

Playtech plc

("Playtech", the "Company", or the "Group")

Final results for the year ended 31 December 2021

Strong FY 2021 performance with Adjusted EBITDA of €317 million

Playtech (LSE: PTEC) today announces its final results for the year ended 31 December 2021.

Financial summary (continuing operations)¹

	FY 2021	FY 2020	Change (reported)	Change (const. currency) ⁴
Revenue	€1,205.4m	€1,078.5m	12%	11%
Adjusted EBITDA ²	€317.1m	€253.6m	25%	25%
Adjusted post-tax profit ³	€127.6m	€27.3m	366%	340%
Reported post-tax profit/(loss) ³	€686.7m	- €73.1m	n/a	n/a
Adjusted diluted EPS	40.9 €c	8.8 €c	365%	339%
Reported diluted EPS	220.0 €c	-24.5 €c	n/a	n/a

Summary

- Strong FY 2021 driven by B2B online, particularly Latin America, and Snaitech
- Financial performance ahead of expectations with Adjusted EBITDA of €317.1 million
- B2B performance led by Americas with revenue growth of 64% at constant currency vs. FY 2020
- Increase in reported post-tax profit driven by unrealised gain related to Group's embedded options in Latin America agreements
- Strong Snaitech performance with excellent online driving Adjusted EBITDA growth of 38%
- Continued strengthening of the Board with Brian Mattingley joining as Chairman on 1 June 2021
- New Sustainability and Public Policy Committee to drive continued sustainability progress
- Significant progress in 2021 and excellent start to 2022 underpins the Board's confidence for 2022

Divisional highlights

B2B Gambling

- Very strong online performance more than offset the impact of lockdowns and drove B2B revenue growth of 11% at constant currency to €554.3 million (FY 2020: €494.8 million)
- Americas revenue grew 64% at constant currency to €101.3 million (FY 2020: €60.6 million)
- Execution of US strategy:
 - Launch with Parx Casino in New Jersey, Pennsylvania and Michigan
 - Two new Live Casino facilities in Michigan and New Jersey
 - Licences granted in Pennsylvania, Arizona and Mississippi
 - New partnerships with Scientific Games and Novomatic
- Continued strength in Latin America:
 - Caliente in Mexico and Wplay in Colombia saw excellent growth
 - Launched new strategic agreements in Costa Rica and Panama
 - New strategic agreement signed in Brazil
 - Material gains of €583.2 million in fair value of derivative financial assets from options relating to Caliente, Wplay and others, highlighting value creation in region
- Strong growth in Live Casino with opening of four new facilities across US and Europe
- New strategic agreements with Holland Casino in the Netherlands and NorthStar in Canada
- Continued diversification of B2B business with over 100 further brands added to SaaS offering

B2C Gambling

- Total B2C revenue (including Snaitech, HPYBET and white-label) of €663.7 million (2020: €596.3 million) and Adjusted EBITDA of €177.9 million (2020: €127.7 million)
- Snaitech Adjusted EBITDA grew 38% to €182.6 million (FY 2020: €132.0 million) with online strength offsetting impact of retail closures across the majority of H1
- Snaitech's online business saw excellent revenue growth of 45% to €229.9 million and Adjusted EBITDA growth of 54% to €135.3 million with continued margin expansion
- Snai achieved number one position by brand across retail and online sports betting in Italy in 2021
- Snaitech agreed the sale of surplus land for €20.0 million; €1.0 million was received in Q3 with remainder expected in 2022; non-cash impairment charge of €12 million incurred as part of disposal
- HPYBET remains loss-making but has now been integrated into Snaitech operations; Snaitech betting platform activated in HPYBET shops
- White label (including Sun Bingo) saw 13% revenue growth to €62.0 million (FY 2020: €55.0 million) with Adjusted EBITDA of €6.7 million (2020: €7.0 million)

Corporate Activity

- Recommended offer from Aristocrat did not receive the requisite level (75%) of shareholder approval, and the offer lapsed
- Discussions with the TTB investor group regarding its potential offer for the Company are ongoing
- Playtech continues to explore a possible transaction in relation to Caliente in the US
- The independent Board committee continues to actively explore options to maximise shareholder value
- Sale of Finalto remains on track to complete in Q2 2022, subject to final regulatory clearances
- Sale of Casual and Social Gaming assets completed in early 2021

Current trading and outlook

- Excellent performance to start 2022
- B2B and B2C online businesses expected to continue delivering strong performances
- Managing impact from Ukraine invasion, however risk of disruption as war continues
- The macroeconomic outlook remains uncertain as global economies emerge from the pandemic and the crisis in Ukraine continues
- Given the strong FY performance and momentum within the business into 2022, the Board is confident of Playtech's future prospects

Mor Weizer, CEO, commented:

"Our full year results demonstrate the quality of Playtech's technology and the momentum across the Group. Our strong performance is underpinned by our B2B business, in particular the tremendous growth we have seen in the Americas. We have made real progress in the execution of our US strategy, supported by new licences, new launches and new partnerships, and we continue to go from strength to strength in Latin America, buoyed by new strategic agreements across the region. In B2C, the story is similar, with Snaitech continuing to outperform the market, achieving the position of the number one brand across sports betting and retail in Italy.

"Over the year Playtech has also refocused the business, with the sale of Casual and Social Gaming in January and the disposal of Finalto due to complete later this year. The appointment of Brian Mattingley as Chairman significantly strengthens our corporate governance, and our Sustainable Success strategy places ESG at the core of our business.

"Clearly, it has been an eventful year for Playtech, and I want to take this opportunity to thank my colleagues for their hard work and commitment. In particular, I must reserve a special mention for our

Ukrainian colleagues, and all our other employees who volunteer their personal time to provide extra support for the team in this extremely difficult time. It makes me very proud to be at the helm of this company.”

“The macro-economic picture is of course uncertain, but we have started 2022 strongly, and with our businesses continuing to perform we are confident in our ability to continue to deliver against our strategy.”

Brian Mattingley, Chairman, commented:

“Playtech has delivered an excellent set of results, illustrating clearly the strength of its unrivalled technology offering, its expertise in online gaming and the calibre of the team. This performance is all the more notable given the intensity of the corporate activity Playtech has been involved in throughout 2021, and which remains ongoing.

“I would like to thank my Board colleagues, the executive management and wider team, together with our advisers, who have worked tirelessly to deliver these excellent financial, operational and strategic results, against the backdrop of the pandemic and corporate activity.

“2021 also saw us continuing to navigate disruption and restrictions posed by the COVID-19 pandemic, and now more recently with the tragic events in Ukraine. I would like to express our support for the people of Ukraine, and in particular our more than 700 Ukrainian colleagues and their families. We will continue to support our colleagues as best we can at this deeply worrying time.

“With regards to the outlook for the company, the Board remains confident in the long-term prospects for the Group.”

– Ends –

For further information contact:

Playtech plc Mor Weizer, Chief Executive Officer Andrew Smith, Chief Financial Officer c/o Headland	+44 (0) 20 3805 4822
Chris McGinnis, Director of Investor Relations and Strategic Analysis	+44 (0) 20 3805 4822
Headland (PR adviser to Playtech) Lucy Legh, Stephen Malthouse, Jack Gault	+44 (0) 20 3805 4822

¹Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.

²Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10 of the financial statements.

³Adjusted Profit refers to post-tax Profit from continuing operations attributable to the owners of the Company after the relevant adjustments as detailed above. Reported Profit refers to post-tax Profit from continuing operations attributable to the owners of the Company before adjustments.

⁴Constant currency numbers exclude the exchange rate impact on the results by using previous period relevant exchange rate and exclude the total cost/income of exchange rate differences recognised in the period.

Conference call and presentation

A presentation will be held today at 9.00 am via a live audio webcast accessible using this link:

<https://www.investis-live.com/playtech/623370cff73bbc2300751fb4/wtrr>

Analysts and investors can also dial into the call using the following details:

United Kingdom: 0800 640 6441
USA: 1 855 9796 654
USA (Local): 1 646 664 1960
All other locations: +44 20 3936 2999

Access code: 105852

There will also be a replay available after the live conference call at:

UK: 020 3936 3001
USA (Local): 1 845 709 8569
All other locations: +44 20 3936 3001

Access Code: 169226

The presentation slides will be available today from 8.30 am at:

<http://www.investors.playtech.com/results-centre/presentations/2021.aspx>

Forward looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect Playtech's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, Playtech undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

About Playtech

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a technology leader in the gambling and financial trading industries with over 6,600 employees across 26 countries.

Playtech is the gambling industry's leading technology company delivering business intelligence driven gambling software, services, content and platform technology across the industry's most popular product verticals, including, casino, live casino, sports betting, virtual sports, bingo and poker. It is the pioneer of omni-channel gambling technology through its integrated platform technology, Playtech ONE. Playtech ONE delivers data driven marketing expertise, single wallet functionality, CRM and responsible gambling solutions across one single platform across product verticals and across retail and online.

Playtech partners with and invests in the leading brands in regulated and newly regulated markets to deliver its data driven gambling technology across the retail and online value chain. Playtech provides its technology on a B2B basis to the industry's leading retail and online operators, land-based casino groups and government sponsored entities such as lotteries. Playtech directly owns and operates Snai, the leading sports betting and gaming brand across online and retail in Italy.

Playtech also owns Finalto, a technology leader in the CFD and financial trading industry that operates both on a B2B and B2C basis. Finalto has been classified as a discontinued operation since 31 December 2020.

Chairman's Statement

I joined Playtech on the strength of its unrivalled technology offering, its expertise in online gaming and the calibre of its team. Since I joined, it is fair to say that there has been a great deal of activity, not only in terms of its strategic development but also with regards to approaches by parties interested in acquiring the Company and/or its B2B and B2C businesses. This has, of course, all taken place against a backdrop of various levels of lockdowns and restrictions related to COVID-19. Throughout all of this, I have been extremely impressed by the achievements of my colleagues, who have helped drive the continued strong performance of the business, while real strides have been made in terms of Playtech's governance and sustainability.

I would like to thank my Board colleagues, the executive management and wider team, together with our advisers, who have worked tirelessly to deliver these excellent financial, operational and strategic results, against the backdrop of the pandemic and corporate activity.

Strong performance underlined by progress in key global markets

I am very pleased to report the significant strategic progress Playtech made in its key markets throughout 2021. This includes:

- Continuing to build our leadership position in Latin America with strong growth from Caliente in Mexico and Wplay in Colombia and signing a new agreement in Brazil
- In the US, we signed and launched with Parx Casino, launched our Live Casino product in Michigan and New Jersey and secured new licences in additional states
- We signed further strategic agreements including with Holland Casino in the Netherlands and with NorthStar Gaming in Canada
- Snaitech had a very strong 2021 driven by continued outperformance from its online business and the reopening of retail locations in the second half of 2021

Sustainable Success and Board Governance

One of my highest priorities when joining Playtech was to build a more robust corporate governance structure, befitting our status as the world's leading gambling software company. In September we reorganised the Board structure, with Ian Penrose becoming Senior Independent Director, John Krumins appointed as Chair of the Audit Committee and Anna Massion as Chair of the Risk Committee. In October, we welcomed Linda Marston-Weston, currently Head of the Transaction Tax team at accountancy firm Cooper Parry, to the Board as a Non-Executive Director. Linda's 30 years' experience of working with UK and global businesses across corporate finance, strategy, tax, culture, and leadership is invaluable to the Board, as is her passion for delivering diversity and inclusion initiatives. Linda is therefore ideally suited to act as Chair of our new Sustainability and Public Policy Committee and helping to drive forward our "Sustainable Success" strategy.

One of my ongoing priorities as Chairman is to continue to improve diversity of the Board but also more broadly across the Group. At Non-Executive level the Board is now 40% female but when including our CEO and CFO, the Board composition falls to 29% female, and I acknowledge this as an area that needs to be addressed. Playtech has been involved in takeover discussions since October 2021 and as such has not been in a position to further change the composition of the Board. This of course remains the case but the Board is committed to addressing Board composition as a priority matter at the appropriate time.

Corporate transaction updates

Offer and possible offer for Playtech

The Board remains confident in the positive long-term prospects for the Group and this is supported by the trading performance across both its core B2B and B2C businesses in 2021 and the strategic progress we have made in transitioning the business. The strong performance we have delivered is all the more notable given the intensity of the continuous corporate activity Playtech has been involved in throughout 2021, and which remains ongoing. I am deeply impressed by the dedication of all our employees and our management team in achieving this result, despite the additional workload and the uncertainty they have faced over the last year.

In October 2021 the Board recommended an all-cash offer from Aristocrat at a 58% premium to the prevailing share price. This offer was universally well received by shareholders at the time, but ultimately, at the Court and General Meetings held on 2 February 2022, Aristocrat's proposal did not achieve the requisite 75% level of shareholder approval needed for their offer to progress.

Shortly after Aristocrat's proposal lapsed, Playtech received an approach by an investor group formed and advised by TTB Partners Limited expressing interest in making an offer for the Company. On 21 February 2022, Playtech announced that it had consented to a request from our CEO, Mor Weizer, to join TTB Partners' investor group in considering an offer for the Company and that an independent board committee had therefore been formed at Playtech which excludes our CEO from all matters relating to any possible offer from TTB Partners. Discussions with TTB Partners are ongoing, and there can be no certainty as to whether an offer for the Company will be announced, or the terms on which any offer might be made.

Caliente/Caliplay

As part of the disclosures made in relation to Aristocrat's proposed offer for Playtech, we confirmed that the Company had been exploring a possible transaction in relation to our agreement with Caliente which would allow it to enter selected U.S. states on an accelerated basis. Should the transaction proceed to completion, Caliplay would be acquired by a U.S. listed special purpose acquisition company ("SPAC") and it is also currently envisaged that the combined business of the SPAC and Caliplay would enter into a long-term commercial agreement with a leading media partner. Under the proposed terms of the transaction, Playtech would continue to provide its software and services to Caliplay in Mexico and extend this offering into the US and receive software and services fees. In addition, Playtech would become a holder of a material minority equity interest in the SPAC and would no longer receive its existing net adjusted revenues linked services fee (and cease to provide the related services) which it currently receives from Caliplay. The gross revenues attached to this services fee for 2021 were approximately €49 million. Discussions between the parties involved remain ongoing, and whilst the opportunity remains an exciting one for Playtech, there can be no certainty that the transaction will proceed.

Finalto

On 1 December 2021, shareholders approved the proposed disposal of our financials trading business, Finalto, to Gopher Investments. This disposal is now only subject to the required regulatory approvals, and as far as Playtech is aware remains on track for completion in Q2 2022. The disposal, once completed, will be a significant step in simplifying the Company.

Looking ahead

As a global business, we are acutely aware of the impact of geopolitics and other macroeconomic shocks on our company, and in particular on our colleagues. Just as global restrictions related to COVID-19 begin lifting, and we tentatively began contemplating the idea of living with a virus which has impacted us in so many ways, we are now faced with the prospect of further devastation and harm through the escalating conflict in Ukraine. Playtech has several hundred full time staff based in Ukraine and has been putting in place multi-layered support schemes for our people and their families, including

evacuation where needed and providing accommodation and facilities for those who have needed to leave their country. We will continue to do all we can to support our affected colleagues.

As the leading technology company in the gambling industry, with an unrivalled quality and breadth of products, Playtech has a strong track record of growth, and the strategy and expertise to continue that growth for many years to come. That is in no small part down to the strength of its people, and we are extremely grateful to our staff for their commitment and expertise, which ultimately makes Playtech the successful business it is.

Chief Executive Officer's Review

Overview

Playtech made strong progress on its strategic priorities throughout 2021, leaving the Group well-positioned to capture the exciting market opportunity ahead. The Company continues to focus on regulated and newly regulating markets.

