

REGISTERED NUMBER: 07119697 (England and Wales, United Kingdom)

SPORTECH HOLDCO 2 LIMITED

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2019



SPORTECH HOLDCO 2 LIMITED

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for the Year Ended 31 December 2019

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SPORTECH HOLDCO 2 LIMITED

Company Information
for the Year Ended 31 December 2019

DIRECTORS:

T J Hearne
R A McGuire

REGISTERED OFFICE:

Icarus House
Hawkfield Close
Hawkfield Business Park
Bristol
BS14 0BN

REGISTERED NUMBER:

07119697 (England and Wales, United Kingdom)

INDEPENDENT AUDITORS:

BDO LLP
55 Baker Street
Marylebone
London
W1U 7EU

SPORTECH HOLDCO 2 LIMITED
Strategic Report
for the Year Ended 31 December 2019

The Directors present their Strategic Report of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is the holding company of Sportech Inc. which is the holding company of the following subsidiaries of the Sportech PLC Group:

Company Name	Country of incorporation
Sportech Racing Ltd	British Virgin Islands
Sportech Racing Panama Inc.	Panama (Dissolved in 16 January 2020)
Sportech Racing LLC	USA
Sportech Venues Inc.	USA
Sportech Racing Canada Inc.	Canada
Ontario Inc.	Canada (Dissolved in 15 October 2019)
eBet Technologies Inc.	USA

REVIEW OF BUSINESS

During the financial year the Company received \$2,054,000 (2018: \$1,923,000) of interest on the intercompany loans it holds. The Company expects to continue to receive interest on the loan and pay dividends to its parent company in the future. The subsidiaries of the Company continue to trade in line with management expectation.

The Company also realised \$42,000 of foreign exchange losses (2018: gains - \$19,000) on payables denominated in GBP.

The loss for the financial year, amounted to \$35,570,000 (2018: \$12,921,000). A dividend of \$nil (2018: \$nil) was paid during the year. Capital contributions totalling \$5,650,000 (2018: \$4,400,000) were also made in the year by the Company's immediate parent company. An impairment of \$25,189,000 (2018: \$14,435,000) was provided against the carrying value of the Company's investments during the year following a detail review of equity values of the subsidiaries. A provision was also recorded against the amount receivable from Sportech Inc of \$12,004,000 after a review for recoverability. Shareholder's funds at 31 December 2019 amounted to \$52,522,000 (2018: \$82,442,000).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: \$nil).

FUTURE DEVELOPMENTS

There are no current plans to diversify into any other activity either by the Company or its subsidiaries.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks that the Company faces relate to the value of its investments. This value is at risk from the principal risks that affect those subsidiaries, all of whom operate within the "Venues" and "Racing and Digital" divisions of Sportech PLC. Those risks are:

- Client concentration and industry competition - this is mitigated through maintaining good customer relationships with current and potential customers, providing a first-class service to our customers, and developing new and innovative products to differentiate the Company from the competition.
- Reliance on technology - the Company mitigates the risk of inferior technology, as well as hardware and software failure, through use of skilled system developers and operators to run existing systems; strong investment in the core products and data centres in the Sportech Group, which the Company utilises; and disaster recovery procedures and infrastructure which are in place and regularly reviewed and tested.
- Regulation – the Company mitigates the risk by employing a Group General Counsel to ensure compliance with the requirement of licences and to oversee regulatory and legal compliance and the Company engages third-party specialist legal counsel to provide specialist local advice. Regular updates and training are provided to employees and policies and procedures are in place to which staff are required to adhere.

SPORTECH HOLDCO 2 LIMITED

Strategic Report (continued) **for the Year Ended 31 December 2019**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Product – the Company mitigates the risk by investing significant amounts in developing new and innovative products and constructing new Venues with diverse product offerings.
- Foreign exchange – the Group considers hedging to mitigate significant fluctuations.
- Failure to implement sports betting strategy following the repeal of PASPA – the Group is investing heavily in repositioning itself to create a growth business in this arena.

KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Sportech PLC, which includes the Company, is discussed in the Operational and Financial Review sections of the Group's Annual Report for the year ended 31 December 2019 which does not form part of this report.

ON BEHALF OF THE BOARD:



.....
T Hearne
Director

Date: 03 November 2020

SPORTECH HOLDCO 2 LIMITED

Report of the Directors **for the Year Ended 31 December 2019**

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2019.

RESULTS

The loss for the financial year amounted to \$35,570,000 (2018: \$12,921,000). During the year the Directors reflected upon the further reduced profitability of the underlying subsidiaries which resulted in an impairment charge against its investments of \$25,189,000 (2018: \$14,435,000) and a provision against its loans receivable from Sportech Inc of \$12,004,000. Further impairments could arise in future years if the trading performance of the subsidiaries does not meet the Directors' expectations.

DIVIDENDS

A dividend of \$nil (2018: \$nil) was paid during the year.

DIRECTORS

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

T J Hearne
R A McGuire

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

During the year and up to the date of approval of the financial statements, qualifying indemnity insurance was provided to the Directors by the ultimate parent company. No claim was made under this provision.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has sufficient access to cash to meet any working capital commitments as they fall due as a result of the profitability and cash generation of its subsidiaries. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements (see note 3 for more detail).

FINANCIAL RISK MANAGEMENT

The Company's treasury arrangements for the provision of finance and management of liquidity are undertaken via the Sportech Group's centralised accounting unit. As a non-trading holding company, the liquidity risks faced largely relate to the recoverability of the intercompany debts which have arisen in providing finance to subsidiaries. This risk is monitored by regular review of subsidiary performance by the centralised accounting unit.

COVID-19 IMPACT

The Company's subsidiaries have been impacted by the Covid-19 global pandemic; customers have had to close racecourses and fees due to the Group have not been payable. From July 2020 onwards the Directors are expecting racing to continue its slow re-opening and the Company expects the industry to recover to full strength following the easing of restrictions.

SPORTECH HOLDCO 2 LIMITED

Report of the Directors (continued) **for the Year Ended 31 December 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

OTHER INFORMATION

An indication of the likely future developments has been included in the Strategic Report.

INDEPENDENT AUDITORS

The independent auditors, BDO LLP were appointed as auditors during the year and will be reappointed for the ensuing year in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
T Hearne
Director

Date: 03 November 2020

SPORTECH HOLDCO 2 LIMITED

Independent Auditors' report to the Members of Sportech Holdco 2 Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sportech Holdco 2 Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SPORTECH HOLDCO 2 LIMITED

Independent Auditors' report to the Members of Sportech Holdco 2 Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SPORTECH HOLDCO 2 LIMITED

Independent Auditors' report to the Members of Sportech Holdco 2 Limited

Responsibilities of Directors

As explained more fully in the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
03 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SPORTECH HOLDCO 2 LIMITED**Statement of Comprehensive Income**
for the Year Ended 31 December 2019

	Note	2019 \$000	2018 \$000
Administrative expenses		(37,193)	(14,435)
OPERATING LOSS	5	(37,193)	(14,435)
Interest receivable and similar income	6	2,012	1,942
LOSS BEFORE TAXATION	7	(35,181)	(12,493)
Attributable to:			
Profit before items of a one-off nature		2,012	1,942
Impairment of investments in subsidiaries	9	(25,189)	(14,435)
Provision against loans receivable		(12,004)	-
		(35,181)	(12,493)
Taxation	8	(389)	(428)
LOSS FOR THE FINANCIAL YEAR		(35,570)	(12,921)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(35,570)	(12,921)

SPORTECH HOLDCO 2 LIMITED

Balance Sheet
As at 31 December 2019

	Note	2019 \$000	2018 \$000
FIXED ASSETS			
Investments	9	-	25,189
Debtors: due after more than one year	10	9,100	32,700
		<u>9,100</u>	<u>57,889</u>
CURRENT ASSETS			
Debtors: due within one year	11	44,595	25,295
		<u>44,595</u>	<u>25,295</u>
Creditors: amounts falling due within one year	12	(1,173)	(742)
NET CURRENT ASSETS		<u>43,422</u>	<u>24,553</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,522</u>	<u>82,442</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Other reserves		103,078	97,428
Accumulated losses		(50,556)	(14,986)
TOTAL SHAREHOLDERS' FUNDS		<u>52,522</u>	<u>82,442</u>

These financial statements on pages 9 to 16 were approved by the Board of Directors on 03 November 2020 and were signed on its behalf by:



.....
T Hearne
Director

Company Registration Number: 07119697

SPORTECH HOLDCO 2 LIMITED

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Share capital \$000	Accumulated losses \$000	Other reserves \$000	Total \$000
Balance at 1 January 2018	-	(2,065)	93,028	90,963
Changes in equity				
Capital contribution	-	-	4,400	4,400
Loss and total comprehensive expense	-	(12,921)	-	(12,921)
Total changes in equity	-	(12,921)	4,400	(8,521)
Balance at 31 December 2018	-	(14,986)	97,428	82,442
Changes in equity				
Capital contribution	-	-	5,650	5,650
Loss and total comprehensive expense	-	(35,570)	-	(35,570)
Total changes in equity	-	(35,570)	5,650	(29,920)
Balance at 31 December 2019	-	(50,556)	103,078	52,522

SPORTECH HOLDCO 2 LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

Sportech Holdco 2 Limited is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, United Kingdom. The Company's registered number and registered office address can be found on the Company Information page.

2. CRITICAL JUDGEMENTS AND ESTIMATES

Critical judgements and estimates have been made in the carrying value of investments and in the recoverability of the intercompany receivable. To determine whether an impairment exists in any of the investments or intercompany receivables held by the Company, management estimate the recoverable value of each of those items. Estimating the recoverable value is subject to a number of key assumptions in forecasting future cash flows for value-in-use. Those key assumptions applied are:

- Success of newly built venues;
- The benefit of our continued investment in technologies;
- Industry handle rates;
- Levels of capital expenditure required to continue development of market-leading technologies;
- Pace of technology change in the industry which would require further capital investment;
- Rates of industry and market growth/decline; and
- Discount rates, which appropriately reflect the risks associated with specific cash generating units.

Those assumptions, and the judgements of management that are based on them, are subject to change as new information becomes available. Economic conditions and government policy changes can also impact on the discount rates applied, which are reviewed annually.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements of Sportech Holdco 2 Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The accounting policies below have been applied consistently, other than where new policies have been adopted.

There are no new standards, amendments or interpretations effective in the year applicable to the Company. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - o Paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - o 10(d), (statement of cash flows);
 - o 16 (statement of compliance with all IFRS);
 - o 38 (requirement for minimum of two primary statements, including cash flow statements);
 - o 38B-D (additional comparative information);
 - o 111 (cash flow statement information); and
 - o 134-136 (capital management disclosures).
- IAS 7, 'Statement of Cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

SPORTECH HOLDCO 2 LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

3. ACCOUNTING POLICIES - continued

The Company is a wholly-owned subsidiary of Sportech PLC and is included in the consolidated financial statements of Sportech PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 or section 401 of the Companies Act 2006.

Going concern

The company's business activities, together with its' results for the period are set out in the Director's report. The Board has considered and debated a range of substantial possible scenarios on the company's operations, financial position and forecasts covering a period of at least the next 12 months to November 2021. These take into account sensitivity analysis and stress testing performed on the forecasts to assess the impact of Covid-19 on the business and the resulting impact on cash flows together with mitigating actions such as implementing cost reductions and utilising government assistance programmes.

The primary purpose of these scenarios was to demonstrate mitigating cost reduction actions could be enacted to offset the shortfall in meeting short-term financial commitment in the ordinary course of business. The directors' highlight, as at the date of approval of these financial statements, there has been no significant adverse movement in cash flows due to factors arising from Covid-19 since the balance sheet date. The Company continually monitors its financial results and utilises financial models, which have indicated there is no significant doubt about the Company's ability to meet its liabilities over the ensuing 12 month period.

After review of the forecasts along with mitigating factors available to them, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence and to satisfy any upcoming liabilities in the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Taxation

The tax currently payable is based on taxable profit/loss for the year. Taxable profit/loss differs from net profit/loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated into US dollars, the presentational and functional currency of the Company, at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currency are translated into US dollars at the rate prevailing on the date of the transaction and are not retranslated subsequently but remain fixed. The Company's functional and presentational currency is US dollars.

Investments

Investments are stated at cost less amounts written off. Any write offs are charged to the income statement in the accounting period in which it occurs.

Dividends

Final dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividend income is recognised when the right to receive payment is established.

SPORTECH HOLDCO 2 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. EMPLOYEES AND DIRECTORS

The Company has no employees (2018: nil). The Directors' remuneration is borne by Sportech PLC for all Directors. No recharges of remuneration have been borne by the Company.

5. OPERATING LOSS

	2019	2018
	\$000	\$000
Impairment of investments in subsidiaries	25,189	14,435
Provision against receivables	<u>12,004</u>	<u>-</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	\$000	\$000
Retranslation of balances denominated in foreign currency	(42)	19
Interest receivable from Group undertakings	<u>2,054</u>	<u>1,923</u>
	<u>2,012</u>	<u>1,942</u>

7. LOSS BEFORE TAXATION

Fees payable in respect of the audit of these financial statements have been borne by Sportech PLC Group companies and no recharges have been borne by the Company.

8. TAX ON LOSS

Analysis of tax expense

	2019	2018
	\$000	\$000
Current tax:		
UK Corporation tax based on results for the year	394	356
Adjustments in respect of prior period	(5)	72
Total tax expense in statement of comprehensive income	<u>389</u>	<u>428</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	\$000	\$000
Loss before taxation	(35,181)	(12,493)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(6,684)	(2,374)
Effects of:		
Adjustments in respect of prior period	(5)	72
Permanent differences	11	(13)
Expenses not deductible for tax purposes	7,067	2,743
Tax expense	<u>389</u>	<u>428</u>

Factors that may affect future tax charges

As the Company's year end is after the substantive enactment date (15 September 2016) of the Finance Act 2016, these financial statements account for the change in UK corporation tax rate from 19.00% to 17.00% for financial years beginning 1 April 2020. The Directors note that the UK corporate tax cut to 17.00% has been cancelled and will account for this when it is substantially enacted.

SPORTECH HOLDCO 2 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

9. INVESTMENTS	2019	2018
	\$000	\$000
At 1 January	25,189	39,624
Impairment	(25,189)	(14,435)
At 31 December	-	25,189

The Company is the immediate parent of Sportech Inc. in which it holds 100% of the voting rights. Sportech Inc. is an intermediate holding company and incurs management expenses for the US subsidiaries of the Sportech PLC Group. Sportech Inc is a company incorporated in the United States of America, with a registered address of 600 Long Wharf Drive, New Haven, CT 06511.

This is the only subsidiary in which the Group holds a direct investment. The indirect subsidiaries of the Company are listed below. The class of shares held in all instances is ordinary:

Company Name	% holding	Registered address
Sportech Racing Ltd	100%	Trident Chambers, POB 146, Road Town, Tortola, British Virgin Islands
Sportech Racing Panama Inc.	100%	Arias, Fabrega & Fabrega, Plaza 2000 Building, 50th Street, Panama (dissolved 16 January 2020)
Sportech Racing LLC	100%	1095 Windward Ridge Parkway, Suite 170, Alpharetta, GA 30005
Sportech Venues Inc.	100%	600 Long Wharf Drive, New Haven, CT 06511
Sportech Racing Canada Inc.	100%	CSC North America Inc., 45 O'Connor Street, Suite 1600, Ottawa, Ontario K1P 1A4
Ontario Inc.	100%	CSC North America Inc., 45 O'Connor Street, Suite 1600, Ottawa, Ontario K1P 1A4 (dissolved 15 October 2019)
eBet Technologies Inc.	100%	600 Long Wharf Drive, New Haven, CT 06511

Following a detailed review of the equity values of the underlying subsidiaries (including detailed cash flow forecasts) the Directors identified an impairment to the investment values of \$25,189,000 (2018: \$14,435,000), which has been charged to administrative expenses in the income statement.

10. DEBTORS: DUE AFTER MORE THAN ONE YEAR

	2019	2018
	\$000	\$000
Amounts owed by group companies	9,100	32,700

The amounts falling due after more than one year represent a loan which is repayable on 14 December 2022. The loan bears interest at a market rate of interest, being 2.40%.

SPORTECH HOLDCO 2 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

11. DEBTORS: DUE WITHIN ONE YEAR

	2019	2018
	\$000	\$000
Amounts owed by group undertakings	44,595	25,295

During the year the Company received a capital contribution of \$5,650,000 (2018: \$4,400,000) from its immediate parent, representing an amount owed by Sportech Inc, a subsidiary of the Company. This forms part of the outstanding amounts owed by Group undertakings at the reporting date. The current amounts owed by group undertakings include a loan of \$23,600,000 which falls due on 5 October 2020 and bears interest at market rate of interest, being 4.33% per annum. The remaining amounts due are unsecured, do not have a fixed repayment date and are repayable on demand. Interest is charged at Bank of England base rate plus a 3.00% margin. This interest is calculated quarterly in arrears and added to the loan.

Following a detailed review of the equity and values of the underlying subsidiaries (including detailed cash flow forecasts) the Directors identified an impairment to the receivable values of \$12,004,000 (2018: \$nil), which has been charged to administrative expenses in the income statement.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	\$000	\$000
Amounts owed to Group undertakings	775	588
Corporation tax	398	154
	1,173	742

The amounts owed to group undertakings represent unsecured loans which are repayable on demand and bear no interest.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			\$	\$
1 (2018: 1)	Share capital 1	\$1	1	1

14. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Sportech PLC, whose financial statements are publicly available. Accordingly, no transactions with other Sportech PLC Group members are disclosed. There were no other related party transactions in the year.

15. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Sportech Group Holdings Limited. The ultimate parent undertaking and controlling party is Sportech PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The Directors regard Sportech PLC as the ultimate controlling party. Copies of Sportech PLC consolidated financial statements can be obtained from the Company's Secretary at Icarus House, Hawkfield Close, Hawkfield Business Park, Bristol, BS14 0BN.