**£000**	**£000**	£000	£000	£000
Loss)/profit attributable to the owners of the Company	**(438)**	**35,001**	**34,563**	(10,868)	(1,964)	(12,832)
Weighted average number of ordinary shares in issue ('000)	**169,785**	**169,785**	**169,785**	188,751	188,751	188,751
Dilutive potential ordinary shares	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Total potential ordinary shares	**169,785**	**169,785**	**169,785**	188,751	188,751	188,751
Diluted (loss)/earnings per share	**(0.3)p**	**20.6p**	**20.3p**	(5.8)p	(1.0)p	(6.8)p

The number of potentially dilutive shares not taken into account in respect of the VCP in prior year was unlimited. The VCP expired on 31 December 2021 and there are no longer any potentially dilutive shares.

(c) Adjusted

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

	2021			Restated 2020		
	Adjusted loss after tax	**Weighted average number of shares**	**Per share amount**	Adjusted loss after tax	Weighted average number of shares	Per share amount
Continuing operations	**£000**	**£000**	**Pence**	£000	£000	Pence
Basic adjusted EPS	**(2,807)**	**169,785**	**(1.7)p**	(5,207)	188,751	(2.8)p
Diluted adjusted EPS	**(2,807)**	**169,785**	**(1.7)p**	(5,207)	188,751	(2.8)p

K. Goodwill

Goodwill cost brought forward arose on the acquisition of Lot.to Systems Limited (which is now subsumed into Sportech Digital) in February 2019. The goodwill is attributable to the knowledge and expertise of the workforce.

Movements in the Group's goodwill are shown below:

	2021				2020
	Sportech Digital £000	**Total £000**	eBet £000	Sportech Digital £000	Total £000
Cost					
At 1 January	**604**	**604**	5,548	604	6,152
Transferred to held for sale	**—**	**—**	(5,548)	—	(5,548)
At 31 December 2021	**604**	**604**	—	604	604
Accumulated impairment charges					
At 1 January	**—**	**—**	(5,548)	—	(5,548)
Transferred to held for sale	**—**	**—**	5,548	—	5,548
At 31 December 2021	**—**	**—**	—	—	—
Closing net book value	**604**	**604**	—	604	604

L. Intangible fixed assets

2021

	Software £000	**Licences £000**	**Total £000**
Cost			
At 1 January 2021	5,353	5,696	11,049
Additions – continuing operations	165	—	165
Additions – discontinued operations	23	—	23
Disposal	(965)	—	(965)
At 31 December 2021	**4,576**	**5,696**	**10,272**
Accumulated amortisation			
At 1 January 2021	3,594	879	4,473
Charge for year – continuing operations	603	35	638
Charge for year – discontinued operations	151	—	151
Disposal	(756)	—	(756)
At 31 December 2021	**3,592**	**914**	**4,506**
Exchange differences at 1 January 2021	—	767	767
Movement in the year	—	71	71
Disposal	(247)	—	(247)
Exchange differences at 31 December 2021	**(247)**	**838**	**591**
Net book amount at 31 December 2021	**737**	**5,620**	**6,357**

Of the amounts capitalised in the year in continuing operations, £165k arose from capitalising staff costs for development expenditure (2020: £230k). Of the amounts capitalised in the year in discontinued operations, £nil arose from capitalising staff costs for development expenditure (2020: £1,420k). Amortisation has been included within operating costs.

Assets relating to in-house developed proprietary pari-mutuel software serving racing customers worldwide was sold during the year to Betmakers Technology Group for proceeds of £150k resulting in a profit on disposal of £68k.

Impairment - Licences

The Group holds a licence in perpetuity to offer pari-mutuel off-track betting in the State of Connecticut in the US for its Venues division. This asset has a book value in GBP at the reporting date, prior to any impairment that may be considered necessary, of £5,616k ($7,569k, 2020: £5,545k, $7,569k). Given this licence is in perpetuity, the book value of the asset is not amortised and the useful economic life allocated to the asset is indefinite.

As required by IAS 36, an impairment test has been carried out as at 31 December 2021. In testing for impairment, other assets used solely to generate cash flows in the Venues CGU are also included, totalling (together with the licence carrying value) £12,680k, $17,088k (2020: £9,876k, $13,479k).

The recoverable amount of the asset has been determined based on a value-in-use calculation. The key base case assumptions made in calculating the value-in-use were:

- EBITDA forecasts assume year-on-year handle decline in the core operating business of 8% in 2022 and 1% per annum thereafter and 2% decline into perpetuity;
- 3% increase in online handle in 2022, 5% in 2023, 2% in 2024 and 2025 and into perpetuity;
- 7% increase in handle at the Stamford venue in 2022 and handle is assumed to decline by 5% thereafter through 2025, and 2% decline into perpetuity;
- a 44% increase in core F&B revenues, which excludes the Stamford venue, in 2022 reflecting further recovery from COVID-19 restrictions, a 1% increase in 2023, 2024 and 2025 and thereafter stable revenues into perpetuity;
- F&B revenues at the Stamford venue are forecasted to increase by 69% in 2022, again reflecting recovery from COVID-19 restrictions, to increase a further 10% in 2023, 5% in 2024 and 3% in 2025, and remain flat thereafter into perpetuity;
- Sports betting revenues are forecasted to increase by 8% from 2022 budget levels in 2023 and by 6% in 2024 and 2025 and to then remain flat into perpetuity (is it assumed the 10-year contract with CLC will be renewed in perpetuity);
- capital expenditure was included in the cash flows at management's best estimate of industry norm for reinvestment in retail outlets of the kind under review; and
- a post-tax discount rate of 13.5% (2020: 10.5%) was used representing a market-based weighted average cost of capital appropriate for the Sportech Venues CGU. The pre-tax discount rate was 18.9% (2020: 14.7%).

The above assumptions are together considered by management to be the most likely trading performance outcome for the CGU, having taken into account past experience and knowledge of the future trading environment.

Following the impairment review, the recoverable amount of those assets was deemed to be £16,792k ($22,630k) and accordingly no impairment was identified (2020: no impairment).

The below assumptions represent a reasonable downside case for sensitivity purposes. This would reduce the carrying value of the trading assets in the business to £12,946k, being headroom to the carrying value of £266k.

- 2% decline for 2023 through 2025 rather than 1% for core wagering handle;

- 3%, 1% and 1% growth for online handle in 2023 through 2025 rather than 5%, 2% and 2%;
- Stamford’s handle remains at 2022 forecast levels;
- All other costs remain constant;
- Core F&B delivers same EBITDA as 2022 budget - $65k throughout the period; and
- Stamford F&B delivers same EBITDA as 2022 budget - loss of $219k throughout the period.

For information, if a 0.5% increase in the post-tax discount rate to 14.0% was used in the Base Case model this would lead to a value in use of £14,697k.

Restated 2020	Customer contracts and relationships £000	Software £000	Licences £000	Other £000	Total £000
Cost					
At 1 January 2020	862	37,558	17,024	2,960	58,404
Additions – continuing operations	—	230	—	—	230
Additions – discontinued operations	—	1,366	—	54	1,420
Transferred to held for sale	(862)	(33,801)	(11,328)	(3,014)	(49,005)
At 31 December 2020	—	5,353	5,696	—	11,049
Accumulated amortisation					
At 1 January 2020	862	29,938	13,178	3,715	47,693
Charge for year – continuing operations	—	735	50	—	785
Charge for year – discontinued operations	—	3,585	—	—	3,585
Transferred to held for sale	(862)	(30,664)	(12,349)	(3,715)	(47,590)
At 31 December 2020	—	3,594	879	—	4,473
Exchange differences at 1 January 2020	—	1,158	1,989	1,077	4,224
Movement in the year	—	(74)	(201)	(53)	(328)
Transferred to held for sale	—	(1,084)	(1,021)	(1,024)	(3,129)
Exchange differences at 31 December 2020	—	—	767	—	767
Net book amount at 31 December 2020	—	1,759	5,584	—	7,343

M. Property, plant and equipment

2021	Leasehold improvements and owned land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost					
At 1 January 2021	8,393	3,022	3,553	31	14,999
Additions – continuing operations	—	16	45	(30)	31
Additions – discontinued operations	—	343	—	64	407
Disposals	—	(2,879)	—	(64)	(2,943)
At 31 December 2021	**8,393**	**502**	**3,598**	**1**	**12,494**
Accumulated depreciation					
At 1 January 2021	4,780	1,513	3,274	—	9,567
Charge for year – continuing operations	195	19	234	—	448
Charge for year – discontinued operations	—	221	—	—	221
Reversal of impairment	(335)	—	—	—	(335)
Disposals	—	(1,752)	—	—	(1,752)
At 31 December 2021	**4,640**	**1**	**3,508**	—	**8,149**
Exchange differences at 1 January 2021	122	(672)	195	—	(355)
Movement in the year	(68)	1	138	1	72
Disposals	—	199	—	—	199
Exchange differences at 31 December	**54**	**(472)**	**333**	**1**	**(84)**
Net book amount at 31 December 2021	**3,807**	**29**	**423**	**2**	**4,261**

Depreciation charges have been included in operating costs.

Reversal of impairment

The assets at the Stamford sports bar venue in Connecticut, USA were fully impaired in prior periods. Given the new arrangement for sports betting in the venue which came into force in late October 2021, management have considered whether any of the previous impairment of assets should be reversed based on the venue's trading performance. Modelling was undertaken to calculate the value-in-use of the assets at the venue. The following key assumptions were made in the value-in-use calculation:

- The break clause in May 2025 will not be activated to end the lease in June 2026 and the trade at the venue will continue into perpetuity (this a reversal of the assumption taken in June 2020 that the break would be taken). This has been reflected in the year with the lease liability remeasured resulting in an increase in the lease liability of £2,835K and a corresponding increase in the right-of-use asset was made (see note U and M);
- Pari-mutuel handle was assumed to increase by 7% from 2021 to 2022 but then decrease by 5% per annum until 2025 and by 2% thereafter into perpetuity;
- F&B revenues are forecasted to increase by 69% in 2022 (recovering from the depressed 2020 and 2021 levels due to COVID-19 restrictions), by 10% in 2023 and by 5% in 2024 and 3% in 2025, and to then remain flat into perpetuity;
- Sports betting revenues are forecasted to increase by 8% from 2022 budget levels in 2023 and by 6% in 2024 and 2025 and to then remain flat into perpetuity (is it assumed the 10-year contract with CLC will be renewed in perpetuity);
- Capital expenditure will average at $100k per annum into perpetuity; and

– a post-tax discount rate of 13.5% (2020: 9.5%) was used representing a market-based weighted average cost of capital appropriate for the Sportech Venues CGU.

As part of the discounted cashflow exercise with the above assumptions the recoverable amount of those assets was deemed to be £3,119k. Accordingly a reversal of impairment of £335k was identified and has been credited to the income statement within operating costs.

No indicators of impairment of other property, plant and equipment arose in the second half of the year.

Restated 2020	Leasehold improvements and owned land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost					
At 1 January 2020	16,573	11,785	5,423	74	33,855
Additions – continuing operations	—	—	—	29	29
Additions – discontinued operations	—	710	—	14	724
Transferred to held for sale	(8,180)	(9,473)	(1,870)	(86)	(19,609)
At 31 December 2020	8,393	3,022	3,553	31	14,999
Accumulated depreciation					
At 1 January 2020	11,320	4,260	4,225	—	19,805
Charge for year – continuing operations	401	31	382	—	814
Charge for year – discontinued operations	40	1,742	8	—	1,790
Transferred to held for sale	(8,869)	(4,520)	(1,974)	—	(15,363)
Impairment	1,888	—	633	—	2,521
At 31 December 2020	4,780	1,513	3,274	—	9,567
Exchange differences at 1 January 2020	2,003	1,198	425	—	3,626
Movement in the year	(27)	(24)	(126)	(2)	(179)
Transferred to held for sale	(1,854)	(1,846)	(104)	2	(3,802)
Exchange differences at 31 December	122	(672)	195	—	(355)
Net book amount at 31 December 2020	3,735	837	474	31	5,077

The table has been restated to show additions which are in continuing activities and those which are classed as discontinued.

N. Right-of-use assets

2021	Land and buildings £000	Vehicles £000	Fixtures and fittings £000	Total
Cost				
At 1 January 2021	6,941	29	53	7,023
Additions	1,240	—	—	1,240
Reassessment of lease term	604	—	—	604
Transferred from held for sale	96	—	—	96
At 31 December 2021	**8,881**	**29**	**53**	**8,963**
Accumulated depreciation				
At 1 January 2021	5,878	2	27	5,907
Charge for year	519	5	10	534
Reassessment of lease term	(2,231)	—	—	(2,231)
Transferred from held for sale	51	—	—	51
At 31 December 2021	**4,217**	**7**	**37**	**4,261**
Exchange differences at 1 January 2021	20	(1)	(2)	17
Movement in the year	(62)	—	—	(62)
Exchange differences at 31 December 2021	(42)	(1)	(2)	(45)
Net book amount at 31 December 2021	**4,622**	**21**	**14**	**4,657**

Depreciation charges have been included in operating costs.

Reassessment of lease assumption – break clause

During the year ended 31 December 2020, management had judged that the break clause in the lease of the Stamford sports bar venue in Connecticut, USA, would be exercised and that the venue would be exited in May 2025. Following the new arrangement which came into force in late October 2021 and allowed sports betting to commence in the venue, management now consider that the break will not be taken and the Group will continue to operate the venue until at least the end of the lease in May 2035. As a result, during the year ended 31 December 2021, the lease liability was remeasured resulting in an increase of £2,835k (see note U) and a corresponding increase in the right-of-use asset.

This £2,835k increase to the right-of-use asset should wholly be recognised as an increase in cost but £2,231k has been taken against accumulated depreciation with only £604k recognised as an increase in cost. This is to ensure that the correct closing cost and accumulated depreciation figures are reported as, during the year ended 31 December 2020, the reassessment of the lease term which led to a decrease in the right of use asset of £2,231k was shown as an increase in accumulated depreciation when it should have been recognised as a reduction in cost. This had no impact on the net book amount of the right-of-use asset reported nor on profit for the year. Rather than restate the cost and accumulated depreciation figures for the year ended 31 December 2020 with no overall impact, management have reversed the £2,231k adjustment to accumulated depreciation during the year ended 31 December 2021 and correctly recognised the excess of £604k as an increase in cost.

Value in use

Management considered that indicators of impairment of the right-of-use assets of the Stamford sports bar lease in Connecticut, USA, following the reassessment of the break clause assumption. The carrying value was considered to be supported by the discounted future cashflows and as a result no further impairment was identified. See note M for details of assumptions used in the forecasting.

No indicators of impairment arose in relation to any other right-of-use asset during the period.

2020	Land and buildings £000	Vehicles £000	Plant & machinery £000	Fixtures and fittings £000	Total £000
Cost					
At 1 January 2020	7,698	237	—	40	7,975
Additions – continuing operations	304	29	—	13	346
Additions – discontinued operations	73	30	205	—	308
Transferred to held for sale	(1,134)	(267)	(205)	—	(1,606)
At 31 December 2020	6,941	29	—	53	7,023
Accumulated depreciation					
At 1 January 2020	1,282	97	—	13	1,392
Charge for year – continuing operations	791	2	—	14	807
Charge for year – discontinued operations	225	97	58	—	380
Reassessment of lease term	2,231	—	—	—	2,231
Impairment	1,828	—	—	—	1,828
Transferred to held for sale	(479)	(194)	(58)	—	(731)
At 31 December 2020	5,878	2	—	27	5,907
Exchange differences at 1 January 2020	(263)	(6)	—	(2)	(271)
Movement in the year	250	(1)	(3)	—	246
Transferred to held or sale	33	6	3	—	42
Exchange differences at 31 December 2020	20	(1)	—	(2)	17
Net book amount at 31 December 2020	1,083	26	—	24	1,133

O. Trade and other receivables

	2021 £000	2020 £000
Non-current		
Other receivables	**158**	156
Non-current trade and other receivables	**158**	156
Current		
Trade receivables	**781**	778
Less provision for impairment of receivables	—	(111)
Trade receivables – net	**781**	667
Other receivables	**480**	62
Accrued income	**279**	292
Prepayments	**210**	496
Current trade and other receivables	**1,750**	1,517
Total trade and other receivables	**1,908**	1,673

The fair value of trade and other receivables is not considered to be different from the carrying value recorded above. Other receivables includes £423k due from Inspired Entertainment Inc. for final working capital settlement on disposal of LEIDSA.

P. Deferred tax

The movement on the net deferred tax balance is as follows:

	Asset 2021 £000	Liability 2021 £000	Net 2021 £000	2020 £000
Net deferred tax asset at 1 January	**4**	**(94)**	**(90)**	808
Income statement (charge)/credit – continuing	**(4)**	**51**	**47**	(715)
Income statement charge – discontinued operations	—	—	—	(235)
Tax credited directly to other comprehensive income	—	—	—	88
Deferred tax transferred to assets held for sale	—	—	—	(27)
Exchange differences	—	—	—	(9)
Net deferred tax asset at 31 December	—	**(43)**	**(43)**	(90)
Included in:				
Non-current assets	—	—	—	4
Current liabilities	—	—	—	(94)
Non-current liabilities	—	**(43)**	**(43)**	—
	—	**(43)**	**(43)**	(90)

Deferred tax assets

	Pension £000	Capital allowances £000	Other temporary differences £000	Total £000
At 1 January 2020	—	33	957	990
Income statement charge – continuing operations	—	4	(807)	(803)
Income statement charge – discontinued operations	(88)	(5)	(142)	(235)
Tax credited directly to other comprehensive income	88	—	—	88
Transferred to assets held for sale	—	(27)	—	(27)
Currency translation differences	—	(1)	(8)	(9)
At 31 December 2020	**—**	**4**	**—**	**4**
Income statement charge – continuing operations	**—**	**(4)**	**—**	**(4)**
At 31 December 2021	**—**	**—**	**—**	**—**

The Group has not recognised further deferred tax assets on gross timing differences in continuing operations of: £6,804k in the US (2020: £21,637k) arising from unutilised trading losses and carried forward foreign tax credits; £nil (2020: £6,123k) from capital tax allowances versus accounting charges; and £5,212k (2020: £7,985k) from other short term timing differences. In the UK, £2,177k gross timing differences exist arising from trading losses and £32k on depreciation charged in excess of capital allowances claimed, which have not been provided for.

The Directors reviewed the recoverability of the deferred tax assets in the US and the UK during the year and did not consider there is sufficient certainty of future profits against which these losses/credits which could be offset due to expected future profit generation levels in the respective business units. A significant proportion of the tax losses unprovided for last year end in the US were utilised against profits on disposal of the discontinued operations in the US (as was expected at 31 December 2020, however accounting prevented the anticipation of such utilisation in the recognition of deferred tax assets.)

Deferred tax assets are recognised when it is probable that future taxable profits will be generated against which assets can be utilised.

Deferred tax liabilities

	Other temporary differences £000	Total £000
At 1 January 2020	(182)	(182)
Income statement credit – continuing operations	88	88
At 1 January 2021	(94)	(94)
Income statement credit– continuing operations	51	51
At 31 December 2021	**(43)**	**(43)**

Of the deferred tax liability, £5k is the remaining balance from that which was recognised on the acquisition of Lot.to Systems Limited, in relation to intangible assets identified. The balance is in relation to the S&S Venues partnership. All of the deferred tax liability is recorded in non-current liabilities (2020: current liabilities).

Q. Inventories

	2021 £000	2020 £000
Finished goods	**124**	120
	124	120

R. Cash and cash equivalents

	2021 £000	2020 £000
Cash and short-term deposits	**21,912**	11,356
Customer funds	**455**	465
	22,367	11,821

S. Trade and other payables

	2021 £000	2020 £000
Trade payables	**3,545**	3,581
Other taxes and social security costs	**178**	141
Accruals	**3,767**	3,737
Deferred income	**—**	6,180
Player liability	**455**	465
	7,945	14,104

There is no difference between book values and fair values of trade and other payables. All amounts are due within one year. Deferred income in 2020 is consideration received in advance not yet recorded in income related to an Initial Payment received from BetMakers Technology Group Ltd for the acquisition of certain parts of the Racing and Digital division.

T. Provisions

	Onerous contracts £000	Other Provisions £000	Total £000
At 1 January 2020	1,597	8	1,605
Utilised during the year	(105)	—	(105)
Expense discount interest to the income statement	—	(7)	(7)
Currency differences	(50)	(1)	(51)
At 1 January 2021	1,442	—	1,442
Utilised during the year	(785)	—	(785)
Transferred to liabilities associated with assets held for sale	91	—	91
Currency differences	(12)	—	(12)
At 31 December 2021	**736**	—	**736**
Of which:			
Current provisions	736	—	736
	736	—	**736**

Provisions have been recognised where the Group has contractual obligations to provide services where the estimated unavoidable costs to carry out the obligation exceed the expected future economic benefits to be received.

The Group had committed financial obligations arising from leases associated with its joint venture in California. The amounts provided for in prior year represented management's best estimate based on scenario analysis of what the Group was expecting to pay to settle the liabilities. During the period one lease dispute was settled resulting in a cash outflow of £785k (including legal fees). The second lease dispute was settled subsequent to the period end but prior to approving these financial statements, for £736k (including estimated legal fees to completion of the legal process). The estimated legal fees amount to £45k and could differ from management's expectations. The cash was paid in March 2022.

U. Lease liabilities

Maturity analysis – contractual undiscounted cash flows	2021 £000	2020 £000
Less than one year	**1,211**	1,085
Between 2 and 5 years	**2,615**	3,241
More than 5 years	**4,824**	—
Total	**8,650**	4,326

The weighted average incremental borrowing rate applied to the lease liabilities was 4.16%, lowest rate being 4.00% and highest rate of 5.75%.

Lease liabilities included in the balance sheet	2021 £000	2020 £000
Current	**923**	823
Non-current	**6,091**	3,059
Total	**7,014**	3,882

Movement on lease liability during the year	**2021**	2020
	£000	£000
At 1 January	**3,882**	7,724
New leases entered into	**1,698**	654
Reassessment of lease term	**2,835**	(2,231)
Interest charged to the income statement – continuing operations	**155**	265
Interest charged to the income statement – discontinued operations	**—**	74
Lease rentals paid – continuing operations	**(1,354)**	(1,219)
Lease rentals paid – discontinued operations	**—**	(436)
Disposed of on settlement of lease dispute	**(169)**	—
Transferred to held for sale	**—**	(998)
Movement as a result of foreign exchange	**(33)**	49
At 31 December	**7,014**	3,882

V. Ordinary shares

Authorised, issued and fully paid ordinary shares of 1p (2020: 20p) each	**2021**		**2020**	
	'000	**£000**	**'000**	**£000**
At 1 January	**188,751**	**37,750**	188,751	37,750
Cancellation of 19p nominal value	—	**(35,862)**	—	—
Buy-back and cancellation	**(88,751)**	**(888)**	—	—
At 31 December	**100,000**	**1,000**	188,751	37,750

On 28 September 2021. The Scottish Court approved the reduction of the Company's nominal share value from 20p to 1p per share and also the cancellation in full of the Capital redemption reserve (£10,312k). Costs associated with the process were expensed to retained earnings (£66k).

On 21 October 2021 the Company completed a tender offer to buy back 88,751,257 shares for consideration of £35,500k (40p per share). The shares repurchased were cancelled reducing the number of shares in issue to 100 million. Fees associated with the buy-back were £314k and were expensed to retained earnings.

W. Cash generated from operations

Reconciliation of loss before taxation to cash generated from operations, before separately disclosed items:

	Note	2021 £000	2020 £000
Loss before tax – continuing operations		**(246)**	(11,923)
Profit/(loss) before tax – discontinued operations	I	**35,987**	(678)
Total profit/(loss) before tax		**35,741**	(12,601)
Adjustments for:			
Separately disclosed items (included in operating costs)	F	**1,472**	1,453
Other income		**(2,583)**	
Depreciation and amortisation	L,M,N	**1,992**	8,161
Profit on disposal of discontinued operations		**(28,625)**	—
Profit on disposal of Sports Haven		**(2,575)**	—
Profit on sale of property, plant and equipment	M	**(47)**	—
Profit on sale of intangible assets		**(68)**	—
(Reversal of impairment)/impairment of assets	M,N	**(335)**	4,349
Net finance costs	G	**(210)**	625
Share option expense		**334**	347
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(2,162)**	2,791
Decrease/(increase) in inventories		**192**	(179)
Decrease in trade and other payables		**(448)**	(1,060)
(Decrease)/increase in customer funds		**(2,167)**	42
Cash generated from operating activities, before separately disclosed items		**511**	3,928

X. Other income

Other income recognised in the income statement during the year is as follows:

	Note	2021 £000
Settlement for early termination of a contract		**100**
CARES Act credits received – continuing operations		**1,426**
Profit on disposal of Sports Haven	I(a)	**2,575**
Total – continuing operations		**4,101**
CARES Act credits received – discontinued operations	I(c)	**1,057**
Total		**5,158**

CARES Act credits were received given the impact on the Group's operations of the COVID-19 restrictions imposed in the USA. All amounts were received in cash during the year. Proceeds from the settlement for early termination of a contract are due to be received in early Q2 of 2022.

- Ends -