Playtech continued to accelerate its US presence in 2021. The US is a highly strategic market for Playtech and represents a significant long-term opportunity across its full product suite. In 2021 the Company opened state-of-the-art Live Casino facilities in both Michigan and New Jersey. The Group announced strategic agreements with the Greenwood companies, which operate the Parx Casino in Pennsylvania, to license its products in four US states which include Michigan, where Parx launched online casino on Playtech's IMS Platform and Player Account Management (PAM) software and subsequently launched Playtech's Live Casino product. Playtech also received licences to operate in Arizona and Mississippi and is progressing with the licensing process in additional US states.

The Group will continue to increase its investment in the US market in order to take advantage of a strong pipeline of opportunities with potential new customers and existing customers from other markets.

In Latin America, Playtech continued to strengthen its market leadership as Caliente continued its excellent growth in Mexico and Wplay saw very strong growth in Colombia. The Group also launched in Costa Rica and Panama during 2021. Playtech also signed an exciting strategic agreement in Brazil ahead of expected regulation. The Company is progressing plans to develop a new Live Casino facility in Peru, which is expected to launch in 2022, as it continues to expand its addressable market across Latin America. In 2021, the Group recognised a significant unrealised gain in relation to the fair value of the Group's options in Latin America. The gain relates to holdings in Caliente, Wplay and others and highlights the value of the Group's strategic agreements in Latin America.

The Group's B2B Gambling division continued to add customers, including attracting new customers in both regulated and soon to be regulated markets. Playtech signed an exciting new long-term agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands, ahead of the market's launch in October 2021. The agreement, which includes Playtech's full suite of products, also included the construction of a Live Casino facility which launched in Q4 2021. To continue diversifying its B2B division, Playtech progressed discussions on further new strategic agreements and joint ventures, while also adding over 100 new brands to its SaaS offering. Playtech has now added over 250 new brands since launching the SaaS offering back in 2019.

Within B2C Gambling, while impacted by retail closures for almost half of the year, Snaitech's Adjusted EBITDA grew 38%, highlighting the attractiveness of its flexible business model and the growing strength in online. Snaitech's online business saw revenue growth of 45% compared to 2020 and Adjusted EBITDA growth of 54%. Furthermore, Snaitech achieved the number one market share position by brand in the Italian sports betting market (retail and online combined measured by GGR) in 2021 and this business continues to go from strength to strength.

Playtech continued to execute its Sustainable Success strategy in 2021, the highlights of which are detailed below and include the establishment of a Sustainability and Public Policy Committee to provide Board-level oversight on key non-financial strategy, commitments, targets and reporting matters. Playtech also launched a £3 million COVID Recovery and Resilience Fund in partnership with the Charities Aid Foundation (CAF) to support over 50 organisations across 10 countries to date. The Company has continued to progress its strategic initiatives via its newly formed Executive Committee of senior management, comprising three female and seven male members and it continues to implement changes throughout the organisation to drive progress towards its gender diversity targets.

As part of the Group's simplification strategy, the last remaining Casual Gaming assets were disposed of in early 2021 and the completion of the sale process of Finalto is expected in Q2 2022. Once this process is completed, Playtech will be a simpler business, focused on the attractive markets of B2B Gambling and B2C Gambling.

Playtech's employees are at the heart of its success and have remained cohesive and collaborative despite the continued uncertainty surrounding the Company. The hard work and commitment of Playtech's people has contributed significantly to this positive trading performance.

Ukraine crisis

Playtech has over 700 employees based in Ukraine and the Group's crisis management team continues to lead a comprehensive response to the crisis with the safety of the Group's employees being the priority.

Playtech is making every possible effort to support employees and their families during the crisis. The support includes assisting with relocation to safer parts of the country or to other countries. Playtech has built an organisational structure to support the employees including 24/7 transportation services, accommodation support for those displaced, emergency supplies and shelter, logistical assistance, a 24/7 communication hotline as well as mental health and wellbeing support. Hundreds of volunteers across the company are working to help however possible including keeping in continuous contact with their colleagues.

Playtech has robust business continuity plans which were activated immediately to minimise disruption to the business. The B2B business has employees from a variety of functions based in Ukraine but none of those functions are wholly run from the country. As well, any critical infrastructure in Ukraine was relocated prior to the crisis as part of our risk management process.

B2B Gambling

Core B2B Gambling

Regulated markets

The strategic focus of Playtech's B2B Gambling business continues to be on opportunities in regulated or soon to be regulated markets, with a focus on high-growth markets such as the US, Latin America and certain parts of Europe.

Regulated markets saw growth of 16% compared to FY 2020 and 25% when looking at online only, once again driven by excellent revenue growth from Caliente in Mexico, as well as strong growth in other regulated markets such as Italy, Poland, Greece and Colombia.

The Americas

Revenue from the Americas continued to grow impressively, with 2021 revenue up 64% at constant currency compared to 2020, driven by outstanding growth from Caliente as well as increasing contributions from other customers.

In the US, Playtech continues to expand its presence. In Q1 2021, the Company signed strategic agreements with various subsidiaries of Greenwood Racing Inc. which own and operate the Parx Casino in Pennsylvania. The agreements include the licensing of Playtech products to the Greenwood companies in the states of Michigan, Indiana, New Jersey, and Pennsylvania.

In Michigan, Parx launched online casino on Playtech's IMS Platform and Player Account Management (PAM) software in Q2 and went on to launch Playtech's Live Casino product in Q4. Parx will continue

to launch in further states and with additional products going forward. Playtech also launched Live Casino with Bet365 in New Jersey in Q4 as it continued to accelerate the distribution of its live dealer product.

With physical expansion of the Company's infrastructure being a key part of its strategy, Playtech launched its first US Live Casino facilities in late 2021, with state-of-the-art studios launching in both Michigan and New Jersey. Further expansion is in progress in New Jersey and another facility is under construction in Pennsylvania. The Company has significantly expanded its operational and back-office teams in the US in order to accelerate its presence in the region.

Playtech also signed a global iGaming distribution partnership with Scientific Games which will enable both parties to mutually benefit from each other's scale and reach across the US, as well as other regulated markets. The Company also announced a strategic partnership with Novomatic Americas to jointly market, sell and distribute sports betting products in the US.

The regulatory landscape in the US is ever progressing. Since the repeal of PASPA in 2018, numerous states have approved legislation to legalise sports betting. Many of these markets have already launched in both online and retail channels, with others expected to launch soon. In 2021, Playtech received further licenses in the US and can now incrementally launch its online and retail sports betting products in Arizona, and its retail sports product in Mississippi. In early 2022 Playtech received a license for Pennsylvania.

Online casino, which was not subject to PASPA, is allowed at the discretion of individual states. The tribes of Connecticut most recently received federal approval to operate online casino games, while Michigan launched in 2021, joining New Jersey, Pennsylvania, Delaware, and West Virginia, while Nevada allows online poker only.

During 2021, the Group recognised a significant unrealised gain in relation to fair value of the Group's options in Latin America. The gain relates to holdings in Caliente, Wplay and others and highlights the value of the Group's strategic agreements in Latin America.

In Latin America, Playtech saw excellent growth from Caliente and this business continues to outperform. Wplay saw very strong growth in 2021 and is well-positioned to continue its growth and capitalise on the exciting opportunity in Colombia in the years ahead. During the year, Playtech continued to execute on other strategic agreements in Latin America and launched its IMS platform alongside Casino, Live and Sports products in Panama, as well as launching its Bingo product in Costa Rica.

Playtech is also opening a new Live Casino facility in Peru as it continues to extend its presence across the region, in order to better serve its existing clients in Latin America as well as in anticipation of the continued regulation and strong growth expected in the region in the years ahead. Construction of the Peru facility is underway with a launch expected in 2022.

Elsewhere in Latin America, sports betting legislation has been passed in Brazil, which is expected to be implemented in the near future. Brazil is anticipated to be a significant market given the large population and its access to the mobile channel. The Company has an exciting strategic agreement in place with Galerabet, with economics similar to its other arrangements in Latin America, in anticipation of regulation in this market.

Europe

In Europe, B2B revenue growth of 25% at constant currency was driven by strong growth in several countries including Italy, Poland, and Greece.

During 2021 Playtech signed a new, expanded long-term strategic software and services agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands. Having launched successfully in October following the market regulating, Playtech now supplies Holland Casino's with a full turnkey multi-channel technology package, as well as certain ancillary services. The agreement includes the IMS platform, Sports betting, Online Casino, Live Casino, Poker and Bingo products, plus selected operational and marketing services. The agreement includes a Live Casino facility in the immediate vicinity of one of Holland Casino's existing locations which launched in Q4 2021.

Elsewhere in Europe, the Company launched a Live Casino facility in Switzerland as part of its agreement with Swiss Casinos. Further, Playtech extended its Live studio in Madrid, demonstrating the significant physical expansion of its Live Casino infrastructure across Europe.

Playtech's Live Casino business added several new customers including LeoVegas in Spain and went live with, among others, 888 and Betsson each in multiple territories. Playtech's Casino business launched with several new customers across Europe and signed agreements to expand into new territories with its existing customers, for example in Croatia with Fortuna.

Regulation in Europe continues to evolve and regulated markets in the region represent significant growth opportunities. Netherlands and Germany, both top 10 markets in Europe, progressed on their respective regulatory resolutions with the Netherlands market opening on 1 October 2021. Playtech is now well positioned in the Netherlands through its agreement with Holland Casino, which went live in October 2021.

After many years of uncertainty for online gambling in Germany, the Interstate Treaty became effective on 1 July 2021 and now paves the way for license holders to offer online slots, online poker and sports betting. The main impacts of the Treaty included switching off casino table games (Blackjack and Roulette) until the individual Länder choose to issue licenses under the Treaty, deposit limits of €1,000 per month, €1 maximum stakes per spin on online slots, 5-second minimum duration of slot spins and certain advertising restrictions, while operators could begin applying for licenses.

UK

UK revenues saw a decline of 15% at constant currency compared to FY 2020, driven by previously announced changes to a customer contract with Entain and were further impacted by retail closures due to the COVID-19 pandemic. Retail closures, which were in place for the majority H1 2021, significantly impacted Playtech's B2B sports business which is heavily weighted towards retail via its self-service betting terminals (SSBTs).

Betting shops began to reopen starting in mid-April. Activity levels continued to gradually improve following reopening as various lockdown restrictions were eased and the momentum continued into H2 2021.

Playtech continued to extend its presence in the UK with several new customer signings, including Les Ambassadeurs Online, and numerous go-lives including Sky Vegas on its Live Casino product.

Playtech's Live Casino business saw strong growth in the UK in 2021, while the B2B online casino business continued its positive geographic diversification. This was driven by a marginal slowdown in UK activity, as well as significant growth in other regions as described above, such as Mexico, Italy and Poland.

The UK remains a key regulated market for Playtech given its longstanding relationships with major operators. Playtech has been actively involved in discussions around safer game design and online advertising and, through the industry trade body the Betting and Gaming Council (BGC), is co-leading a working group on the subject. Playtech expects that its commitment to safer gambling and its use of

technology and data to support its licensees in this area will see it remain the go-to platform for regulated markets including the UK.

In December 2020 the UK Government announced a call for evidence to review the existing gambling laws in the UK. Since the initial 16-week call for evidence which ended on 31 March 2021, the Government has been assessing the evidence presented, alongside other data, with the aim of setting out conclusions and any proposals for reform in a White Paper in 2022. Playtech submitted data and evidence relating to the call, in line with the Government's request and will support this wherever possible going forward.

Other unregulated (excl. Asia)

The Group's strategy to focus on both regulated and regulating markets includes unregulated markets which are likely to regulate in the future. Some of these are classified in the 'Unregulated excl. Asia' line within B2B Gambling. These unregulated markets (excluding Asia) grew 8% at constant currency versus FY 2020, driven by markets such as Brazil and Canada, offset in part by a decline in Germany which saw regulatory changes during the year.

Following the progress in the US, regulation advanced in Canada as parliament approved an amendment to Canadian law to allow single-game sports betting at the discretion of individual provinces. As of 27 August 2021, seven provinces including the country's largest province, Ontario, began allowing bets to be placed on single-game sporting events. In a further milestone, as of 4 April 2022, Ontario is due to become the first fully regulated online gambling market in Canada with iGaming due to launch.

As regulation progresses across Canada, it will continue to add to the size of the North America market opportunity. In line with the Company's strategy to target newly regulating markets, Playtech signed a strategic agreement with NorthStar Gaming, which will see the Group launch its IMS platform, Casino, Live Casino, Poker and Bingo technology in Canada.

Unregulated Asia

Unregulated Asia saw revenue growth of 1% compared to FY 2020. Despite lockdown measures in the Company's key markets in Asia at various stages of 2021, performance was aided by the diversification of revenues following actions taken by management in 2020. Revenue from non-Asian distributors saw significant growth while the new distributor the Company added in 2020 also performed strongly. Reflecting the actions taken over recent periods, the Asia business is now more diversified in terms of both distributors as well as geographically compared to recent years.

B2B – Product Developments

In order to continue diversifying its B2B Gambling division, the Group continued to add customers depending on commercial suitability and market dynamics, including attracting new customers in both regulated and regulating markets, progressing discussions on new strategic agreements and joint ventures, as well as adding new brands using its SaaS offering. Playtech has now added over 250 new brands since the launch of its SaaS model in 2019. Over 100 of those new brands were added during 2021, including 888, Kindred and Novibet.

During the year Playtech completed key strategic partnership product deliveries, including a Mystery Parcel game feature with real-time bonusing that can be used with any Playtech Casino content. Mystery Parcel was rolled out exclusively with Entain at first, with several other licensees including Holland Casino, Snai and William Hill now enjoying the feature.

Among various new product developments, Playtech launched its latest online casino 'power suite' with Cash Collect™. The Company launched Sahara Riches™ as the first game within the Cash Collect™ suite, with the game's performance in its first week since release being Playtech's second strongest game performance in its history.

Within Live Casino, Playtech continued to roll out new products with existing licensees, including a 'Who Wants To Be A Millionaire' Trivia game, which broke the record for the most concurrent players on a Live table in Playtech's history. This game has most notably seen success in the UK, Greece, and Italy, and continues to attract traffic to our licensees' sites. The Who Wants To Be A Millionaire suite went on to release a Roulette game in H2, which has also seen a strong performance to date.

As a continuation of the Company's successful FireBlaze suite of games, the Live Casino team also launched Mega Fire Blaze™ Roulette. In its first month since launch, Mega Fire Blaze™ Roulette significantly outperformed any previous Playtech Live Casino product in both gross gaming revenue (GGR) and wagering terms.

In 2021, the Live Casino business also launched Super Spin Roulette, a bespoke game created to empower our partner, Bet365, to differentiate from its competitors.

B2C Gambling

Playtech's B2C business includes Snaitech (including HPYBET), and the White label operations which is primarily Sun Bingo. Overall B2C revenues grew 11% compared to 2020 at constant currency while Adjusted EBITDA grew 39%.

Snaitech

Italy

Snaitech revenue was up 12% in FY 2021 compared to FY 2020 while Adjusted EBITDA grew 38%, highlighting the attractiveness of its business model and continued strength in its online business.

At the start of 2021, Snaitech's expectation was that the retail closures in Italy would ease from approximately mid-March. However, given the continuing impact of the pandemic retail shops were forced to remain closed throughout H1 2021. This was against a comparative in 2020 which saw retail closed from mid-March until June and again from late October to the end of the year.

However, while in 2020 Snai's online betting business was severely impacted by the lack of sporting events for several months due to the pandemic, in 2021 the business saw sporting events continue largely as planned including the UEFA Euro 2020 championships in the summer of 2021. The continuation of sporting events helped the online business to perform well.

Despite the loss of significant revenue from retail closures, Snaitech's 38% Adjusted EBITDA growth was driven by the strong performance of online betting and gaming and supported by its franchise operating model with a low fixed cost base, as well as the actions taken by management to reduce costs.

On a revenue basis, the online business grew 45%, while at an Adjusted EBITDA level, the online business grew 54% to €135.4 million (FY 2020: €87.7 million) during the period as Snaitech saw healthy overall margin expansion.

Furthermore, Snai achieved the number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in FY 2021, demonstrating its consistent operational and brand strength.

Finally, Snaitech agreed the sale of surplus land for €20 million, of which €1 million was received on signing in July 2021 with the remainder expected to be received in instalments in 2022 following certain regulatory approvals.

Germany & Austria

HPYBET revenues were largely flat versus 2020, with retail closures in Germany and Austria for significant parts of H1 2021 compared to almost six months of closures spread out over 2020.

During the retail closures due to governmental lockdowns, management began upgrading the technology infrastructure in this business with a view to both drive retail performance and improve online performance in the future. The Snaitech betting platform was activated in HPYBET shops in May 2021 and the integration of HPYBET operations into Snaitech is complete. This business is being operated by Snaitech management and the Group is confident of its prospects going forward.

As discussed in the B2B section above, Germany's Interstate Treaty regulated online slots, online poker and sports betting from 1 July 2021. Playtech is well positioned in this market, having been awarded one of the few available online sports betting licenses in Germany through its B2C division HPYBET in October 2020.

Safer gambling and sustainability

During 2021, Playtech continued to progress with delivering its sustainability strategy and commitments, which were launched in 2020. The Group published a sustainability progress update on its corporate website in Q4. Some of the highlights are listed below.

ESG Governance and Engagement

The Board established a new Sustainability and Public Policy Committee, which is responsible for reviewing, monitoring, and advising on Playtech's sustainability, responsible business, and public policy matters. This includes oversight of a wide range of responsible business topics including ethics, safer gambling, diversity and inclusion, wellbeing, human rights, and the Company's climate change strategy. The Committee will also oversee the Company's key non-financial commitments, strategy, targets, and reporting from Board level. Playtech also established an external stakeholder advisory panel to challenge and strengthen the Company's approach to sustainability, which met four times since its formation in Q3.

Enhancing Playtech Protect and Safer Gambling Standards

In 2021, Playtech continued to grow its Playtech Protect offering across research, partnerships, and innovation and expanded its support for its licensees. Playtech is proud to have secured the first B2B GamCare Safer Gambling Standard in the UK and Snaitech once again secured the G4. Playtech also published research papers covering safer game design, real time messaging, customer interaction, and the impact of auto-play on player behaviours.

Carbon Reduction

During 2021 the Company also strengthened its approach to carbon reduction. Playtech established a new environmental working group to direct and oversee its environmental and carbon reduction strategy. This included mapping the Company's Scope 3 emissions which make up a significant portion of overall emissions. This mapping will also support Playtech's efforts to identify carbon reduction opportunities and to establish a carbon target aligned with science.

Diverse and Inclusive Culture

Playtech initiated a refresh of its diversity and inclusion objectives, targets and strategy to accelerate progress on gender diversity in leadership levels of the organisation. As announced in September, Playtech is also delighted to have joined the All-In Diversity project as a founding member. This is an industry-driven initiative to accelerate diversity, equality and inclusion for the global betting and gaming sector.

The Company's Executive Committee comprises 30% female members, up from 0% in 2020, with further improvements to be made in line with the Group's diversity targets.

Mental Health Impacts of COVID-19

Recognising the significant impact of the pandemic on mental health, Playtech launched a £3 million COVID Recovery and Resilience Fund, in partnership with the Charities Aid Foundation (CAF). The Company is pleased to have approved funding for 50 organisations in 10 countries to date.

Group simplification

Finalto

At 31 December 2020, the Group's financial trading division, Finalto, was classified as a discontinued operation, as the Board continued its strategy to simplify Playtech in order to focus on the Group's core B2B and B2C gambling businesses.

In May 2021, the Group announced the proposed sale of Finalto to a consortium led by Barinboim Group and backed by Leumi Partners Limited and Menora Mivtachim Insurance Limited, together with key members of Finalto's management team (together "the Consortium"). The sale for up to US\$210 million was subject to shareholder approval. Prior to the shareholder vote, the Group received a non-binding offer received for the Finalto Group from Gopher Investments ("Gopher"). Shareholders voted against the Consortium deal so that the Group could pursue the higher offer from Gopher.

As announced on 18 August 2021, since the resolution to approve the disposal of Finalto to the Consortium was not passed, the Consortium agreed with Playtech to terminate its SPA which allowed the Company to immediately engage with Gopher to progress a potential disposal of Finalto.

Playtech announced on 29 September 2021 that it had agreed an all-cash sale of Finalto to Gopher for US\$250 million with certain conditions attached. The subsequent General Meeting to approve the sale took place on 1 December 2021, and the ordinary resolution was approved by Playtech's shareholders. Playtech expects to complete the sale of Finalto in Q2 2022 following receipt of final regulatory clearances.

Chief Financial Officer's Review¹

Overview

Group performance

Overall, Playtech had a very strong 2021. Despite the challenges that came with the pandemic, particularly in the first half of the year, Adjusted EBITDA for 2021 was €317.1 million driven by strong performances from B2B online and Snaitech. The strong results are despite the lockdowns in Italy in 2021 lasting 3 months longer than initially expected.

The performance of the Group varied across the year. In H1 the results were negatively impacted by Snaitech retail locations in Italy being closed due to government restrictions while in H2 Snaitech's retail operations were open for the entire period. The Group's online businesses in B2B and B2C performed very well across the full year.

The online performance, particularly in B2C, also benefited from a full sporting calendar in 2021 as many events were postponed or cancelled in Q2 2020 at the onset of the pandemic. Favourable sporting results also benefited Group performance in 2021.

Overall, Adjusted EBITDA from continuing operations was €317.1 million (2020: €253.6million), an actual year-on-year and on a constant currency increase of 25%. Similarly, reported EBITDA increased by €58.4 million to €281.3 million (2020: €222.9 million). Total reported revenue from continuing operations was €1,205.4 million (2020: €1,078.5 million), representing a 12% actual and 11% constant currency basis year-on-year increase respectively.

Finalto division

The Finalto division, which was first presented by the Group under discontinued operations at 31 December 2020, saw two separate bodies make an offer to acquire it during the year. The first one (from a consortium led by Barinboim Group and backed by Leumi Partners Limited and Menora Mivtachim Insurance Limited, together with key members of Finalto's management team – together "the Consortium") was rejected in early August 2021. The second one, from Gopher Investments, was approved by the shareholders in December 2021. The Group is currently in the process of completing the deal and as such the Finalto division is still being presented under discontinued operations at 31 December 2021.

Reported and Adjusted Profit

Reported profit before tax from continuing operations was €605.0 million (2020 reported loss: €52.7 million), mainly due to the €583.2 million of unrealised fair value gains on derivative financial assets (2020: €Nil). Furthermore, there was a €23.8 million decrease in impairment of tangible and intangible assets to €21.6 million (2020: €45.4million). Both are discussed further in this report but also in their respective notes in the financial statements.

Adjusted profit before tax from continuing operations increased by 166% to €120.4 million (2020: €45.2 million), driven by both the rise in Adjusted EBITDA and the decrease in depreciation and amortisation costs.

The Group implemented an internal restructuring in January 2021, which resulted in Playtech plc migrating its tax residency to the UK and the Group's key operating entity transferring its business to a UK company. Reported tax credit from continuing operations increased by €102.1 million to €81.7 million in 2021 (2020: tax expense of €20.4 million) which mainly relates to the €99.5 million increase in the deferred tax credit to €96.3 million (2020: tax expense of €3.2 million). This increase consists mainly of €75.2 million relating to the recognition of the benefit of future tax deductions for goodwill and intangible assets resulting from the Group restructuring in local subsidiaries 2021 and €36.5 million

relating to the recognition of the benefit of tax losses available to use against taxable profits in future periods.

This led to a total post-tax reported profit from continuing operations of €686.7 million (2020: reported loss €73.1 million).

Balance sheet and liquidity

	31 December 2021 €'m	31 December 2020 €'m
Cash and cash equivalents	575.4	683.7
Cash held on behalf of clients, progressive jackpots and security deposits	(141.1)	(129.1)
Adjusted gross cash and cash equivalents (excluding assets and liabilities held for sale)	434.3	554.6
Loans and borrowings (RCF)	167.1	308.9
Bonds	875.0	873.1
Gross debt (excluding liabilities held for sale)	1,042.1	1,182.0
Net debt (excluding assets and liabilities held for sale)	607.8	627.4

The Group continues to maintain a strong balance sheet with total cash and cash equivalents, excluding cash held for sale, of €575.4 million at 31 December 2021 (31 December 2020: €683.7 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, decreased to €434.3 million as at 31 December 2021 (31 December 2020: €554.6 million), owing in large part to the repayment of €150.0 million of its RCF, as well as paying €89.6 million in gaming tax in Italy which related to 2020 (noting it was a government-led approved payment deferral as part of the assistance offered to companies during the pandemic) as previously announced.

The Group's total gross debt decreased to €1,042.1 million at 31 December 2021 (31 December 2020: €1,182.0 million), with Net Debt, after deducting adjusted gross cash, decreasing to €607.8 million (31 December 2020: €627.4 million).

The RCF covenants, which were amended for 31 December 2020 and 30 June 2021 tests as a precautionary step during the pandemic, have now returned to the previous levels of 3x Net Debt / Adjusted EBITDA and 4x Adjusted EBITDA / interest from 31 December 2021 test onwards, with no issues.

Playtech has no immediate refinancing requirements and will review its long-term financing structure and the outstanding balance of the RCF once proceeds are received from the sale of Finalto and there is greater clarity on Playtech's future.

Playtech continues to take a prudent approach to its capital structure and leverage and its balance sheet remains in very strong position supported by the strong cash generated in 2021. This combined with the swift actions and assured navigation of the pandemic has left the Group in strong financial health as it now looks ahead into 2022 and beyond.

Group Summary (continuing operations)³

	2021 €'m	2020 €'m
B2B Gambling	554.3	494.9
B2C Gambling	663.7	596.3
Intercompany	(12.6)	(12.7)
Total Group Revenue from continuing operations	1,205.4	1,078.5

Adjusted costs	(888.3)	(824.9)
Adjusted EBITDA from continuing operations	317.1	253.6

Reconciliation from EBITDA to Adjusted EBITDA:

EBITDA	281.3	222.9
Employee stock option expenses	13.1	16.5
Professional fees	14.4	1.8
Fair value change and finance cost on contingent consideration	-	1.1
Provision for other receivables	1.2	2.8
Fair value change and finance cost on redemption liability	1.3	5.3
Charitable donation	3.5	3.2
Settlement of legal matter	2.3	-
Adjusted EBITDA	317.1	253.6
Adjusted EBITDA margin	26%	24%

Overall, the Group's total revenue from continuing operations increased by 12% to €1,205.4 million (2020: €1,078.5 million).

In B2B, revenue increased by 12% from €494.9 in 2020 to €554.3m in 2021, driven by Mexico, and in particular Caliente's year on year over performance, as well as increases seen in other countries such as Poland, Italy, Greece and the Netherlands, which were only slightly offset by the decrease seen in Germany due to the regulatory changes as discussed in the CEO report, as well as the decrease in the UK.

In B2C, the ongoing pandemic impacted both years being presented, however in different ways. During 2020, retail in Italy was severely disrupted by retail closures between March and June and again from end of October to December, as well as the lack of significant worldwide sporting events during Q2 2020. During H1 2021, there was no retail activity for almost the entire H1 2021 period in Italy, however, all major sporting events took place (including UEFA EURO2020 in June/July 2021) which boosted online sports performance. The Group's total reported revenues from its B2C operations therefore increased by 11% to €663.7 million (2020: €596.3 million), an increase driven almost entirely by its online performance.

The Group's Adjusted EBITDA from continuing operations increased to €317.1 million (2020: €253.6 million), an actual and constant currency basis increase of 25%. Adjusted EBITDA percentage increase was higher than that seen in revenue, due to the strong performance of the higher margin online business both under B2B and B2C, which also resulted in the year-on-year increase in the Adjusted EBITDA margin from 24% in 2020 to 26% in 2021.

The Group's total reported EBITDA also increased by 26% to €281.3 million (2020: €222.9 million).

Divisional performance

B2B Gambling

B2B Gambling Revenue

	2021 €'m	2020 €'m	Change	Underlying basis*
Regulated - Americas	101.3	60.6	67%	63%
Regulated – Europe (excluding UK)	141.4	113.2	25%	42%
Regulated - UK	132.1	149.9	-12%	2%

Regulated – Rest of the World	3.9	3.0	34%	n/a
Total Regulated B2B revenue	378.7	326.7	16%	33%
Unregulated excluding Asia	93.7	87.5	7%	8%
Total Core B2B revenue	472.4	414.2	14%	26%
Asia	81.9	80.7	1%	1%
Total B2B Gambling revenue	554.3	494.9	12%	20%

**Online only excluding sports and material changes to Entain contract*

Core B2B Gambling revenues² increased by 14% which was driven by the increase in regulated markets in the Americas and Europe (excluding the UK) of 67% (64% on a constant currency basis) and 25% respectively and a 7% increase in revenues from unregulated markets excluding Asia. This was offset by a 12% decrease in UK revenues caused by the previously announced impact of changes to the contract with Entain.

The biggest contributors to the increase in both the Americas and Europe (excluding the UK) were Mexico, due to revenue growth in Caliente, as well as Colombia, Poland, Italy, Greece and the Netherlands. The latter was driven by the expanded long-term strategic software and services agreement with Holland Casino, which successfully launched in October 2021 and exceeded expectations. The growth in revenues from unregulated markets excluding Asia came from Canada and Brazil which was partly offset by the decline in Germany following regulation changes. Asian revenue increased by only 1%.

Overall, B2B Gambling revenues increased by 12% and 11% on a constant currency basis, largely due to the increase in online performance. This was also heightened during retail closure periods, as well as the fact that, despite the lockdowns, major sporting events were still taking place (including UEFA EURO2020 in June/July 2021), as opposed to the prior year where these were cancelled during the majority of the second quarter. Underlying Core B2B revenue from online only, excluding sports and the previously announced material changes to the Entain contract increased by 26%.

B2B Gambling Costs and Margins

In order to better reflect the way we manage the business, we have split out those costs which are charged through to licensee with an insignificant or no margin and the related revenue. Furthermore, the revenue and costs associated with retail hardware sales, where the margins significantly vary with each transaction and therefore distort the margin of the rest of the B2B business, were also split out.

2021	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales €'m	Total €'m
Revenue	472.5	81.8	554.3
Costs	340.1	75.0	415.1
Adjusted EBITDA	132.4	6.8	139.2
Margin	28%	8%	25%
2020	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales €'m	Total €'m
Revenue	394.3	100.6	494.9
Costs	286.6	82.4	369.0

Adjusted EBITDA	107.7	18.2	125.9
Margin	27%	18%	25%

In addition to this, the underlying B2B costs were split into categories that best reflect how these costs are managed, specifically showing the strategic expenditure which relate to the Latin America expansion, Live operations and ongoing entry costs into the US.

	2021 €'m	2020 €'m	2020 to 2021 %
Revenue and costs relating to live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales			
Revenue	81.8	100.6	-19%
Costs	75.0	82.4	-9%
Adjusted EBITDA	6.8	18.2	-63%
Margin	8%	18%	NA
B2B Underlying Gambling Revenue and Costs			
B2B Underlying Gambling Revenue*	472.5	394.3	20%
Research and Development	74.7	71.1	5%
General and Administrative	60.5	59.6	2%
Sales and marketing	13.0	15.2	-14%
Operations	74.7	67.5	11%
Total costs (excluding Asia and strategic expenditure)	222.9	213.4	4%
Asia related costs	54.6	28.9	89%
Strategic expenditure	62.6	44.3	41%
B2B Underlying Gambling Costs	340.1	286.6	19%
B2B Underlying Gambling Adjusted EBITDA	132.5	107.7	23%
Margin	28%	27%	NA
Total B2B Revenue and Costs			
B2B revenue	554.3	494.9	12%
B2B Costs	415.1	369.0	13%
Total B2B Adjusted EBITDA	139.2	125.9	11%
Margin	25%	25%	NA

* To reflect the underlying activity of the B2B Gambling division, B2B revenues include the software and services charges generated from the relevant B2C activity with fellow Group companies, which is then eliminated to show the consolidated gambling division revenues.

Revenue and Costs excluded from Underlying EBITDA

The costs being excluded from underlying EBITDA include costs which are passed directly to licensee at a small margin or no margin at all, such as live dedicated tables, dedicated teams and hosting fees, as well as the cost of retail hardware sales, where margins can fluctuate significantly depending on each deal. Although revenue generated from this expenditure decreased by 19%, the respective costs decreased by 9% indicating their volatile nature and further supporting the reason for excluding these

from the underlying B2B revenue and costs. Furthermore, margins also decreased accordingly from 18% in 2020, to 8% in the current period.

B2B Underlying Gambling costs

B2B Underlying Gambling costs increased by 19%, driven by the increase in operations, Asia related and strategic expenditure costs. These are all further discussed below.

Research and Development ("R&D") costs include, among others, employee-related costs and proportional office expenses. Expensed R&D costs increased by 5% to €74.7 million (2020: €71.1 million), driven by the increase in employee related costs. Capitalised development costs were 39% of total B2B R&D costs in the period, compared to 38% in the prior year.

General and Administrative costs include employee-related costs, proportion of office expenses, consulting and legal fees, and corporate costs such as audit and tax fees and listing expenses. These costs remained in line year on year at €60.5 million (2020: €59.6 million).

Sales and marketing costs decreased to €13.0 million (2020: €15.2 million), mainly due to the fact that the ICE conference did not take place in February 2021 with the last one taking place in February 2020, right before the onset of the COVID-19 global pandemic.

Operations costs includes costs relating to infrastructure and other operational projects, IT and security and general day to day operational costs, including employee and office apportioned costs and branded content fees. These costs increased by 11% from €67.5 million in 2020 to €74.7 million in 2021, driven by an increase in branded game fees and employee related costs.

Asia costs increased by 89% to €54.6 million (2020: €28.9 million) largely due to the previously announced restructuring of the relationship with our largest distributor and a combination of bad debt write offs and provisions following the impact of COVID-19.

Strategic expenditure includes revenue driven costs relating to structured agreements, US expansion costs, and all costs relating to live operations (excluding live dedicated table costs). These costs have increased by 41% to €62.6 million (2020: €44.3 million) which is in line with the increase in revenue under our structured agreements and in particular Caliente, as well as the increase in employee costs within our live division. Furthermore, we have made progress in our US entry plans, and as such these costs have also increased year-on-year.

B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by 11% to €139.2 million (2020: €125.9 million) with no change in the margin year-on-year. However, Underlying Adjusted EBITDA has increased by 23% to €132.5 million (2020: €107.7 million). The increase was driven by the higher margin online overperformance, especially from specific licensees such as Caliente, as well as increase in Casino, Live and Sports (with latter driven by major sporting events taking place during the entire year as opposed to the prior year where we had major cancellations during Q2). B2B underlying Adjusted EBITDA margins have improved, increasing to 28% from 27% in the prior year.

B2C Gambling

	2021 €'m	2020 €'m	Change
Snaitech			
Gambling Revenue*	584.7	522.2	12%
Gambling Costs	402.1	390.2	3%
Adjusted EBITDA	182.6	132.0	38%
Margin	31%	25%	NA
White Label (incl. Sun Bingo)			

Gambling Revenue	61.9	55.0	13%
Gambling Costs	55.2	48.0	15%
Adjusted EBITDA	6.7	7.0	-4%
Margin	11%	13%	NA
Sports B2C			
Gambling Revenue	18.2	19.1	-5%
Gambling Costs**	29.6	30.4	-3%
Adjusted EBITDA	-11.4	-11.3	-1%
Margin	NA	NA	NA
B2C Adjusted EBITDA	177.9	127.7	39%
Margin	27%	21%	NA

* Includes intercompany revenue from Sports B2C of €1.1m

** Includes intercompany costs from Snaitech of €1.1m

Snaitech

Snaitech revenues increased by 12% to €584.7 million (2020: €522.2 million). Even though retail was shut for a similar period of time during 2020 and 2021 owing to the effects of the COVID-19 pandemic, online revenue increased by 45% year-on-year which drove most of this growth. Furthermore, in Q2 2020 all major sporting events were cancelled, as opposed to a full year of events in 2021 including UEFA EURO 2020 taking place in June/July 2021, which also positively impacted performance.

Snaitech operating costs increased by only 3% to €402.1 million (2020: €390.2 million). The increase is less than the increase in revenue, due to the fact that the online business operates on a lower variable cost base compared to retail. Furthermore, the fixed and direct costs of online remain relatively flat despite the increase in revenue, also contributing to the lower increase in operating costs compared to revenue.

Snaitech's Adjusted EBITDA increased by 38%, as opposed to revenue which increased by 12%, due to the strong performance of its higher-margin online business, which saw exceptional growth in online Adjusted EBITDA of 54%. As a result, Snaitech's Adjusted EBITDA margin increased to 31% (2020: 25%).

White label (including Sun Bingo)

Revenue from the white label business increased by 13% in total, driven by a 15% increase in Sun Bingo revenue to €61.9 million (2020: €53.8 million). Operating costs within Sun Bingo increased by 21% to €55.1 million (2020: €45.6 million). Following the commencement of the new contract with News UK, the cost structure of the business has now changed, so that from July 2021, Playtech recognises marketing costs (previously they were recharged to News UK) and furthermore, there is now a brand fee being charged by News UK (previously this was covered by the minimum guarantee). This led to the overall decrease in Adjusted EBITDA of 15% to €6.9 million (2020: €8.1 million). Adjusted EBITDA still includes the unwinding of the minimum guarantee prepayment over the new period of the contract which was renegotiated in 2019. The News UK contract is discussed in more detail in Note 6 of the financial statements.

Other White label has now almost completely ceased operations which as previously mentioned is part of an ongoing effort to stop these operations in their entirety. Adjusted EBITDA for the year is a loss of €0.2 million (2020: loss of €1.1 million).

Sport B2C

The Sport B2C business, which has now officially moved under the Snaitech management team, is currently at an early stage of growth. Revenues showed a small 5% decrease to €18.2 million (2020: €19.1 million), with costs also decreasing by 3%. The business remains loss making, with a slightly higher Adjusted EBITDA loss in the current year of €11.4 million (2020: loss of €11.3 million).

Below EBITDA items

Depreciation and amortisation

Reported and Adjusted depreciation decreased by 10% to €42.9 million (2020: €47.5 million). Adjusted amortisation, after deducting amortisation of acquired intangibles of €34.8 million (2020: €39.0 million) decreased by 12% to €74.5 million (2020: €84.4 million). The decrease mainly relates to the fact that the Italian betting licenses were fully amortised by December 2020 and although renewal was expected in 2021 the government provided a grace period with renewal now expected in 2022. The remainder of the balance under depreciation and amortisation of €17.0 million (2020: €17.2 million) relates to IFRS 16 Leases, being the right-of-use asset amortisation.

Impairment of tangible and intangible assets

The reported impairment of tangible and intangible assets of €21.6 million (2020: €45.4 million) of which €21.4 million relates to the following:

- €12.3 million impairment resulting from the disposal of some real estate in Milan. The recoverable amount (being net sales proceeds as per the binding sale agreement) was compared to the property's net book value which led to the impairment;
- €6.4 million impairment in the Bingo VF cash generating unit mainly driven by the recent termination of one of the biggest customer contracts; and
- €2.7 million of development work impairment for aborted projects.

The prior year included a €42.0 million impairment of the B2C Sports CGU, which comprises of the B2C sports operations in Germany and Austria. The impairment, which fully wrote off the value of this CGU, was primarily as a result of the impact of COVID-19 on the estimated recovery period and the uncertainty of the future cashflows at the point of the assessment.

Finance costs

Reported finance costs increased by 5% to €67.7 million (2020: €64.6 million), mainly due to the increase in the volume of activity in Snai which in turn has driven the increase in the bank charges. Adjusted finance costs increased by just 2% to €62.9 million (2020: €61.5 million). The difference between adjusted and reported finance costs is the movement of the contingent consideration and redemption liability of €4.8 million (2020: €3.1 million).

Unrealised fair value changes on derivative financial assets

The unrealised fair value changes to derivative financial assets of €583.2 million (2020: €Nil) is due to the recognition of the fair value of the various call options held by the Group in Latin America which fall under the definition of derivatives within IFRS 9 Financial Instruments.

The largest value is attributable to Caliente (Mexico) of €506.7 million. As at 31 December 2020 the Group had an option to acquire up to 49% equity in the operating company over which it held an option. As there were no exercise conditions, and furthermore it was assessed that Playtech has significant influence over the operating entity and hence access to profits, this was treated as an investment in associate. During 2021 the contract was amended so that the Group still held the existing option, but in addition to this, had a right to acquire shares in a new vehicle, should the Calipay operating entity become part of an M&A transaction. This new option was fair valued at €506.7 million on 31 December 2021 based on a possible transaction involving Calipay being merged into a U.S. listed special purpose acquisition company and the merged entity entering into a long-term commercial agreement with a leading media partner.

In addition to the above, given the growth in Latin America, especially in Colombia (Wplay), the value of certain other options have increased from the prior year.

Playtech's valuations of each of the options is either derived from a discounted cash flow model or a transaction-based approach, and contain a number of assumptions and estimates, including a

calculation of an appropriate discount rate based on the maturity curve of each business. The valuations are discussed in detail in Note 20 of these financial statements. The value that could be realised should any of these options be exercised in the future could be materially higher or lower than the resulting fair value of the options recognised as at 31 December 2021.

Taxation

The reported tax credit in 2021 was €81.7 million (2020: tax charge of €20.4 million), which includes the impact of the future tax deductions resulting from the Group restructuring which have a tax benefit of €75.2 million. This amount has been excluded from adjusted earnings in the period and in each period after the transaction, with the benefit added to the adjusted income tax charge as this more accurately aligns the adjusted tax charge with the expected rate of cash tax payments.

The key items for which the reported tax credit has been adjusted are the deferred tax asset resulting from the Group restructuring which have a tax benefit of €63.6 million. This amount has been excluded from adjusted earnings in the period and in each period after the transaction and the reversal of the deferred tax liability arising on acquisitions of €11 million.

The total adjusted tax credit in 2021 is €7.1 million (2020: tax charge of €17.9 million) of which a tax charge of €14.6 million (2020: tax charge of €10 million) relates to income tax expenses (including prior year adjustments) and deferred tax credit of €21.7 million (2020: deferred tax charge of €7.8 million). The total adjusted deferred tax credit mainly consists of a credit of €36.5 million relating to UK tax losses for which a tax benefit is recognised in the current year, a deferred tax charge of €15.2 million relating to Snaitech tax losses and other deferred tax assets utilised in the period. The tax rate is impacted by the geographic mix of profits with losses being recognised in some territories which cannot be offset against profits arising in other territories.

Discontinued operations

Casual and Social Gaming segment

Following the reclassification of the Casual and Social Gaming business in 2019 as a discontinued operation, the Group entered into an agreement for the partial disposal of the business, namely “FTX”, for a total consideration of €0.9 million on 29 June 2020. As a result of this transaction, the Group realised a profit of €0.6 million.

On 11 January 2021, the Group entered into an agreement for the disposal of the remainder of the business, namely “YoYo”, for a total consideration of \$9.5 million resulting in a profit on disposal of €7.6 million.

This business has now been fully disposed.

The Adjusted EBITDA relating to the Casual and Social Gaming business was €nil in the year (2020: €0.4 million) as operations were completely wound down in 2020. Reported profit after tax of €7.6 million (2020: €0.4 million) was simply the aforementioned profit on disposal.

Finalto (formerly TradeTech Group)

The assets and liabilities of the division continue to be shown as held for sale at 31 December 2021 and the financial results of this division in both periods being presented are included in discontinued operations. At 31 December 2020 an impairment charge of €221.2 million was recognised against this CGU as a result of comparing its carrying value to expected proceeds from the disposal, less expected costs. Following a review of the net assets of the unit at 31 December 2021, when compared to the expected proceeds, €2.0 million of the previously recognised impairment was reversed in the current year.

Finalto, had an outstanding 2020 where the business significantly benefitted from increased market volatility and trading volumes, particularly in March and April 2020 as the effect of the pandemic created large price movements in major instruments. Market conditions normalised in 2021. In terms of performance, revenue decreased by 62% to €46.6 million (2020: €121.9 million). Reported and Adjusted

EBITDA both decreased to a loss of €30.9 million (2020: profit of €45.3 million) and €23.0 million (2020: profit of €56.5 million) respectively.

Adjusted profit

	2021 €'m	2020 €'m
Reported profit/(loss) from continuing operations attributable to the owners of the Company	686.7	(73.0)
Employee stock option expenses	13.1	16.5
Professional fees	14.4	1.8
Fair value change and finance cost on redemption liability	1.4	5.9
Charitable donation	3.5	3.2
Provision for other receivables	1.2	2.8
Settlement of legal matter	2.3	-
Fair value change and finance cost on contingent consideration	4.7	3.6
Fair value change of equity investments	1.6	(0.6)
Fair value change of derivative financial assets	(583.2)	-
Deferred tax on acquisitions	(9.1)	(11.7)
Deferred tax on asset held for sale	(1.8)	-
Deferred tax	(63.6)	-
Amortisation of intangibles on acquisitions	34.8	39.0
Impairment of tangible and intangible assets	21.6	45.4
Loss on sale of associate	-	8.9
Fair value change on acquisition of associate	-	(6.5)
Tax on disposal of asset classified as held for sale	-	9.3
Profit on disposal of asset classified as held for sale	-	(22.1)
Tax relating to prior years	-	4.9
Adjusted Profit from continuing operations attributable to the owners of the Company	127.6	27.4

The reconciling items in the table above are further explained in Note 10 of the financial statements. Reported profit from continuing operations increased significantly to €686.7 million 2021 from a loss of €73.0 million in the prior year, due to the recognition of the fair value of the derivative financial assets as explained above.

Adjusted EPS (in Euro cents)

	2021 €'m	2020 €'m
Adjusted basic EPS from continuing operations	42.8	9.2
Adjusted diluted EPS from continuing operations	40.9	8.8
Basic EPS from profit attributable to owners of the Company	226.3	(99.6)
Diluted EPS from profit attributable to owners of the Company	216.2	(99.6)
Basic EPS from profit/(loss) attributable to the owners of the Company from continuing operations	230.3	(24.5)
Diluted EPS from profit/(loss) attributable to the owners of the Company from continuing operations	220.1	(24.5)

Basic EPS is calculated using the weighted average number of equity shares in issue during 2021 of 298.3 million (2020: 298.4 million). Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during 2021 of 312.1 million (2020: 298.4 million).

Cashflow

Cash conversion (including discontinued operations)

Playtech continues to be cash generative and delivered operating cash flows after adjusting for the €89.6 million deferred payment of gaming duties in Italy of €314.6 million (2020: €364.3 million). The reason for the decline in cash generated from operations year-on-year is because it includes Finalto which had an exceptional 2020 (refer to discontinued operations section above) with high cash conversion.

	2021 €'m	2020 €'m
Adjusted EBITDA	294.1	310.1
Net cash provided by operating activities	225.0	364.3
Deferred payment of gaming duties	89.6	-
Net cash provided by operating activities after deferred payment of gaming duties	314.6	364.3
Cash conversion	107%	117%
Change in jackpot balances	(10.5)	(2.0)
Change in client deposits and client equity	(21.7)	(76.6)
Dividends payable	-	(0.2)
Professional expenses on acquisitions	21.5	5.0
ADM security deposit	(1.7)	(17.1)
Adjusted net cash provided by operating activities	302.2	273.4
Adjusted cash conversion	103%	88%

Adjusted cash conversion at 103% (2020: 88%) is shown after adjusting for the deferred payment of gaming duties, as well as jackpots, security deposits and client equity, dividends payable and professional costs on acquisitions.

Adjusting the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for gaming tax duties in Italy, jackpots, security deposits, client equity and payable dividends only impacts the reported operating cashflow and not Adjusted EBITDA, while professional expenses and costs relating to acquisitions are excluded from Adjusted EBITDA but impact operating cashflow.

Cash conversion (excluding discontinued operations)

	2021 €'m	2020 €'m
Adjusted EBITDA	317.1	253.6
Net cash provided by operating activities	220.5	261.6
Deferred payment of gaming duties	89.6	-
Net cash provided by operating activities after deferred payment of gaming duties	310.1	261.6
Cash conversion	98%	103%
Change in jackpot balances	(10.5)	(2.0)
Change in client deposits and client equity	(1.5)	(2.4)
Dividends payable	-	(0.2)
Professional expenses on acquisitions	21.5	2.0
ADM security deposit	(1.7)	(17.1)
Adjusted net cash provided by operating activities	317.9	241.9
Adjusted cash conversion	100%	95%

If we exclude the impact of Finalto cash flow, the adjusted cash conversion reduces slightly to 100% (2020: 95%).

Cashflow statement analysis

Net cash outflows used in investing activities totaled €127.6 million (2020: €102.1 million) of which:

- €16.7 million (2020: €2.5 million) relates to loans granted. Of the total granted in 2021, €8.1 million (2020: €Nil), related to the Galera Group who has a total loan facility of \$20 million (refer to Note 20);
- €49.6 million (2020: €41.7 million) was used in the acquisition of property, plant and equipment;
- €7.2 million (2020: €19.5 million) was used on the acquisition of intangible assets;
- In 2020, €11.3 million relates to consideration paid in relation to acquisitions of subsidiaries, net of cash; there were no such payments in 2021;
- €57.4 million (2020: €55.8 million) was spent on capitalised development costs;
- €8.1 million (2020: €21.7 million) out of which €4.2 million relates to payment made for the call option held for Ocean 88 Holdings Ltd (Galera in Brazil), with the balance being the contingent consideration paid to Wplay. In 2020 €4.4 million related to cash paid to acquire 10% of equity holding in Tenlot Guatemala, €2.1m paid to acquire 6% equity holding in Tentech CR S.A and with the balance being the rest of the cash payment payment to Wplay in consideration of the option (refer to Note 20 of the financial statements for more details); and
- €10.7 million (2020: €49.8 million) is cash received on the disposal of assets held for sale of which €7.5 million relates to final proceeds from the disposal of the casual business in 2021 and €2.2 million to the disposal of investment in associate; in 2020 €49.5 million relates to cash proceeds from the disposal of real estate in Milan.

The remainder relates to small amounts of proceeds from the disposal of property, plant and equipment in both years.

Net cash outflows from financing activities totaled €218.4 million (2020: €119.8 million inflow) of which:

- €150.0 million was due to the part repayment of the RCF (2020: €245.8 million was drawn down);
- €39.4 million (2020: €39.7 million) relates to interest payments on bond loans and bank borrowings;
- €28.3 million (2020: €27.4 million) is principal and interest lease liability payments;
- €0.7 million (2020: €48.5 million) are payments of contingent consideration and redemption liability; and
- In 2020 €10.2 million related to the repurchasing of Playtech shares. The share buyback scheme was cancelled soon after the pandemic begun and therefore there was no Playtech share repurchasing in 2021.

Balance sheet, liquidity and financing

Cash

Excluding cash classified within assets held for sale, the Group continues to maintain a strong balance sheet with cash and cash equivalents of €575.4 million (31 December 2020: €683.7 million) and adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €434.3 million (31 December 2020: €554.6 million). The decline is due to the €150 million RCF repayment and the repayment of the previously announced 2020 gaming tax liability in Italy of €89.6 million, both made in 2021. The Board continues to take a prudent approach to Playtech's capital structure and leverage.

Financing

The Group has issued 5-year senior secured note to the value of €530 million (3.75% coupon, maturity 2023), which were raised in October 2018 to support the acquisition of Snaitech.

The Group has also issued a 7-year senior secured note to the value of €350 million (4.25% coupon, maturity 2026), which were raised in March 2019. The net proceeds of this bond were used to fully repay the €297 million convertible bond which matured in H2 2019, and for general corporate purposes, including payment of contingent consideration.

In November 2019 the Group signed an amendment to its previous RCF, increasing it to €317.0 million and extending its term by an additional four years, ending in November 2023. Interest payable on the loan is based on Euro Libor and Libor rates based on the currency of each withdrawal. Playtech acted promptly following the announcement of the first lockdown in the first quarter of 2020 and the uncertainty surrounding this, to secure its liquidity position by drawing down €245.8 million against the RCF as a precautionary measure during the period. In 2021 the Group repaid €150 million of its RCF respectively. The RCF balance at 31 December 2021 was €167.1 million (31 December 2020: €308.9 million).

The Group's total gross debt amounted to €1,042.1 million at 31 December 2021 (31 December 2020: €1,182.0 million) and Net Debt, after deducting adjusted gross cash, amounted to €607.8 million (31 December 2020: €627.4 million).

The Group has no immediate refinancing requirements and will be reviewing its long-term financing structure and the outstanding balance of the RCF in due course, including once proceeds have been received from the sale of Finalto.

Contingent consideration

Contingent consideration and redemption liability increased by €1.3 million to €11.0 million (31 December 2020: €9.7 million) mostly due to the completed payment relating to Wplay, offset by an additional consideration payable to Eyecon Limited. The existing liability as at 31 December 2021 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration and redemption liability as at 31 December 2021	Payment date (based on maximum payable earnout)
HPYBET Austria GmbH	€15.0 million	-	NA
Eyecon Limited	€3.6 million	€3.6 million	Q1 2022
Wplay	€0.9 million	€0.8 million	Q1 2022
Statscore	€15.0 million	€6.0 million	€5.0 million Q1 2023 €10.0 million in Q1 2026
Other	€6.8 million	€0.6 million	Q4 2022
Total	€41.3 million	€11.0 million	-

Going concern

In adopting the going concern basis in the preparation of the year-end financial statements, the Group has considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties together with scenario planning and reverse stress tests completed for a period of no less than 15 months from the approval of these financial statements. The outbreak of the COVID-19 pandemic, the measures adopted by governments in countries worldwide to mitigate the pandemic's spread, including the impact of the last lockdowns and potentially another wave of lockdowns, were also taken into consideration in our assessment.

At 31 December 2021, the Group held total cash (excluding cash included in assets held for sale) of €575.4 million (31 December 2020: €683.7 million) and adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €434.3 million (31 December 2020: €554.6 million). As already mentioned, the decline is due to a €150 million RCF repayment and

as previously announced the repayment of the 2020 gaming tax liability in Italy of €89.6 million, both made in 2021. Further, the Group has long-term debt facilities totaling €1,042.1 million (31 December 2020: €1,182.0 million). Management has considered future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches.

Furthermore, we have considered the impact of the escalating conflicts in the Ukraine, with the main priority being the safety of our teams being directly affected. Playtech is confident that we have taken the right steps and have the resources to be able to support our colleagues, and more importantly that there is no change to the conclusions made in our going concern assessment.

Management concluded that the risk of a covenant breach over the next fifteen-month period from the date of releasing this report is low and as such, has a reasonable expectation that the Group will have adequate financial resources to continue in operational existence. Furthermore, although the €530.0 million Bond renewal is outside the going concern period, the Directors see no basis on which this will not be achieved. It has therefore considered it appropriate to adopt the going concern basis of preparation for these financial statements.

¹Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10 of the financial statements.

²Core B2B Gambling refers to the Company's B2B Gambling business excluding unregulated Asia.

³Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 Actual €'m	Adjusted *€'m	2020 Actual €'m	Adjusted *€'m
Continuing operations					
Revenue	9	1,205.4	1,205.4	1,078.5	1,078.5
Distribution costs before depreciation and amortisation		(794.5)	(788.8)	(726.7)	(719.1)
Administrative expenses before depreciation and amortisation		(127.4)	(98.5)	(112.5)	(92.2)
Impairment of financial assets		(2.2)	(1.0)	(16.4)	(13.6)
EBITDA	10	281.3	317.1	222.9	253.6
Depreciation and amortisation		(169.1)	(134.3)	(188.1)	(149.1)
Impairment of tangible and intangible assets	12	(21.6)	-	(45.4)	-
Finance income	13A	1.1	1.1	1.1	1.1
Finance costs	13B	(67.7)	(62.9)	(64.6)	(61.5)
Share of (loss)/profit from joint ventures and associates	20A	(0.6)	(0.6)	1.1	1.1
Fair value change on acquisition of associate	20A	-	-	6.5	-
Loss on disposal of associate	20A	-	-	(8.9)	-
Unrealised fair value changes on equity investments	20B	(1.6)	-	0.6	-
Unrealised fair value changes of derivative financial assets	20C	583.2	-	-	-
Profit on disposal of asset classified as held for sale	25	-	-	22.1	-
Profit/(loss) before taxation		605.0	120.4	(52.7)	45.2
Income tax credit/(expense)	10, 14	81.7	7.2	(20.4)	(17.9)
Profit/(loss) from continuing operations		686.7	127.6	(73.1)	27.3
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax	8	(12.1)	(13.8)	(224.3)	20.0
Profit/(loss) for the year - total		674.6	113.8	(297.4)	47.3
Other comprehensive loss:					
<i>Items that are or may be classified subsequently to profit or loss:</i>					
Exchange loss arising on translation of foreign operations		(1.4)	(1.4)	(19.9)	(19.9)
<i>Items that will not be classified to profit or loss:</i>					
Loss on re-measurement of employee termination indemnities		(0.1)	(0.1)	(0.1)	(0.1)
Other comprehensive loss for the year		(1.5)	(1.5)	(20.0)	(20.0)
Total comprehensive income/(loss) for the year		673.1	112.3	(317.4)	27.3
Profit/(loss) for the year attributable to:					
Owners of the Company		674.6	113.8	(297.3)	47.4
Non-controlling interests		-	-	(0.1)	(0.1)
		674.6	113.8	(297.4)	47.3

**Total comprehensive income/(loss)
attributable to:**

Owners of the Company	673.1	112.3	(317.3)	27.4
Non-controlling interests	-	-	(0.1)	(0.1)
	673.1	112.3	(317.4)	27.3

**Earnings per share attributable to the
ordinary equity holders of the Company**

Profit or loss - total

Basic (cents)	15	226.3	38.2	(99.6)	15.9
Diluted (cents)	15	216.2	36.5	(99.6)	15.2

Profit or loss from continuing operations

Basic (cents)	15	230.3	42.8	(24.5)	9.2
Diluted (cents)	15	220.1	40.9	(24.5)	8.8

*Adjusted numbers relate to certain non-cash and one-off items and material reorganisation and acquisition related items. The Board of Directors believes that the adjusted results more closely represent the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee benefit trust €'m	Put/Call options reserve €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non- controlling interests €'m	Total equity €'m
Balance at 1 January 2021 (as restated)	592.1	(0.4)	343.7	(14.5)	(3.7)	(21.3)	895.9	0.3	896.2
Total comprehensive income for the year									
Profit for the year	-	-	674.6	-	-	-	674.6	-	674.6
Other comprehensive loss for the year	-	(0.1)	-	-	-	(1.4)	(1.5)	-	(1.5)
Total comprehensive income for the year	-	(0.1)	674.6	-	-	(1.4)	673.1	-	673.1
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	-	-	(13.9)	13.9	-	-	-	-	-
Employee stock option scheme	-	-	11.9	-	-	-	11.9	-	11.9
Transfer from treasury shares to employee benefit trust	13.9	-	8.7	(22.6)	-	-	-	-	-
Total contributions and distributions	13.9	-	6.7	(8.7)	-	-	11.9	-	11.9
Total transactions with owners of the Company	13.9	-	6.7	(8.7)	-	-	11.9	-	11.9
Balance at 31 December 2021	606.0	(0.5)	1,025.0	(23.2)	(3.7)	(22.7)	1,580.9	0.3	1,581.2

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee benefit trust €'m	Put/Call options reserve €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non- controlling interests €'m	Total equity €'m
Balance at 1 January 2020, as previously reported	601.0	(0.3)	659.9	(16.2)	(16.4)	(1.4)	1,226.6	(4.3)	1,222.3
Prior year adjustment (Note 40)	-	-	(3.7)	-	-	-	(3.7)	-	(3.7)
Restated balance 1 January 2020	601.0	(0.3)	656.2	(16.2)	(16.4)	(1.4)	1,222.9	(4.3)	1,218.6
Total comprehensive loss for the year									
Loss for the year	-	-	(297.3)	-	-	-	(297.3)	(0.1)	(297.4)
Other comprehensive loss for the year	-	(0.1)	-	-	-	(19.9)	(20.0)	-	(20.0)
Total comprehensive loss for the year	-	(0.1)	(297.3)	-	-	(19.9)	(317.3)	(0.1)	(317.4)
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	-	-	(1.7)	1.7	-	-	-	-	-
Employee stock option scheme	-	-	8.5	-	-	-	8.5	-	8.5
Share buyback	(8.9)	-	(1.3)	-	-	-	(10.2)	-	(10.2)
Total contributions and distributions	(8.9)	-	5.5	1.7	-	-	(1.7)	-	(1.7)
Change in ownership interests									
Acquisition of non-controlling interests without change in control	-	-	(20.7)	-	16.4	-	(4.3)	4.4	0.1
Acquisition of subsidiary with non controlling interests	-	-	-	-	(3.7)	-	(3.7)	0.3	(3.4)
Total changes in ownership interests	-	-	(20.7)	-	12.7	-	(8.0)	4.7	(3.3)
Total transactions with owners of the Company	(8.9)	-	(15.2)	1.7	12.7	-	(9.7)	4.7	(5.0)
Balance at 31 December 2020	592.1	(0.4)	343.7	(14.5)	(3.7)	(21.3)	895.9	0.3	896.2

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 €'m	2020 €'m **Restated	2019 €'m **Restated
ASSETS				
Property, plant and equipment	17	329.7	357.1	376.4
Right of use assets	18	73.8	66.7	74.7
Intangible assets	19	1,046.1	1,104.1	1,506.3
Investments	20A/B	13.3	28.0	31.0
Derivative financial assets ¹	20C	622.2	22.4	22.4
Trade receivables	22	6.6	18.4	13.6
Deferred tax asset	32	102.9	3.3	1.6
Other non-current assets	21	104.4	67.3	36.4
Non-current assets		2,299.0	1,667.3	2,062.4
Trade receivables	22	178.5	153.2	192.8
Other receivables	23	87.1	93.7	138.3
² Inventories		4.9	4.7	2.9
Cash and cash equivalents	24	575.4	683.7	671.5
		845.9	935.3	1,005.5
Assets classified as held for sale	25	507.4	468.9	36.8
Current assets		1,353.3	1,404.2	1,042.3
TOTAL ASSETS		3,652.3	3,071.5	3,104.7
EQUITY				
Additional paid in capital		606.0	592.1	601.0
Employee termination indemnities		(0.5)	(0.4)	(0.3)
Employee benefit trust		(23.2)	(14.5)	(16.2)
Put/Call options reserve		(3.7)	(3.7)	(16.4)
Foreign exchange reserve		(22.7)	(21.3)	(1.4)
Retained earnings		1,025.0	343.7	656.2
Equity attributable to equity holders of the Company		1,580.9	895.9	1,222.9
Non-controlling interests		0.3	0.3	(4.3)
TOTAL EQUITY	26	1,581.2	896.2	1,218.6
LIABILITIES				
Loans and borrowings	27	167.1	308.9	64.4
Bonds	28	875.0	873.1	871.2
Lease liability	18	69.8	61.5	65.3
Deferred revenues		2.9	2.1	2.3
Deferred tax liability	32	88.9	85.8	88.9
Contingent consideration and redemption liability	30	6.0	8.5	2.5
Provisions for risks and charges	29	13.5	-	-
Other non-current liabilities	33	12.8	12.5	14.2
Non-current liabilities		1,236.0	1,352.4	1,108.8
Loans and borrowings		-	-	0.2
Trade payables	31	41.3	47.7	62.4
Lease liability	18	20.3	21.0	25.5
Progressive operators' jackpots and security deposits	24	110.7	100.2	98.2

1 As explained in Note 20, investments classification changed in 2021. In this respect, the comparative information is re-presented.

2 In prior years, inventories were presented as part of other receivables. In this respect, the comparative information is re-presented.

Client deposits		-	-	113.9
Client funds	24	30.4	28.9	126.3
Income tax payable		2.6	12.0	22.0
Gaming and other taxes payable	34	105.4	126.9	98.3
Deferred revenues		5.2	9.7	6.9
Contingent consideration and redemption liability	30	5.0	1.2	58.6
Provisions for risks and charges	29	3.2	20.9	19.5
Other payables	33	166.2	145.2	141.9
		490.3	513.7	773.7
Liabilities directly associated with assets classified as held for sale	25	344.8	309.2	3.6
Current liabilities		835.1	822.9	777.3
TOTAL LIABILITIES		2,071.1	2,175.3	1,886.1
TOTAL EQUITY AND LIABILITIES		3,652.3	3,071.5	3,104.7

The consolidated financial statements were approved by the Board and authorised for issue on 24 March 2022.

Mor Weizer

Andrew Smith

**See Note 40 for details regarding the restatement as a result of an error.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 €'m	2020 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year		674.6	(297.4)
Adjustment to reconcile net income to net cash provided by operating activities (see below)		(419.0)	689.6
Net taxes paid		(30.6)	(27.9)
Net cash from operating activities		225.0	364.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(16.7)	(2.5)
Acquisition of property, plant and equipment		(49.6)	(41.7)
Dividends received		-	0.1
Acquisition of intangible assets		(7.2)	(19.5)
Acquisition of subsidiaries (see below)		-	(19.8)
Cash of subsidiaries on acquisition (see below)		-	8.5
Capitalised development costs		(57.4)	(55.8)
Investment in other investments and derivative financial assets	20A,20B	(8.1)	(21.7)
Proceeds from sale of property, plant and equipment		0.7	0.5
Proceeds from the sale of discontinued operations and assets held for sale, net of cash disposed	25	10.7	49.8
Net cash used in investing activities		(127.6)	(102.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest payable on bonds and loans and borrowings		(39.4)	(39.7)
Share buyback	26	-	(10.2)
Repayment of loans and borrowings		(150.0)	(0.2)
Proceeds from loans and borrowings	27	-	245.8
Payment of contingent consideration and redemption liability (see below)		(0.7)	(48.5)
Principal paid on lease liability		(22.7)	(21.5)
Interest paid on lease liability		(5.6)	(5.9)
Net cash (used in)/from financing activities		(218.4)	119.8
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(121.0)	382.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,061.2	674.2
Exchange gain on cash and cash equivalents		1.9	4.8
CASH AND CASH EQUIVALENTS AT END OF YEAR		942.1	1,061.2
Cash and cash equivalent consists of:			
Cash and cash equivalent - continuing operations	24	576.0	684.3
Cash and cash equivalent treated as held for sale	24	366.1	376.9
		942.1	1,061.2
Less: expected credit loss on cash and cash equivalent	24	(0.6)	(0.6)
		941.5	1,060.6

		2021 €'m	2020 €'m
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation on property, plant and equipment	17	42.9	48.8
Amortisation of intangible assets	19	109.3	149.0

Amortisation of right of use assets	18	20.2	21.9
Capitalization of amortization of right of use assets		(2.1)	(2.5)
Gain on early termination of lease contracts	18	(1.2)	(1.1)
Share of loss/(profit) from joint ventures and associates	20A	0.6	(1.1)
Fair value change on acquisition of associate		-	(6.5)
Impairment of other receivables		1.2	1.3
Impairment of right of use assets	18	-	2.8
Impairment of property, plant and equipment	17	12.5	8.7
Impairment of intangible assets	19	9.1	33.9
(Reversal of impairment)/Impairment of asset classified as held for sale	25C	(2.0)	221.2
Profit on disposal of discontinued operations	25B	(7.6)	(0.6)
Profit on disposal of asset classified as held for sale	25A	-	(22.1)
Loss on disposal of associate	20A	-	8.9
Changes in fair value of equity investments	20B	1.6	(0.6)
Changes in fair value of derivative financial assets	20C	(583.2)	-
Interest on bonds and loans and borrowings		41.2	41.8
Interest on lease liability		5.6	5.9
Interest income on loans receivable		(0.5)	-
Income tax (credit)/expense		(79.8)	23.2
Employee stock option plan expenses		13.8	21.1
Movement in contingent consideration and redemption liability		6.2	8.3
Expected credit loss on cash and cash equivalents		-	0.6
Unrealised exchange loss/(gain)		8.7	(10.3)
Other		0.4	0.5
Changes in operating assets and liabilities:			
Change in trade receivables		(5.9)	34.6
Change in other receivables		(28.0)	2.2
Change in inventories		(0.2)	(1.8)
Change in trade payables		(7.9)	(13.3)
Change in progressive, operators jackpot, security deposits		10.5	2.0
Change in client funds and deposits		21.7	76.6
Change in other payables		1.8	32.4
Change in provisions for risks and charges		(4.2)	1.4
Change in deferred revenues		(3.7)	2.4
		(419.0)	689.6

Acquisition of subsidiaries

	Note	2021 €'m	2020 €'m
Acquisitions in previous year			
A. Acquisition of Statscore SP Z.O.O.	35A	-	6.5
B. Acquisition of Best In Game SRL	35B	-	13.3
		-	19.8

Cash of subsidiaries on acquisition

	2021 €'m	2020 €'m
Acquisitions in previous year		
A. Acquisition of Statscore SP Z.O.O.	-	0.1
B. Acquisition of Best In Game SRL	-	8.4
	-	8.5

Payment of contingent consideration and redemption liabilities on previous acquisitions

	2021	2020
	€'m	€'m
A. Acquisition of Rarestone Gaming PTY Ltd	-	4.1
B. Acquisition of Playtech BGT Sports Limited	-	41.6
C. Other acquisitions	0.7	2.8
	<u>0.7</u>	<u>48.5</u>

NOTE 1 – GENERAL

Playtech plc (the “Company”) is an Isle of Man company. The registered office is located at St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE. The Group implemented a restructuring in January 2021, which resulted in Playtech plc migrating its tax residency to the United Kingdom.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

Playtech is one of the gambling industry's leading technology company delivering business intelligence driven gambling software, services, content and platform technology across the industry's most popular product verticals, including, casino, live casino, sports betting, virtual sports, bingo and poker. It was the pioneer of omni-channel gambling technology through its integrated platform technology, Playtech ONE. Playtech ONE delivers data driven marketing expertise, single wallet functionality, CRM and responsible gambling solutions across one single platform across product verticals and across retail and online.

Playtech partners with and invests in the leading brands in regulated and newly regulated markets to deliver its data driven gambling technology across the retail and online value chain. Playtech provides its technology on a B2B basis to the industry's leading retail and online operators, land-based casino groups and government sponsored entities such as lotteries. Playtech directly owns and operates Snaitech, the leading sports betting and gaming company in online and retail in Italy.

The Group's financial trading division, which is treated as a discontinued operation in these financial statements (Notes 8 and 25), has four primary business models, being:

- B2C retail Contracts for difference (“CFD”), through www.markets.com where the Group acts as the execution venue and the market-maker on a variety of instruments which fall under the general categories of Foreign exchanges, Commodities, Equities and indices;
- B2B clearing and execution services for other retail brokers and professional clients, through CFH, where the Group acts as a matched-principal liquidity provider and straight through processes (“STPs”) the trades to prime brokers and clearing houses such as BNP, Jeffries, UBS, Citi etc;
- B2B clearing and execution for other retail brokers, where the Group acts as the execution venue and market-maker; and
- B2B technology and risk management services, where the Group provides platform, CRM, reporting and risk-management technology to the retail broker market.

Where the Group acts as the execution venue, or provides execution services, these activities are undertaken in entities regulated by the UK's Financial Conduct Authority (“FCA”), the Australian

Securities & Investments Commission (“ASIC”), the Cyprus Securities and Exchange Commission (“CySEC”), the British Virgin Islands’ Financial Services Commission (“FSC”), and the South African Financial Sector Conduct Authority (“FSCA”).

NOTE 2 – BASIS OF PREPARATION

This financial information does not constitute the Group or company's statutory accounts for the years ended 31 December 2021 or 2020 but is derived from those accounts. The auditor has reported on those accounts; their reports were (i) unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

This financial information has been prepared in accordance with the UK adopted International Financial Reporting Standard (IFRS).

They were authorised for issue by the Company's Board of Directors on 24 March 2022.

Details of the Group's accounting policies are included in Note 5.

Coronavirus (COVID-19) impact

Background

Although the Group has considered the impact of COVID-19 in preparing its financial statements, the last two years of going through the pandemic have indicated that we have been resilient in our performance, mainly due to the fact that any closure in our retail networks impacting profitability was offset by the Group's online performance.

As we entered 2021 with our biggest retail market in Italy being in lockdown, our expectations were that it would be lifted by mid to end of March. However, even though this did not happen until mid-June, the performance of the Group for the year still exceeded our expectations, albeit with a different business unit contribution than what we had originally anticipated.

Despite this, we have still taken into account the most recent developments in the key countries in which we have a retail presence. The UK in particular has removed all measures, whereas in Italy the notion of a “green pass” is still being used throughout the country. Furthermore, the Italian government has divided the country into various color segments (white, yellow, orange and red) with varying measures depending on what color the region is in. Currently, there are no red regions (which would mean complete lockdowns), however management has considered the possible impact to the estimates and outcomes in the measurement of the Group's assets and liabilities should things change. In making these considerations, management has also taken into account the different financial and economic impact the pandemic has had to the Group's online and retail gambling results since March 2020. This is further discussed in Note 5.

Process applied

The Group is closely monitoring developments in, and the effects of COVID-19 on the global economy. On the basis of currently available information, the Group's actual results since the pandemic began and the latest updates on the lockdowns and the notion of “green passes”, the Group is now in a better position to assess the magnitude of the impact of COVID-19 on the Group's operations and future financial results.

As a consequence of COVID-19 and in preparing these financial statements, management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty;
- reviewed external market communications to identify other COVID-19 related impacts;
- reviewed public forecasts and experience from previous downturns;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes; and
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19.

Going concern basis

In adopting the going concern basis in the preparation of the financial statements, the Directors have considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties together with scenario planning and reverse stress tests. The Directors have assessed going concern over a 15-month period to 30 June 2023 which aligns with the 6 monthly covenant measurement period. In making this assessment we have also considered the impact of the ongoing conflict in Ukraine, a country where we have a presence.

	31 December 2021 €'m	31 December 2020 €'m
Cash and cash equivalents	575.4	683.7
Cash held on behalf of clients, progressive jackpots and security deposits	(141.1)	(129.1)
Adjusted gross cash and cash equivalents (excluding assets and liabilities held for sale)	434.3	554.6

The Group continues to hold a strong liquidity position with adjusted gross cash excluding assets held for sale of €434.3 million (31 December 2020: €554.6 million), with the decline from the prior year explained by the €150.0 million RCF repayment and the repayment of the 2020 gaming tax liability in Italy of €89.6 million, both made during 2021. Whilst there is always a probability that we could go into another wave of lockdowns in major markets in which the Group operates (such as Italy) which would pose several risks to the Group's future trading performance, the Directors are confident of Group's ability to continue as a going concern, due to its strong performance in its online business.

The Directors have reviewed liquidity and covenant forecasts for the Group, which assume that there will be no further lockdowns on a global scale. The Directors have also considered sensitivities in respect of potential downside scenarios, reverse stress tests and the mitigating actions available to management.

The modelling of downside scenarios assessed if there was a significant risk to the Group's liquidity and covenant compliance position. This includes the risk of future lockdowns, and consideration of the recovery period in the Groups' key markets and licensees' operations.

The Group's principal financing arrangements are a revolving credit facility ("RCF") up to €317.0 million which expires in November 2023, the 2018 Bond amounting to €530.0 million and the 2019 Bond amounting to €350.0 million which are repayable in October 2023 and March 2026 respectively. Although both the RCF and the €530.0 million Bond renewal are outside the going concern period, the Directors see no basis on which these will not be successfully refinanced should this be required. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 27 and 28. In the past, and due to breakout of the pandemic, the RCF covenants were relaxed as follows:

- Leverage: Net Debt/Adjusted EBITDA revised to 4.5:1 for the twelve months ended 30 June 2021 (31 December 2020: revised to 5:1). This returned to normal level of 3:1 at 31 December 2021 and beyond; and
- Interest cover: Adjusted EBITDA/Interest revised to 3.5:1 for the twelve months ended 30 June 2021 (31 December 2020: revised to 3:1). This returned to normal level of 4:1 at 31 December 2021 and beyond.

Despite the impact on our retail performance due to several lockdowns during 2020 and 2021, the Group comfortably met the normal level covenant conditions. The Bonds only have one financial covenant, being the Fixed Charge Coverage Ratio (same as the Interest cover ratio for the RCF), which should equal or be greater than 2:1.

If the Group's results are in line with its base case projections as approved by the Board (both including and excluding the impact of Finalto being disposed) it would not be in breach of the financial covenants for a period of no less than 15 months from approval of these financial statements ("the relevant going concern period"). This period covers the bank reporting requirements for June 2022, December 2022 and June 2023 and is the main reason why the Directors selected a 15 month period of assessment.

There can be no assurance that a downside scenario will be avoided if there is another wave of lockdowns which could impact the future performance of the Group. However, the Directors have concluded that the Group is well placed to manage foreseeable downside and severe downside scenarios after:

- considering mitigating actions that would be available to the Directors and are within their control; and
- using past performance during the pandemic as an indication of future performance should there be any further lockdowns in the relevant going concern period.

In making this conclusion, the Directors have considered a stress test and a reverse test as explained below.

Stress test

The stress test assumes a worst-case scenario for the entire Group (both including and excluding the impact of Finalto being disposed) which includes further impacts caused by another wave of lockdowns, together with additional sensitivities around Italy and Asia, but with mitigations similar to the ones taken in 2020 and 2021 (including salary and capital expenditure reductions and continued suspension of distributions and share buybacks). Under this scenario Adjusted EBITDA would fall on average by 29% per month compared to the base case over the relevant going concern period, but the Group would not breach its covenants and have any liquidity issues. The biggest impact on this stress test scenario was caused by the implications of another potential wave of lockdowns to the Group's retail network in Italy. However, based on the actual performance of the rest of the business during the previous lockdowns and the transition to online, the Directors are confident that any downturn will be partially mitigated.

Reverse stress test

The reverse stress test was used to identify the reduction in Adjusted EBITDA required that result in either a liquidity event or breach of covenant. Based on the modelling completed the Group would have sufficient liquidity to repay the RCF on a breach of the leverage covenant and have therefore considered the point at which the bond covenants would be breached.

As a result of completing this assessment, without considering further mitigating actions, management considered the likelihood of the reverse stress test scenario arising to be remote. In reaching this conclusion management considered the following:

- Current trading is performing above the base case;
- Adjusted EBITDA would have to fall by 170% in the first half of 2022, and 77% and 81% in the last 12 months to December 2022 and June 2023 respectively compared to the base case, to cause a breach of covenants; and
- In the event that revenues decline to this point to drive the decrease in Adjusted EBITDA, additional mitigating actions are available to management which have not been factored into the reverse stress test scenario.

As such, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence over the relevant going concern period and have therefore considered it appropriate to adopt the going concern basis of preparation in the financial statements.

In forming their going concern conclusion, the Directors considered the status of a potential offer for the Group in respect of the ongoing engagement with TTB Partners as well as any other potential activity of the Group. Even though there is no commitment in respect of this and there can be no certainty as to whether an offer for the Company will be announced, or the terms on which any offer might be made, it was concluded that this still did not impact the Directors' assessment of going concern.

NOTE 3 – FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Euro, which is the Company's functional currency. The functional currency for subsidiaries includes Euro, United States Dollar and British Pounds. All amounts have been rounded to the nearest million, unless otherwise indicated.

NOTE 4 – NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

New standards, interpretations and amendments adopted from 1 January 2021

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021, but do not have a material impact on the consolidated financial statements of the Group.

New standards, interpretations and amendments not yet effective

There a number of standards, amendments to standards, and interpretation which have issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current.*

The amendment of IAS affects only the presentation of liabilities as current or non-current in the statement of financial position and not the amount of timing of recognition of any asset, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current and non-current its based on the rights that are in existence at the end of the reporting period, specify that the classifications is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain the rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets of services.

The amendments are applied retrospectively for annual periods on or after 1 January 2023 with early application permitted.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements, except if mentioned otherwise.

A. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the indefinable net assets acquired. Any goodwill arises is tested semi-annually for impairment. Any gain on a bargain purchase is recognised in the consolidated statement of comprehensive income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of comprehensive income. A contingent consideration in which the contingent payments are forfeited if employment terminated is compensation for the post combination services and shall not be included in the calculation of the consideration and recognised as employee related costs.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. Controls is achieved when the Group:

- Has the power over the entity
- Is exposed, or has rights to variable return from its involvement with the entity.
- Has the ability to use its power over the entity to affect its returns.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The right of exercising the call option at any time and the acquisition of additional equity interest through the exercise of a derivative call option at any time, gives the Group:

- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns and would therefore satisfy IFRS 10 criteria of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The difference between the consideration and the carrying value of the NCI is recognised as profit/loss in the retained earnings.

iv. Loss of control

When the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income.

v. Investment in associates and equity call options

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. In the consolidated financial statements, the Group's investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in an associate or a joint venture is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate. The Group's share of the results of the associate is included in the consolidated statement of comprehensive income. Losses of the associate or joint venture in excess of the Group's cost of the investment are recognised as a liability only when the Group has incurred obligations on behalf of the associate. Any goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Any excess of the Group's share of the net fair value of the associate's identifiable assets over the cost of the investment (i.e. negative goodwill) is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired. The aggregate of the Group's share of profit or loss of an associate or is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss before tax. The associated tax charge is disclosed in income tax.

The Group recognises its share of any changes in the equity of the associate through the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The Group applies equity accounting only up to the date an investment in associates meets the criteria for classification as held for sale. From then onwards, the investment is measured at the lower of its carrying amount and fair value less costs to sell.

When potential voting rights or other derivatives containing potential voting rights exist, the Group's interest in an associate is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivative instruments unless there is an existing ownership as a result of a transaction that currently gives it access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the entity is determined by taking into account the eventual exercise of those potential voting rights and other derivative instruments that currently give the entity access to the returns. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture, the instruments are not subject to IFRS 9 and equity accounting is applied. In all other cases, instruments containing potential voting rights in an associate or a joint venture are accounted for in accordance with IFRS 9.

A derivative financial asset is measured under fair value under IFRS 9. In the case where there is significant influence, but the option is not currently exercisable, there is still an investment in associate but as there is no current access to profits the option is fair valued instead.

Derivatives are recorded at fair value and classified as assets when their fair value is positive and as liabilities when their fair value is negative. Subsequently, derivatives are measured at fair value.

vi. Equity investments held at fair value

All equity investments in scope of IFRS 9 are measured at fair value in the balance sheet. Value changes are recognised in the profit and loss. Fair value is based on quoted market prices (Level 1). Where this is not possible, fair value is assessed based on alternative methods (Level 3).

vii. Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the consolidated statement of comprehensive income and presented within finance costs.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. Revenue and expenses of foreign operations are translated into euro at the end of each month at the average exchange rate for the month which approximates the exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the foreign exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the foreign exchange reserve relates to the foreign operation is reclassified to the consolidated statement of comprehensive income as part of the gain or loss on disposal.

C. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

D. Revenue recognition

The majority of the Group's revenue is derived from selling services with revenue recognised at a point in time when services have been delivered to the customer. Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Group's activities. Revenue is recognised when economic benefits are expected to flow to the Group. Specific criteria and performance obligations are described below for each of the Group's material revenue streams.

Type of Income	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B licensee fee	<p>Licensee fee relates to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces).</p> <p>Licensee fee is based on the underlying gaming revenue earned by our licensees calculated using the contractual terms in place. Revenue is recognised when performance obligation is met which is when the gaming transaction occurs.</p>
B2B fixed-fee income	<p>Fixed-fee income includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed-fee and/or stepped according to the monthly usage of the service/technology. The usage measurement is typically reset on a monthly basis.</p> <p>The performance obligation is met and revenue is recognised once the obligations under the contracts have been met.</p> <p>Services provided and fees for:</p> <p>a. MRG Delta: the balance billed by the Group added on a monthly basis for the difference in the Minimum Guarantee per licensee contract</p>

	<p>b. Other: hosting, live, set up, CDN and maintenance fees. Fees charge to licensees for the services provide to them that are fixed per month.</p> <p>The amounts for the above are recognised over the life of the contracts and are typically charged on a fixed percentage and stepped according to the monthly usage of the service depending on the type of service. Set-up fees are recognised over the whole period of the contract, with an average period of 36 months. The revenue is recognised monthly over the period of the contract.</p>
B2B cost based revenue	<p>Cost based revenue is the total revenue charged to the licensee based on the development costs needed to satisfy the contract with the licensee.</p> <p>The largest type of service included in cost-based revenue is the dedicated team costs. Dedicated team employee been charged back to the client based on time spend on each product.</p> <p>Cost based revenues are recognised on a monthly basis based on the contact in place of licensee with Playtech and any additional services needed on development are charged to the licensee upon delivery of the service.</p>
B2B revenue received from the sale of hardware	<p>Revenue received from the sale of hardware is the total revenue charged to customers upon the sale of each hardware product. The performance obligation is met and revenue is recognised on delivery of the hardware and acceptance by the customer.</p> <p>Revenue received from future sale of hardware is recognised as deferred revenue. Once the obligation for the future sale is met, revenue is then recognised to profit or loss.</p>
Additional B2B services fee	<p>This income is calculated based on the profit and/or net revenues generated by the customer in return for the additional services provided to them by the Group. This is typically charged on a monthly basis and is measured using a predetermined percentage set in each licensee arrangement.</p> <p>This revenue is recognised when the performance obligation is met according to the services provided to the customer.</p>
B2C revenue	<p>In respect of B2C SNAI revenues, the Group acts as principal with the end customer, with specific revenue policies as follows:</p> <ul style="list-style-type: none"> • The revenues from land based gaming machines are recognised net of the winnings, jackpots and certain flat-rate gaming tax. • The revenue from online gaming (games of skill/casino/bingo) are recognised net of the winnings, jackpots, bonuses and

	<p>certain flat-rate gaming tax. In respect of the casino and bingo, revenue is recognised at the conclusion. Revenue from games of skill are recognised at the time of the bet.</p> <ul style="list-style-type: none"> • The revenues related to the acceptance of fixed odds bets are considered financial instruments under IFRS 9 and are recognised net of certain flat-rate gaming tax, winnings, bonuses and the fair value of open bets. • Revenues related to fixed odds bets are recognised at the conclusion of the event. • Poker revenues in the form of commission (i.e. rake) is recognised at the conclusion of each poker hand. The performance obligation is the provision of the poker games to the players. • All the revenues from gaming machines are recorded net of players winnings and certain gaming taxes while the concession fees payable to the regulator and the compensations of operators, franchisees and platform providers are accounted as expenses. Revenue is recognised at the time of the bet. <p>Where the gaming tax incurred is directly measured by reference to the individual customer transaction and related to the stake (described as “flat-rate tax” above), this is deducted from revenue.</p> <p>Where the tax incurred is measured by reference to the Groups’ net result from betting and gaming activity this is not deducted from revenue and is recognised as an expense.</p> <p>In respect of Sunbingo and B2C Sport revenue, the Group acts as principal with the end customer, with revenue been received at the conclusion of the event, net of winnings, jackpots, and bonuses.</p>
Financial trading income	<p>Financial trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange.</p> <p>Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.</p> <p>The performance obligation is met in the accounting periods in which the trading transaction occurs and is concluded.</p>

Based on the services provided by the Group, excluding certain rebates provided to customers in the financial division, no return, refund and other similar obligations exist. Moreover, no warranties and related obligations exist.

E. Share-based payments

Certain employees participate in the Group's share option plans. Following the 2012 LTIP plan employees are granted cash settled options and equity settled options. The fair value of the equity settled options granted is charged to the statement of comprehensive income on a straight-line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes, Monte-Carlo or Binomial valuation model, as appropriate. The cash settled options are presented as a liability. The liability is remeasured at each reporting date and settlement date so that the ultimate liability equals the cash payment on settlement date. Remeasurements of the fair value of the liability are recognised in profit or loss.

The Group has also granted awards to be distributed from the Group's Employee Benefit Trust. The fair value of these awards is based on the market price at the date of the grant, some of the grants have performance conditions. The performance conditions are for the executive management and include targets based on growth in earnings per share and total shareholder return over a specific period compared to other competitors. The fair value of the awards with performance condition was determined by the Monte Carlo Method.

F. Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the consolidated statement of comprehensive income is recognised outside the consolidated statement of comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was recognised during the measurement period or is otherwise recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The tax base of assets and liabilities is assessed at each reporting date, and changes in the tax base that result from internal reorganisations, changes in the expected manner of recovery or changes in tax law are reflected in the calculation of deductible and taxable temporary differences.

G. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

H. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	%
Computers and gaming machines	20-33
Office furniture and equipment	7-33
Freehold and leasehold buildings and improvements	3-20, or over the length of the lease
Motor vehicles	15

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

I. Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date as a gain on bargain purchase.

Externally acquired intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Business combinations

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Internally generated intangible assets (development costs)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure includes salaries, wages and other employee related costs directly engaged in generating the assets, any other expenditures that is directly attributable to generating the assets (i.e., certifications and amortisation of right of use assets). Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of comprehensive income as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the consolidated statement of comprehensive income. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

	%
Domain names	Nil
Internally generated capitalised development costs	20-33
Technology IP	13-33
Customer lists	In line with projected cash flows or 7-20
Affiliate contracts	5-12.5
Patents and licenses	10-33 or over the period of the license

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

J. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

K. Financial Instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables

that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and loans receivable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings and bonds)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Method ("EIR") method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

J. Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

K. Share buyback

Consideration paid for the share buyback is recognised against the additional paid in capital. Any excess of the consideration paid over the weighted average price of shares in issue is debited to the retained earnings.

L. Employee Benefit Trust

Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

M. Dividends

Dividends are recognised when they become legally due. In case of interim dividends to equity shareholders, this is when paid by the Directors. In case of final dividends, this is when they are declared and approved by the shareholders at the AGM.

N. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested semi-annual for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the consolidated statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

O. Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be minimum.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

P. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in the consolidated statement of comprehensive income if the carrying amount of the right of use asset has been reduced to zero.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Q. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

R. Adjusted results

The Group disclosed EBITDA being the profit before interest, taxes, depreciation, and amortisation. EBITDA is a measure of the Group's overall financial performance and profitability which the Directors consider useful to reflect the underlying performance of the business.

The Board of Directors believes that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash items, one-off items and the impact of substantial reorganisations and acquisition related items.

Adjusted EBITDA and Adjusted Profit/Loss after making these exclusions are therefore presented alongside the reported EBITDA and reported Profit/Loss in the consolidated statement of comprehensive income.

Management uses the Adjusted EBITDA and Adjusted Profit/Loss to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. Furthermore, compensation of the executives is based in part on the performance of the business based on Adjusted EBITDA.

Adjusted results exclude the following items:

- Material non-cash items: these items are excluded to better analyse the underlying cash transactions of the business as the management regularly monitors the operating cash conversion to Adjusted EBITDA.
- Material one-off items: these items are excluded to get normalised results that are distorted by unusual or infrequent items. Unusual items include highly abnormal one-off and only incidentally related to the ordinary activities of the Group and infrequent occurring not reasonably expected to recur in the foreseeable future given the environment in which the Group operates.
- Material reorganisations and acquisition related items: these items are excluded as they are not considered related to the ordinary activities of the business and are not considered to be ongoing costs of the operations of the business.

In addition, management presents underlying adjusted results and constant currency adjusted results.

Underlying adjusted results are presented as an alternative performance measure to exclude the impact of acquisitions made in the period or in the comparable period in order to present a more accurate 'like-for-like' comparison over the comparable period.

Constant currency adjusted results are presented in order to try and present measures that exclude the effect of currency fluctuations. In view of the fact that the Group has transactions in foreign currencies and may be affected from the fluctuations of the currencies all transactions in foreign currency transactions are converted to Euro using the exchange rate of the comparable period.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A full reconciliation of adjustments is included in Note 10.

NOTE 6 – SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgements and estimates that effect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual events may differ from these estimates.

As a result of the uncertainty associated with the unpredictable nature of the COVID-19 pandemic management faces challenges relating to selecting appropriate assumptions and developing reliable estimates. The use of forecast information is pervasive in the Group's assessment for impairment of goodwill and other intangible assets, the recoverability of deferred taxes, and the entity's ability to continue as a going concern. The complexities associated with preparing forecasts as a result of the pandemic and the economic downturn include the following:

- Wide ranges of possible outcomes, resulting in a high degree of uncertainty about the ultimate trajectory of the pandemic and the path and time needed for a return to a "steady state".
- The associated economic impact of the pandemic is highly dependent on variables that are difficult to predict.
- The effect of these macro-economic conditions on the estimated future cash flows of the Group.

Judgments

In the process of applying the Group's accounting policies management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements.

▪ Revenue from contracts with customers

The Group applies judgement in determining whether it is acting as a principal or an agent specifically on the revenue earned under the B2B royalty income stream. This income falls within the scope of IFRS 15 Revenue from contracts with customers. In making these judgements, the Group considers, by examining each contract with its customers, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. The business model of this division is predominately a revenue share model which is based on royalties earned from B2C business partners' revenue.

IFRS 15, paragraph B37 describes indicators that an entity controls the specified good or service before it is transferred to a customer and therefore acts as the principal. Based on this assessment it was concluded that Playtech is acting as an agent under the B2B royalty income stream due to the three indicators under B37 which are not satisfied as follows:

- Playtech is responsible in fulfilling the contract to the operator, principally in respect of the software solutions, and not to the end customer which is the responsibility of the operator;
- There is no inventory risk as Playtech does not have the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service before it is transferred to the end customer; and
- Playtech does not have any discretion in establishing prices set by the operator to third parties.

Based on the above it was determined that the Group was acting as agent and revenue is recognised as the net amount of royalties received. The majority of this B2B revenue is recognised at a point in time that is determined when the gaming or betting activity used as the basis for the revenue share calculation takes place, and furthermore is only recognised when collection is virtually certain with a legally enforceable right to collect.

▪ Internally generated intangible assets

The Group capitalises costs for product development projects. Expenditure on internally developed products is capitalised when it meets the following criteria:

- adequate resources are available to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits,
- expenditure on the project can be measured reliably

Initial capitalisation of cost is based on the management's judgement that the technological and economic feasibility is confirmed, usually when product development has reached a defined milestone and future economic benefits expect to be realised according to an established project management model. Following capitalisation, an assessment is performed in regard to project recoverability which is based on the actual return of the project. During the year, the Group capitalised €51.3 million (2020: €56.3 million) and the carrying amount capitalised development costs as at 31 December 2021 was €122.3 million (2020: €118.5 million).

Classification as held for sale

The definition of asset held for sale involves a significant degree of judgement given that in order for an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. The meaning of 'highly probable' is judgmental and therefore IFRS 5 sets out criteria for the sale to be considered as a highly probable as follows:

- Management must be committed to a plan to sell the asset;
- An active program to find a buyer must be initiated;
- The asset must be actively marketed for sale at a price that is reasonable to its current fair value;
- The sale must be completed within one year from the date of classification;
- Significant changes to be made to the plan must be unlikely.

The Board of Directors made a decision to dispose of the Financial segment during 2020. As disclosed in Note 25, the Group entered into a sale and purchase agreement for the disposal of the Financial segment. The transaction was approved by the shareholders at the Annual General Meeting held on 1 December 2021. The transaction is conditional on the approval of certain regulatory authorities in respect of the change of control. Completion of the disposal is expected to take place in Q2 2022.

As disclosed in Note 20A, the Group has an option to acquire up to 49% equity holding in Caliplay upon exercise of the option. If the call option is exercised, the Group would not be entitled to receive the additional B2B services fee (As per Note 5D). Management assessed that the investment in Caliplay does not meet the criteria for discontinued operations as the Group does not have control over any decision of Caliplay's management or the ability to impact Caliplay's decision over an M&A deal. For further details on the exercise of the option, refer to Note 20A and C.

Adjusted performance measures

As noted in Note 5 paragraph R, the Group presents adjusted performance measures which differ from statutory measures due to exclusion of certain non-cash and one-off items and material reorganisations and acquisitions related items from the actual results. The determination of whether non-cash items and one-off items and material reorganisations and acquisitions related items should form part of the adjusted results, is a matter of judgment and it's based on whether the inclusion/exclusion from the results represent more closely the consistent trading performance of the business. The items excluded from the adjusted measures are described in further detail in Note 10.

Provision for risks and charges and potential liabilities

The Group operates in a number of regulated markets and is subject to lawsuits and potential lawsuits regarding complex legal matters, which are subject to a different degree of uncertainty in different jurisdictions and under different laws. For all material ongoing and potential legal and regulatory claims against the Group, an assessment is performed to consider whether an obligation or possible obligation exists and to determine the probability of any potential outflow to determine whether a claim results in the recognition of a provision or disclosure of a contingent liability. The timing of payment of provisions is subject to uncertainty and may have an effect on the presentation of the provisions as current and non-current liabilities in the statement of the financial position. Expected timing of payment and classification of provision is determined by the management based on the latest information available at the reporting date. See Note 29 for further details.

- **Classification of equity call options**

Background

In addition to the provision of software related solutions as a B2B product, the Group also offers certain customers a form of product (and related services) which is termed a “structured agreement”. Structured agreements are with customers who have a gaming license, are retail/land based driven and wish to build an online B2C business – these customers require initial support beyond the provision of the Group’s standard B2B software technology. With this product Playtech offers additional services to support the customer’s B2C activities over and above the B2B software solution products.

Playtech generates revenues from the structured agreements as follows:

- the standard operator revenue (B2B royalty income as per Note 5D); and
- revenue based on predefined revenue generated by each operator under the structured agreement which is capped at a percentage of the profit (also defined in each agreement) generated by the customer, which compensates Playtech for the additional services provided (additional B2B services fee as per Note 5D).

Under these agreements, Playtech typically has a call option to acquire equity in the operating entities. Typically, if the call option is exercised by Playtech, the Group would no longer provide certain services which generally include technical and general strategic support services and no longer receive the related additional B2B services fee. This mechanism is not designed as a control feature but instead to protect Playtech’s position should the customer be subject to a transaction. Playtech is therefore able to benefit from any value appreciation in the operation and could also potentially exit the relationship should it choose to do so dependent on who the acquirer is.

Playtech used the term “investment in structured agreements” in the financial statements for the year ended 31 December 2020 to describe these arrangements. As at 31 December 2021 and following the increased number of structured agreements, coupled with the growth in the LATAM businesses and the differing contractual terms apparent, the Group has disaggregated the investment balances to provide greater clarity as to the nature of the arrangement. The accounting treatment for each of these arrangements remains unchanged from the prior year.

The investment in structured agreements category in the prior year financial statements has now been split between derivative financial assets or investments in associates depending on their classification under the relevant accounting standards. The disclosures in Note 20 have been updated to show this newly adopted presentation.

Judgement applied

In respect of each of the structured agreements where the Group holds equity call options, management applies judgement to assess whether the Group has control or significant influence. For each of the Group’s structured agreements an assessment was completed in Note 20 using the below guidance.

The existence of control by an entity is evidenced if all of the below are met in accordance with IFRS 10 Consolidated Financial Statements, paragraph 7:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor’s returns.

In the cases where the Group assessed that it exercises control over these arrangements, then the company is consolidated in the Group’s annual results in accordance with IFRS 10.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways in accordance with IAS 28 Investment in Associates and Joint Ventures, paragraph 6:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

If the conclusion is that the Group has significant influence, the next consideration made is whether there is current access to net profits and losses of the underlying associate. This is determined by the exercise conditions of each relevant equity call option and in particular whether the options are exercisable at the end of each reporting period.

If the option is exercisable then the investment is accounted for using the equity accounting method. However, in the cases where the company over which the Group has a current exercisable option generates profits, management made a judgment and concluded that these profits should not be recognised as it is unlikely that the profits will be realised as the existing shareholder has the right, and is entitled, to extract distributable profits. As such management did not consider it appropriate to recognise any share of profit. However, in the cases where the associate has generated losses, the Group's percentage share is recognised and deducted from the carrying value of the investment in associate.

Management has made a further judgement that if the equity call option is not exercisable at the end of the reporting period, then the option is recorded at fair value as per IAS 28 paragraph 14 and recognised as a derivative financial asset as per IFRS 9 Financial Instruments.

Furthermore, under some of these arrangements the Group has provided loan advances. In such instances a judgement was made as to whether these amounts form part of the Group's investment in the associate as per IAS 28 paragraph 38, with a key consideration being whether the Group expects settlement to occur in the foreseeable future. In the case where this is not expected and there is no set repayment term, then it was concluded that in substance these loans are extensions of the entity's investment in the associate and therefore would form part of the cost of the investment.

Finally, the Group has certain subcontractor agreements in relation to them servicing part of the Playtech obligations under their various structured agreements. Under these arrangements, the subcontractors have certain rights to equity. In order for these rights to crystallise, the Group must first exercise their option. A judgement was therefore made that no current liability exists under IAS 32, until the point when Playtech exercises the option.

▪ **Determining the lease term of contracts with renewal and termination options**

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Group and had an effect on the decision whether it is reasonably certain that the Group will exercise an option, which was not included before in the lease term, or will not exercise an option, which was included before in the lease term, the Group re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognised against the right of use asset or recognised in the consolidated statement of comprehensive income if the carrying amount of the right of use asset is reduced to zero.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, may change due to

market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Impairment of non financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow model ("DCF"). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that may enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount of the different CGUs with the lower headroom, including a sensitivity analysis, are disclosed and further explained in Note 19.

- **Deferred tax asset**

In evaluating the Group's ability to recover our deferred tax assets in the jurisdiction from which they arise, management considers all available positive and negative evidence, projected future taxable income, tax-planning strategies and results of recent operations. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Judgement is required in determining the initial recognition and the subsequent carrying value of the deferred tax assets. Deferred tax asset is only able to be recognised to the extent that utilisation is considered probable. It is possible that a change in profit forecasts or risk factors could result in a material change to the income tax expense and deferred tax assets in future periods.

Deferred tax asset in the UK

As a result of the Group's internal restructuring in January 2021, the Group is entitled to UK tax deductions in respect of certain goodwill and intangible assets. A deferred tax asset amounting to €75.2 million is recognised as the tax base of the goodwill and intangible assets is in excess of the book base of those assets. This deferred tax asset has been recognised as the Group's management have concluded that it is probable for the UK entities to continue to generate taxable profits in the future against which we can utilise the tax deductions for goodwill and intangible assets giving a tax benefit of €75.2 million. This represents the benefit of the deductions against forecast profits for the next 5 years. During the year, €11.6 million of the deferred tax asset has been utilized and the net recognised deferred tax asset as at 31 December 2021 amounts to €63.6 million. In addition, a total of €44.2 million of deferred tax asset has not been recognised in respect of the benefit of future tax deductions expected to arise after the next 5 years for the remaining useful economic life of the goodwill and intangible assets.

The Group reviewed the latest forecasts for the UK companies for the next 5 years, including their ability to continue to generate income beyond the forecast period under the tax laws substantively enacted at the balance sheet date. Based on this, the Group's management concludes that it is probable that the UK companies will continue to generate taxable income in the future. Any future changes in the tax law or the structure of the Group could have a significant effect on the use of the tax deductions, including the period over which the deductions can be utilised.

The Group has recognised a deferred tax asset of €36.5 million in respect of tax losses in the UK which are available to offset against the future profits of the UK Group companies. Based on the current forecasts, these losses will be fully utilised over the next 5 years.

- **Impairment of financial assets**

The Group undertook a review of trade receivables and other financial assets, as applicable, and their Expected Credit Losses ("ECL"). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the

determination of the staging of exposures were revised. The Group's financial assets consist of trade receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit rating for each financial institution, while ECL on trade receivables was based on past default experience and an assessment of the future economic environment. ECL and specific provisions are considered and calculated with reference to the ageing and risk profile of the balances. In addition, where customers within the financial trading division have not passed the necessary ongoing regulatory requirements, consideration is given as to whether financial assets relating to those customer should be impaired. More details included in Note 38.

▪ **Sun Bingo agreement**

Background

The News UK contract commenced in 2016 and was originally set for a five-year period to June 2021. Both parties have obligations under the contract, which include News UK providing access to brand and related materials as well as other services. Playtech has the primary responsibility for the operation of the arrangement, but both parties have contractual responsibilities.

The related brands are used in Playtech's B2C service, where the Group acts as the principal, meaning that in the Group's consolidated statement of comprehensive income:

- revenue from B2C customers is recognised as income; and
- the fees paid to News UK for use of the brands are an expense as they are effectively a supplier.

In the original contract, the fees payable were subject to a pre-determined annual minimum guarantee ("MG") which Playtech had to pay to News UK.

During the period from 2016 to 2018, performance was not in line with expectations, and as such, the MG made this operation significantly loss making for the Group. This opened the negotiations with News UK for certain amendments to the contract, which were agreed and signed in February 2019 as follows:

- The MG was still payable up until the end of the original contract period being June 2021, with no MG payable after that;
- The contract term was extended to permit Playtech access to the News UK's brands and other related materials and other services, for a longer period, to allow Playtech to recover its MG payments and to make a commercial return as was always envisaged. The term of the contract was extended to end at the earlier of a) 5 years from the date when Playtech had fully recovered all MG payments made or b) 15 years from the renegotiation (i.e. June 2036).

Judgements made on recognition and measurement

The annual MG paid to News UK was recognised in Playtech's consolidated statement of comprehensive income up until February 2019, essentially being expensed over the original term of the contract. However, from the point at which the amended contract became effective, the timing of the MG paid (being based on the original terms) no longer reflected the period over which Playtech was consuming the use of the News UK brands and other related services from them. As such, a prepayment was recorded to reflect the amount that had been paid, as at each period end, which related to the future use of the brands and services. IFRS does not have a specific standard that deals with accounting for prepayments, however the asset recognised as a prepayment is in accordance with IAS 1 Presentation of Financial Statements.

At the commencement of the agreement and on renegotiation of the contract, the Directors considered whether the nature of the arrangement gave rise to any intangible assets. At contract inception the directors concluded that there were no such assets to recognise as both parties had contractual obligations under the agreement to deliver services, as explained above. Post the contract renegotiation, the amounts to be paid in the remainder of the initial period were considered to be advanced payments in respect of amounts to be earned by News UK over the remainder of the extended contract period. Consequently, the directors did not believe that there was a fundamental change in the nature of the arrangements and it was considered most appropriate to categorise the amounts paid as operating expense prepayments.

As noted above, the term of this renegotiated contract is dependent on the future profitability of the contract, and it was expected that the future profitability would mean the contract would finish before the end of the fixed term period. For this reason, it was considered appropriate that the prepayment recognised should be released to the statement of comprehensive income in line with this expected profitability, rather than on a straight-line basis.

The amounts held in non-current and current assets of €71.7 million and €4.3 million in Notes 21 and 23 respectively, are the difference between the MG actually paid to News UK from Feb 2019 to June 2021 and the amounts recognised in the Group's consolidated statement of comprehensive income during this period.

There is always a risk with any budgeting process that the plan may not be realised. This risk increases the longer the period for which the budget covers and in this instance the period is potentially up to 15 years. When producing the budget management applies reasonable assumptions based on known factors, but sometimes and outside of management's control, these factors may vary. However, management also reviews these forecasts at each reporting period and more regularly internally and adjusts the expense released accordingly. Based on the most recent forecasts and current profitability and the fact that the Group had been running the operation since 2016 and therefore has significant experience of the level of profitability that can be derived from the operation, it is confident that the performance of the business will allow the full recovery of this asset, before the contract ends.

▪ **Calculation of legal provisions**

The Group ascertains a liability in the presence of legal disputes or ongoing lawsuits when it believes it is probable that a financial outlay will take place and when the amount of the losses can be reasonably estimated. The Group is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary depending on future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its legal advisors and experts on legal and tax-related matters. More details are included in Note 29.

• **Measurement of fair values of equity investments and equity call options**

The Group's equity investments and, where applicable (based on the judgements applied above), equity call options held by the Group, are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair value.

In estimating the fair value of an asset and liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model.

As mentioned in Note 20, the Group has:

- Investments in listed securities where the fair values of these equity shares are determined by reference to published price quotations in an active market
- Equity investments in entities that are not listed, accounted at fair value through profit and loss under IFRS9
- Derivative financial assets (call options in instruments containing potential voting rights), which are accounted at fair value through profit and loss under IFRS 9

The fair value of the equity investments that are not listed and of the derivative financial assets, rely on non-observable inputs that require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs. Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, volatilities and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The Group only uses models with unobservable inputs for the valuation of certain unquoted equity investments. In these cases, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. