

Stride Gaming plc
("Stride Gaming" or the "Company" or the "Group")

Interim Results for the six months ended 29 February 2016

Strong growth throughout the business and maiden interim dividend declared

Stride Gaming plc (AIM: STR), the multi-branded online soft gaming operator, announces its interim results for the six months ended 29 February 2016 ("the period").

In order to show the Group's results in the most meaningful way for all stakeholders, the financial information displayed below for the prior year comparative is shown on a pro-forma basis so as to show both periods on a like-for-like basis. The prior year comparative has been adjusted to show the results as if the acquisition of InfiApps, the mobile social gaming company acquired in July 2015, had in fact taken place at the start of the six month comparative period, and as if the Point of Consumption Tax ("POCT") had been in effect for the full six months in both periods, instead of just three months in the comparative period as was actually the case.

Key Financials

	Unaudited Six months ended 29-Feb-16 £'000	Unaudited Pro-forma Six months ended 28-Feb-15 £'000	Change %
Group Net Gaming Revenue	21,584	17,904	21%
Group Adjusted EBITDA*	5,620	4,356	29%
Adjusted earnings*	5,027	3,549	42%
Adjusted basic earnings per share (in pence)*	9.8	8.5	16%
Basic earnings per share (in pence)	(0.1)	3.3	(103%)
Interim dividend per share (in pence)	1.1	0.0	N/A

Financial highlights:

- Group Net Gaming Revenue ("NGR") up 21% to £21.6 million (Pro-forma 2015: £17.9 million)
- Group Adjusted EBITDA* up 29% to £5.6 million (Pro-forma 2015: £4.4 million)
- Adjusted earnings* up 42% to £5.0 million (Pro-forma 2015: £3.5 million)
- Adjusted basic earnings per share* up 16% to 9.8 pence per share (Pro-forma 2015: 8.5 pence)
- Strong balance sheet with gross assets up 5% to £51.1 million (31 Aug 15: £48.7 million), including cash of £9.9 million (31 Aug 15: £7.4 million)
- Maiden interim dividend of 1.1p per share declared to be paid in June 2016

Operational highlights:

- Real money gaming funded players** up 91.6% to 60,561 (H1 2015: 31,600)
- Consistently high yield per player of £114 (2015: £113) as the business scales
- Group gross gaming revenue*** ("GGR") through mobile and touch devices up by 19% and now represents 45% (Pro-forma 2015: 38%) of the Total Group GGR
- Successful integration of InfiApps Limited, the mobile social gaming company acquired in July 2015
- Introduced the mobile offering onto the Table Top platform ("TTE")

* Adjusted earnings and Adjusted EBITDA excludes income or expenses that relate to exceptional items and non-cash charges relating to share-based payments.

** Funded player means an active player has made a deposit with his own funds within the period.

*** GGR means gross gaming revenue, being total bets placed by players less winnings paid to them.

Commenting on the results, Eitan Boyd, CEO of Stride Gaming, said:

“The Group has delivered another period of robust growth. This has been achieved despite regulatory and tax headwinds and demonstrates the underlying strengths of our business, which include owning our own proprietary software, our multi-branded strategy and our highly experienced management team.

“We have successfully integrated InfiApps, the mobile social gaming company, into the Group, the acquisition of which complements the strong organic growth delivered in our core real money gaming vertical. Furthermore, we continue to view the increased regulatory environment as an opportunity for us to grow our market share and believe there are significant acquisition opportunities available. We will continue to monitor potential selective strategic acquisitions that support our existing operations or that allow us to expand into complementary verticals.

“Current trading is strong and we are well positioned to deliver exceptional results for the full year. The outlook for Stride Gaming is very exciting and in light of our confidence in our business, we are delighted to declare today a maiden interim dividend of 1.1 pence per 1 share to be paid in June 2016.”

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Stride Gaming plc

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About Stride Gaming:

Stride Gaming is an online gaming operator in the bingo-led and the global social gaming market. The Company operates a multi-branded strategy across its two verticals, and uses its own proprietary and purchased software to provide online bingo and slot gaming for its players, and a social gaming mobile application. Stride Gaming's real money offering is presently focused on the UK market, is licensed and only operates from the regulated jurisdictions of the UK and Alderney. The Company's players' reach is international in the mobile social gaming market with a focus on the North American market.

Further information on the Group is available at: www.stridegaming.com

Chairman's Statement

The six months ended 29 February 2016 has been an excellent period of progress for Stride Gaming. The Group has built on its achievements in 2015 delivering further strong organic growth and successfully integrated the InfiApps business, which we acquired in July 2015. This acquisition of a profitable, internationally focused mobile social gaming company has added material scale, a new market and an international presence to our operations. These achievements are indicative of our core strengths, namely, a highly credible and experienced management team, our extremely focused and scalable business model, and owning our own platform and cutting edge propriety software; all of which continues to place the business in an ideal position to capitalise on the opportunities presented.

The POCT is undoubtedly impacting the gaming market and we are seeing smaller operators being increasingly squeezed out and consolidation across the sector is taking place on an unprecedented scale. We came to market, in part, to exploit the opportunities afforded by this tax and other regulatory changes and we continue to feel that this increased regulatory environment serves to enhance our growth prospects.

We are pleased to report that current trading is strong and in line with expectations. Our business is in a solid position and the outlook for the Group is exciting. Our intention is to build on our excellent record of undertaking acquisitions and successfully integrating companies within the Group, whilst concurrently maintaining our strong organic growth. We are confident that in contrast to the smaller and less diversified operators who have been adversely impacted by the regulatory headwinds, Stride Gaming, with its strong cash generation and robust balance sheet, is well placed to pursue acquisition targets and capitalise on these opportunities. We are eyeing acquisition targets that support our existing operations or that allow us to expand into complementary verticals. We also continue to look for opportunities to grow our market share by entering into new soft gaming verticals that will increase the diversification of our revenues and to move into new international, regulated markets.

I believe these strong results demonstrate the resilience and underlying strength of our business. We are committed to creating shareholder value and as a result of the Board's confidence in meeting our full year expectations we are delighted to declare a maiden interim dividend of 1.1 pence per share to be paid in June 2016.

Nigel Payne

Non-Executive Chairman

23 May 2016

Chief Executive's Report

I am delighted to report on another period of strong organic growth, in which we have delivered solid results and continued our track record of consistently exceeding market expectations since listing on AIM in May 2015. This all comes despite a challenging regulatory backdrop, and demonstrates the resilience of the business and our core strengths. We have strengthened our balance sheet and cash position, which now stand at £51.1 million (31 August 2015: £48.7 million) and £9.9 million (31 August 2015: £7.4 million) respectively, and we are ideally placed to deliver exceptional growth for the full year.

Operational Review

The Group made material progress in achieving a number of operational milestones that provide the Company with its continued growth momentum.

Bingo and slot gaming

Our number of funded Real Money Gaming players has now reached 60,561 (H1 2015: 31,600) representing a 91.6% year-on-year increase, whilst still growing the yield per player to £114 (2015: £113). This growth in both our funded players and our yield per player is in the most part attributed to our effective marketing mix, both internal and external, sophisticated business intelligence and to our proprietary multi-brand platform allowing innovative content and varied distribution channels.

Social gaming

During the period, we have successfully integrated InfiApps, the mobile social gaming company which we acquired in July 2015. In Slot Bonanza, our flagship social gaming brand, our focus during the period has been to increase the level of player engagement through the introduction of unique product features, business intelligence and new content, including real money gaming content, which enabled us to increase our monetisation capabilities. As a result, our average deposit size increased to \$23 (2015: \$15.7) and the daily average revenue per paying user ("Daily ARPPU") increased to \$34.7 (2015: \$27.5).

In addition, we developed our Panda Slots app, a multi-platform technology for faster creation of new mobile social slot games customised on a player level. We can deploy this app on both iOS and Android platforms, significantly reducing the time and cost to market.

With the increase in both player engagement and monetisation levels, together with the advanced multi-platform technology, we anticipate strong growth in our top line revenue during H2 2016.

Mobile

The Group continues to focus on its mobile development. Within the period we successfully introduced the mobile offering onto our TTE platform. Gross gaming revenue ("GGR") in our real money vertical, through our mobile and touch devices, represents 30% (2015: 16%); on a Group level mobile and touch represents 45% (Pro-forma 2015: 38%) of GGR.

Our Market

We feel the global online gaming market has undergone tremendous consolidation in the past year as a result of increased regulation and taxes, which is forcing the larger gambling companies to add scale to their operations in order to remain competitive. We continue to view this environment favourably and feel it only serves to enhance our growth prospects, and we intend to take full advantage of it by continuing with our stated organic and acquisitive growth strategy. The listing last year on AIM has accelerated this strategy and has enabled us to take advantage of the opportunities that exist in the sector.

Strategy for growth

The Group's overall strategy is to become the market leader in the soft gaming vertical of the online gaming industry by growing organically and through acquisition, and by expanding our presence in the UK and in international regulated markets. Stride Gaming has an ambitious and aggressive growth strategy to build on the Group's robust performance since listing on AIM in 2015. Our growth strategy remains centred on five core pillars:

1. Organic growth

We have delivered impressive organic growth in the last six months and our growth prospects remain excellent. The momentum in our existing real money business is strong and we are also encouraged by InfiApps performance. Our level of player engagement across both verticals has leapt forward during this financial period with effective analytics, new content and varied distribution channels.

2. Acquisitions

We believe there are significant acquisition opportunities available to us, driven by regulatory and taxation changes, and we will continue to monitor potential selective strategic acquisitions that allow us to do the following:

- Strengthen our position in the UK online bingo-led gaming market;
- Move into complementary verticals – a step already taken with the InfiApps acquisition;
- Move into new territories – again, reflected in the InfiApps acquisition; and
- Enhance our technology, media and/ or marketing capabilities.

3. B2B/white labelling of technology

There are very few operators in the online bingo market with their own proprietary software platform and there is a cost to developing a platform, which is a significant barrier to entry. Many bingo-led operators rely on third-party software providers, which creates potential opportunities for us to license our platform to other operators on a B2B basis or otherwise offer white label solutions based on the Group's existing platforms.

4. Social gaming

Stride Gaming sees potential for growth in our social gaming vertical as InfiApps seeks to enhance its number of active players and revenue per player.

5. Expansion into new regulated jurisdictions

With our acquisition of InfiApps we have already made our first step into an overseas market. Although the bingo-led market is predominantly UK based, we intend to use our technology and know-how to expand into other overseas markets. We are only focusing on regulated markets where the barriers to entry are generally higher owing to the time and cost required to gain and retain the requisite licences to operate in such regulated markets. There are other European jurisdictions that have or are introducing regulation in online gaming, such as Italy, Spain and Scandinavia.

Outlook

With another period of solid growth and demonstrable progress building on the achievements of 2015, we feel Stride Gaming is in an excellent position to increase the rate of our organic growth and undertake further acquisitions. The outlook for Stride Gaming is exciting. We have consistently demonstrated that we are able to exploit this increased regulatory environment, having delivered strong organic growth, exceeded market expectations, and successfully undertaken the acquisitions of TTE and InfiApps. Current trading is strong, we are in line to meet expectations for the full year, and we are well positioned for another period of exceptional growth.

Eitan Boyd,
Chief Executive Officer
23 May 2016

Chief Financial Officer's Review

Stride Gaming's financial results for the period demonstrate strong organic revenue growth and EBITDA performance. The Group delivered NGR growth of 21% to £21.6 million (Pro-forma 2015: £17.9 million) for the period.

Adjusted EBITDA increased by 29% to £5.6 million (Pro-forma 2015: £4.4 million) reflecting an increase in the margin to 26.0% (pro-forma 2015: 24.3%). This is a solid outcome given that the administration costs as a result of the pre-IPO reorganisation of the Stride Gaming Group had a full impact in this period's results, but for the prior period it impacted for only one month.

In addition, the Group has managed to make substantial cost reductions from synergies gained as a result of the integration of the TTE sites into the Daub Alderney operation by reducing royalty payments in relation to the software on the TTE sites, decreasing processing charges as a result of the larger scale of the business and integrating back office operations for both platforms.

Cash flow and Balance Sheet

The Group has a strong balance sheet with gross assets of £51.1 million (31 August 2015: £48.7 million) including cash and cash equivalents of £9.9 million (31 August 2015: £7.4 million). Due to the Group's excellent financial performance, substantial cash flow of £4.5 million (2015: £Nil) was generated from operating activities, with a high cash conversion rate of 130%. During the period the Group also spent £0.2 million (2015: £Nil) and £0.5 million (2015: £Nil) on intangible assets and on capitalisation of internally generated development costs respectively.

Included in total liabilities is the short and long term contingent remuneration of £1.8 million (31 August 2015: £0.2 million) and £0.6 million (31 August 2015: £0.1 million) respectively. This represents the two year earn-out payable to the sellers of InfiApps if they remain employed by the Group for a two year period post acquisition. Also included in total liabilities is the shareholder's loan of £8 million provided for the acquisition of InfiApps, the mobile social gaming company.

Long term incentives

The Company will shortly adopt an annual long term incentive plan (LTIP) for the executive directors. It will be in a form of performance shares, with a three year vesting period, subject to stretching performance conditions set at the time of grant, which include metrics based on financial performance in line with the key objectives of delivering returns to its shareholders through achievement of the Group's growth strategy and continued service. The initial award of performance shares are expected to be made at a face value of 100% of salary for each executive director.

EPS and Dividend

Adjusted basic earnings per share is up 16% to 9.8 pence (Pro-forma 2015: 8.5 pence). Basic earnings per share is down 103% to (0.1) pence (pro-forma 2015: 3.3 pence) due to new non-cash expenses such as share options and contingent consideration, which did not taken place in prior year, as well as higher amortisation in H1 2016, following the acquisition of InfiApps in July 2015.

As a result of the strong performance and the Board's confidence in the Group's progress, the Board today declares an interim dividend of 1.1 pence per share which will be paid in June 2016 to shareholders on the register on 3 June 2016.

Ronen Kannor
Chief Financial Officer

23rd May 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the period ended 29 February 2016

	Note	6 months to 29 February 2016 £'000	6 months to 28 February 2015 £'000
Revenue	4	21,584	11,749
Cost of sales		(2,272)	(830)
Gross profit		19,312	10,919
Distribution costs		(8,702)	(4,192)
Administrative expenses		(4,990)	(3,136)
Adjusted EBITDA		5,620	3,591
Share based payments and associated taxes		(976)	-
Acquisition costs		(77)	-
Contingent remuneration		(1,996)	-
Listing costs		-	(396)
Amortisation of intangible assets	6	(1,966)	(1,092)
Depreciation		(57)	(13)
Operating profit		548	2,090
Finance expense		(345)	(517)
Finance income		25	-
Profit before tax		228	1,573
Tax expense		(273)	(8)
(Loss) / profit after tax		(45)	1,565
Other comprehensive income:			
Items that will or may be reclassified to profit or loss		-	-
Exchange gains arising on translation of foreign operations		1,671	-
Total comprehensive income for the period attributable to the equity holders of the parent entity		1,626	1,565
<i>(Loss) / earnings per Share (p)</i>	5		
Basic		(0.1)	3.8
Diluted		(0.1)	3.5

	Note	Unaudited At 29 February 2016 £'000	Audited At 31 August 2015 £'000
ASSETS			
Non-current assets			
Property plant and equipment		230	234
Intangible assets	6	37,008	36,367
Other receivables	7	248	248
Deferred tax asset		310	231
Available for sale investments		-	-
		<hr/>	<hr/>
		37,796	37,080
		<hr/>	<hr/>
Current assets			
Trade and other receivables	7	3,465	4,241
Income tax receivable		-	28
Cash and cash equivalents		9,884	7,388
		<hr/>	<hr/>
		13,349	11,657
		<hr/>	<hr/>
Total assets		51,145	48,737
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Trade and other payables	8	736	100
Loans and borrowings		8,000	8,000
Deferred tax liability		2,249	2,133
		<hr/>	<hr/>
		10,985	10,233
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	8	6,713	6,585
Income tax payable		121	33
Loans and borrowings		-	1,083
		<hr/>	<hr/>
		6,834	7,701
		<hr/>	<hr/>
Total liabilities		17,819	17,934
		<hr/>	<hr/>
Net assets		33,326	30,803
		<hr/>	<hr/>

STRIDE GAMING PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	Unaudited At 29 February 2016 £'000	Audited At 31 August 2015 £'000
Issued capital and reserves attributable to owners of the parent			
Share capital		513	502
Share premium		13,054	10,608
Merger reserve		3,013	3,013
Shares to be issued reserve		1,675	4,132
Capital contribution reserve		14,271	14,271
Share option reserve		1,163	266
Foreign currency translation reserve		1,678	7
Retained earnings		(2,041)	(1,996)
		<hr/>	<hr/>
TOTAL EQUITY		33,326	30,803
		<hr/> <hr/>	<hr/> <hr/>

STRIDE GAMING PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share Premium £'000	Merger Reserve £'000	Shares to be issued reserve £'000	Capital contribution reserve £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
At 31 August 2014	312	-	(312)	-	6,999	-	-	(2,411)	4,588
Total Comprehensive income	-	-	-	-	-	-	-	1,565	1,565
Acquisition of business through issue of shares	105	-	3,325	-	-	-	-	-	3,430
Acquisition of intangible asset for shares	-	-	-	4,132	-	-	-	-	4,132
Capital contribution	-	-	-	-	364	-	-	-	364
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2015	417	-	3,013	4,132	7,363	-	-	(846)	14,079
Loss for the period	-	-	-	-	-	-	-	(1,150)	(1,150)
Other comprehensive income	-	-	-	-	-	-	7	-	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	-	-	-	-	-	7	(1,150)	(1,143)
Dividends	-	-	-	-	(7,500)	-	-	-	(7,500)
Capital contribution	-	-	-	-	14,408	-	-	-	14,408
Share based payment	-	-	-	-	-	266	-	-	266
Issue of shares, net of share issue costs	85	10,608	-	-	-	-	-	-	10,693
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2015	502	10,608	3,013	4,132	14,271	266	7	(1,996)	30,803
Loss for the period	-	-	-	-	-	-	-	(45)	(45)
Other comprehensive income	-	-	-	-	-	-	1,671	-	1,671
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-	-	1,678	(45)	1,626
Share based payment	-	-	-	-	-	897	-	-	897
Issue of shares, net of share issue costs	11	2,446	-	(2,457)	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2016	513	13,054	3,013	1,675	14,271	1,163	1,678	(2,041)	33,326

The following describes the nature and purpose of each reserve within equity:

Share premium – Amount subscribed for share capital in excess of nominal value.

Merger reserve – Represents the difference between the nominal value of shares acquired by the company in the share for share exchange with Daub Alderney Limited and the nominal value of shares issued to acquire them as well as the satisfaction of the initial consideration in respect of the acquisition of the trade and assets of Table Top Entertainment Limited.

Shares to be issued – Represents the shares to be issued in respect of the acquisition of certain intangibles assets.

Capital contribution – Represents the release of the Group's obligation to repay borrowings to shareholders and other contributions of assets.

Share options – Represents the fair value of awards made under the Group's share option scheme.

Foreign currency translation reserve – Gains/losses arising on retranslating the net assets of overseas operations into Sterling as well as the net investment made in certain overseas operations.

Retained earnings – All other net gains and losses and transactions with owners not recognised anywhere else.

STRIDE GAMING PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the period ended 29 February 2016

	Note	6 months to 29 February 2016 £'000	6 months to 28 February 2015 £'000
Cash flows from operating activities			
(Loss) / profit for the year		(45)	1,565
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		57	13
Amortisation of intangible assets		1,966	1,092
Finance expense		345	517
Share-based payment expense		897	-
Finance income		(25)	-
Income tax charge		273	8
		<hr/> 3,468	<hr/> 3,195
Decrease / (increase) in trade and other receivables		763	(3,420)
Decrease in trade and other payables		587	1,142
		<hr/>	<hr/>
Cash generated from operations		4,818	917
Income taxes paid		(315)	-
		<hr/>	<hr/>
Net cash flows from operating activities		4,503	917
Investing activities			
Cash received on acquisition of business		-	1,475
Purchases of property, plant and equipment		(50)	-
Purchase of intangibles		(217)	-
Capitalised development costs		(476)	-
Finance income		25	-
		<hr/>	<hr/>
Net cash (used in) / generated from investing activities		(718)	1,475
Financing activities			
Interest paid		(292)	-
Repayment of related party borrowings		(1,083)	-
		<hr/>	<hr/>
Net cash used in financing activities		(1,375)	-
Net increase in cash and cash equivalents		2,410	2,392
Cash and cash equivalents at beginning of year		7,388	-
Exchange gains on cash and cash equivalents		86	-
		<hr/>	<hr/>
Cash and cash equivalents at end of year		9,884	2,392
		<hr/> <hr/>	<hr/> <hr/>

STRIDE GAMING PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 29 February 2016

1 General information

The unaudited interim condensed consolidated financial statements for the six months ended 29 February 2016, which were approved by the Board of Directors on 23 May 2016, do not comprise statutory accounts and should be read in conjunction with the Annual Report for the year ended 31 August 2015. Those accounts have been reported upon by the Group's auditors and delivered to Companies House in Jersey. The report of the auditors on those accounts was unqualified. The Annual Report is published in the Investors section of the Group website at www.stridegaming.com and is available from the Company on request.

2 Basis of preparation

The unaudited interim condensed consolidated financial statements are prepared on the basis of the accounting policies stated in the Group's 2015 Annual Report which is available on the Group's website at www.stridegaming.com. In the current reporting period, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group's reporting. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

3 Prior period comparatives

Stride Gaming plc was incorporated on 25 February 2015 and was dormant until 19 May 2015 when the Company acquired, via a share for share exchange, the entire share capital of the Group headed by Daub Alderney Limited. The financial information for the 6 month period ended 28 February 2015 was therefore prepared on a pro forma basis and merger accounting adopted as though Daub Alderney Limited had been controlled by the Company for the 6 month period ended 28 February 2015.

4 Segment information

For management purposes the Group's operations are allocated into the following reporting segments:

- Real money gaming which is its UK focused, bingo-led online operation, using its proprietary and purchased software to provide online bingo and related gaming activities to players. This segment only operates in regulated markets, principally the UK; and
- Social gaming which internationally provides players with entertaining applications and games.

Each of these operating segments generates independent revenues, and the risks and rewards associated with generating these revenues are considered to be different to each other.

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding certain costs and income which is not allocated to a segment. There are no inter-segment sales.

	Real money gaming 6 months to 29 February 2016 £'000	Social gaming 6 months to 29 February 2016 £'000	Total 6 months to 29 February 2016 £'000
Total revenue from external customers	15,422	6,162	21,584
Adjusted EBITDA	3,340	2,280	5,620
Depreciation	(33)	(24)	(57)
Amortisation	(1,304)	(662)	(1,966)
Acquisition costs			(77)
Finance income			25
Share-based payments and associated taxes			(976)
Finance expense			(345)
Contingent remuneration			(1,996)
Group loss before tax			(228)

	Real money gaming 6 months to 28 February 2015 £'000	Social gaming 6 months to 28 February 2015 £'000	Total 6 months to 28 February 2015 £'000
Total revenue from external customers	11,749	-	11,749
Adjusted EBITDA	3,591	-	3,591
Depreciation	(13)	-	(13)
Amortisation	(1,092)	-	(1,092)
Finance expense			(517)
Listing costs			(396)
Group profit before tax			1,573

5 Earnings per share

	6 months to 29 February 2016 '000	6 months to 28 February 2015 '000
<i>Numerator</i>		
(Loss) / earnings used in diluted EPS	(45)	1,565
	<hr/>	<hr/>
<i>Denominator</i>	'000	'000
Weighted average number of shares used in basic EPS	51,085	41,667
Effects of:		
Employee share options	1,333	-
Contingent share consideration on acquisition of intangible and business combination	407	3,584
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Weighted average number of shares used in diluted EPS	52,825	45,251
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Potential ordinary shares are not considered dilutive due to the loss in the period to 29 February 2016.

6 Intangible assets

	Software and Licenses £'000	Development costs £'000	Brand Names £'000	Goodwill £'000	Customer and contractual relationships £'000	Total £'000
Cost						
At 1 September 2014	-	-	-	-	-	-
Acquired through business combination	8,109	-	2,265	14,866	7,925	33,165
Additions	5,476	246	-	-	-	5,722
At 31 August 2015	13,585	246	2,265	14,866	7,925	38,887
Additions Internally generated development costs	217	-	-	-	-	217
Foreign exchange rate movements	-	476	-	-	-	476
	954	-	134	603	294	1,985
At 29 February 2016	14,756	722	2,399	15,469	8,219	41,565
Accumulated amortisation						
At 1 September 2014	-	-	-	-	-	-
Charge for the period	1,051	18	317	-	1,134	2,520
At 31 August 2015	1,051	18	317	-	1,134	2,520
Charge for the period	902	70	251	-	742	1,966
Foreign exchange rate movements	40	1	11	-	20	72
At 29 February 2016	1,993	89	579	-	1,896	4,557
NBV						
At 1 September 2014	-	-	-	-	-	-
At 31 August 2015	12,534	228	1,948	14,866	6,791	36,367

At 29 February 2016	12,763	633	1,820	15,469	6,323	37,008
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Goodwill

Goodwill is allocated to the following cash generating units

	29 February 2016 £'000	31 August 2015 £'000
Spacebar Media	5,936	5,936
Table Top Entertainment	4,008	4,008
Social Gaming	5,525	4,922
	<u>15,469</u>	<u>14,866</u>

7 Trade and other receivables

	29 February 2016 £'000	31 August 2015 £'000
<i>Current</i>		
Trade receivables	1,705	1,695
Other receivables	282	279
Amounts due from related parties	1,140	1,211
Prepayments	338	1,056
	<u>3,465</u>	<u>4,241</u>
<i>Non-current</i>		
Other receivables	248	248
	<u>248</u>	<u>248</u>

8 Trade and other payables

	29 February 2016 £'000	31 August 2015 £'000
<i>Current</i>		
Trade payables	1,052	1,688
Other payables	310	103
Other taxation and social security	742	981
Client liabilities and progressive prize pools	1,674	1,420

Contingent remuneration (a)	1,760	172
Amounts due to related parties	395	232
Accruals and deferred income	780	1,989
	<hr/>	<hr/>
	6,713	6,585
	<hr/>	<hr/>
<i>Non-current</i>		
Contingent remuneration (a)	628	45
Other payables	108	55
	<hr/>	<hr/>
	736	100
	<hr/>	<hr/>

(a) The contingent remuneration represents the two year earn-out payable to the sellers of InfiApps Limited if they remain employed by the Group for a two year period post-acquisition. It has been calculated based on the Group's expectation of what it will pay in relation to the earn-out agreement. The earn-out targets are based on the EBITDA multiple of the annual results of the acquired business. The fair value of the earn-out consideration is calculated by weighting the probability of achieving these targets to give an estimate of the final obligation. In accordance with the terms of the purchase agreement the total earn-out cannot exceed \$18million.

9 Related party transactions

The Group receives payment processing services from a company related by common significant shareholders. Fees charged during the period totalled £443,000 (H1 2015: £556,000). The amount due to the Group at 29 February 2016 is £1,140,000 (31 August 2015: £1,211,000). No impairment has been recognised in respect of this amount.

The following transactions were undertaken with the ultimate controlling party prior to the IPO in May 2015:

- January 2015: Contribution of its 100 per cent. investment in the equity share capital of Baldo Line SRL by way of a capital contribution to the Group. The asset and liabilities have therefore been transferred at book value and a capital contribution of £318,000 based on net asset value has been recorded. A total of £170,000 was due to the ultimate controlling party at 29 February 2016;
- September 2014: Acquisition of the IP rights of its designated software used in the business of Daub Alderney Limited for £875,000;
- December 2014: Contribution of a 24.5 per cent. investment in the equity share capital of QSB Gaming Limited, which was recognised at fair value of £1 and accounted for as an available-for-sale investment; and
- February 2015: The Group acquired 100% of the voting equity instruments of Spacebar Media Limited. The total consideration of £6,000,000 was contributed to the Group in cash by the ultimate controlling party by way of a capital contribution to enable the acquisition to be made.

The Group entered into related party transactions with certain other companies under control of shareholders for the provision of software platform, marketing and other back office services. The total purchases in the period ended 29 February 2016 were £1,674,000 (H1 2015: £832,000). Total amount due by the Group at 29 February 2016 is £226,000 (31 August 2015: £62,000).

The Group received execution and management of marketing and software development services from

Spacebar Media Limited a company related by common control prior to acquisition by the Group in February 2015. Purchases of services in the period prior to acquisition were £1,000,000.

On 1 February 2015 the Group acquired certain assets from a company related by common control for £46,000.

On 30 July 2015 the Group entered into a loan agreement with a shareholder for a total amount of £8,000,000. The amount is repayable in 24 months and is incurring interest of 7.5% per annum paid monthly in arrears. The full amount of £8,000,000 plus one month's of accrued interest at £46,000 was outstanding at 29 February 2016. The total interest expense in the six months ended 29 February 2016 was £298,000.

In October 2015 a total of £1,083,000 of short term, interest free borrowings were repaid to the previous owners of the InfiApps Ltd business, in accordance with the terms of the sale and purchase agreement.