

2023

Half Time Scorecard

Six months ended 30 June 2023



Sportech[®] PLC



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2023 **Half Time Scorecard**

2023 H1 Developments

Financial Summary

Operating Review

H2 2023 Playbook

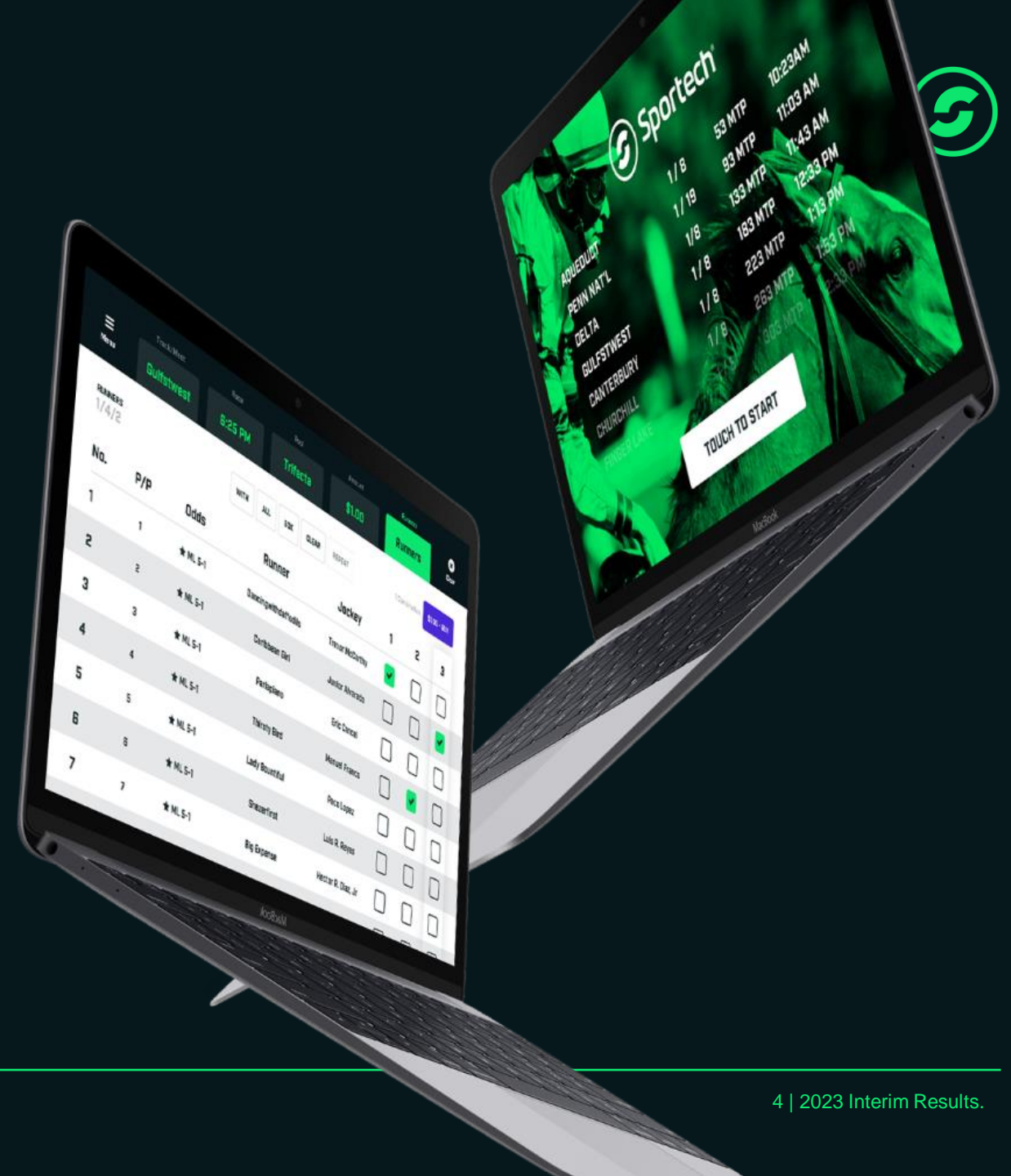
Richard McGuire

Executive Chairman

H1 2023 Scorecard

Key Developments

- Solid operational performance
- Adjusted EBITDA : Group +125%, Venues +19%
- Aligned business to focus on growth opportunities
- Secured contingent earnout from previous disposal
- Strong cash position maintained
- Delivered further growth in US betting handle, to c.\$102 million
- Post period provided exit for small shareholders and returned further £3.5 million to investors
- Continued focus on delivering a less capital-intensive business
- Post period announced proposed delisting from AIM market



Financial Review

Financial Summary



Continuing Businesses

Key Financials (£ million)	H1 2023	Constant Currency H1 2022	Actual Reported H1 2022
Revenue	13.5	13.4	12.6
Gross Profit	7.4	6.9	6.5
Contribution ¹	7.1	6.7	6.3
Adjusted EBITDA ²	0.9	0.4	0.3
Loss before tax from continuing operations	(0.3)	(0.9)	(0.8)
Adjusted loss before tax ³	(0.3)	(0.4)	(0.4)
Distributions to shareholders	-	7.0	7.0

Group Cash: end of H1, 30 June 2023 £7.8 million.

Following post period distribution and fractional share buyback, Group cash at end of August 2023, £3.6 million

Excluding customer cash balances

1. Contribution is defined as gross profit, less marketing and distribution costs.
2. Adjusted EBITDA is earnings from continuing operations before interest, taxation, depreciation and amortisation, share option charges, impairments and separately disclosed items as reported in note 1 of the Interim Financial Statements.
3. Adjusted loss is the aggregate of Adjusted EBITDA, share option charges, depreciation, amortisation (excluding amortisation of acquired intangibles) and certain finance charges.



Revenue & EBITDA Components

£'000	Revenue		EBITDA ¹	
	H1 2023	H1 2022 ¹	H1 2023	H1 2022 ²
Continuing operations				
Venues	12,651	12,442	1,923	1,612
Digital	894	912	(24)	(101)
Corporate costs	-	-	(1,030)	(1,125)
Total at constant currency	13,544	13,354	869	386
Exchange rate impact	-	(783)	-	(75)
Total reported	13,544	12,571	869	311

¹ Presented using constant currency for 2022.



Venues

Summary Financials

£'000	H1 2023	Constant Currency H1 2022	Reported Currency H1 2022
Wagering revenue	9,786	9,997	9,412
F&B	1,852	1,682	1,584
Sports betting commission	1,012	763	718
Total revenue	12,651	12,442	11,714
Contribution	6,751	6,315	5,939
Contribution margin	53.4%	50.8%	50.7%
Adjusted operating expenses ¹	(4,827)	(4,703)	(4,414)
Adjusted EBITDA	1,923	1,612	1,525
Total capex	120	15	15

¹ Presented using constant currency for 2022.



Group Revenue to pre-tax

£000's	2023	2022
Revenues	13,544	12,571
Cost of sales	(6,183)	(6,043)
Marketing & distributions	(256)	(234)
Contribution	7,105	6,294
Contribution margin	52%	50%
Operating costs	(7,231)	(7,390)
Finance costs	(162)	(93)
Foreign Exchange (Loss)/Gain & Other Income	(16)	387
Pre-Tax (Loss)	(304)	(802)
ADJUSTED EBITDA	869	311

Presented using actual reported for H1 2022.

Balance Sheet



£000's	Non-current	Current	Combined
Goodwill	-	-	-
Intangible, PPE, Right-of-use	14,646	-	14,646
Cash	-	8,240	8,240
Trade and other receivables	167	1,685	1,852
Assets held for sale	-	-	-
Inventories	-	146	146
Deferred tax asset	37	-	37
Net tax liabilities	-	45	45
Trade payables	-	(5,243)	(5,243)
Lease liabilities	(5,620)	(927)	(6,547)
Provisions	-	-	-
Net assets	9,230	3,946	13,176

Cash above includes £0.45 million customer funds, the net (of customer funds) cash is £7.79 million, as of 30 June 2023.

Operating Review

H1 2023 Divisions

Venues

Nine operational Venues across Connecticut, c. 94,000 ft² retail space

8 Leasehold, 1 Freehold

2023 H1 retail Betting Handle \$101.8million (\$50.2m Sports & \$51.6m pari-mutuel)

Pari Mutuel Betting

- Exclusive State licence for Pari Mutuel betting, retail online and telebet
- Licensing arrangements with approved external ADW operators

Sports Betting

- Agreement with Connecticut Lottery Corporation (CLC), to provide Sports Betting within certain retail Venues
- Only three licensed sportsbook operators in the State of Connecticut.
- Revenue and risk sharing deal for retail Sports Betting with CLC

Digital

Sportech Digital was comprised of two small, digitally focused businesses.

The first is a US-facing B2C trading operation called 123Bet.com, which was previously a white-label customer of the now-discontinued Racing and Digital business.

The second business in 2023, was a B2B operation based in Chester, UK, that served markets with a proprietary platform for lottery management. This division was sold in February 2023.

Venues

- Sports Betting deal with CLC, supports fixed cost base and expansion opportunity
- SMF: Licensing arrangements to approved ADW operators delivering results and continues to remain clear focus.
- Reduced venue footprint to 9 locations, but remain in key markets and population centres.
- Approximately, 93,593 ft² retail space across current estate.
- Core freehold asset in Windsor Locks, recent valuation c. \$6m





Venues - Sports Betting

- Arrangement with the CLC to provide retail Sports Betting in multi-year deal.
- Total retail handle \$50.2m H1, with impressive 10.2% Hold.*
- Positive response from customers to the broader product suite.
- Improved revenue stability across the calendar year
- Rolled out across eight Venues, delivering gross revenues boost
- Increasing footfall during major league events
- New demographic to compliment existing pari-mutuel players
- Additional Sports Betting locations under review



**Sportech participate in a % share of the hold generated from retail sports betting at Sportech locations*

Digital

- 2023 Revenues lower at £857k (2022 H1 £912k)
- Reduced costs following sale of non-core unit
- EBITDA loss £24k (2022 H1 Loss £101k)
- Pari-mutuel business continues to evolve
- Evaluating further opportunities within gaming sector.



Proposed Delisting

The Board has undertaken a review to evaluate the benefits and drawbacks to the Company and its shareholders of its admission to trading on AIM. This review has acknowledged the significant burdens (financial and non-financial) associated with its status as a publicly traded company, particularly given the scale of the Sportech group's business. For this reason, the Board has concluded that Cancellation and Re-registration are in the best interests of the Company and its shareholders as a whole.

A circular will be sent to shareholders setting out the background to and reasons for the proposed Cancellation, Re-registration and associated adoption of the New Articles ("Circular"). The Circular will also contain a notice convening a general meeting ("General Meeting") at which shareholders will be invited to consider and, if thought fit, approve the proposed Cancellation, Re-registration and associated adoption of the New Articles. The Circular is expected to be posted to shareholders in the second half of September.

Background to and reasons for the Cancellation and Re-registration are noted in detail on the Company's website and within the RNS news releases issued Monday, 11th September 2023. www.sportechplc.com

2023 H2 Playbook

Materially reduce corporate costs

Build gaming opportunities through strategic partnerships

Execute further growth opportunities within gaming sector

Expand Connecticut Gaming exposure

Deliver higher levels of cash by year end and cash generative operations, going forward.



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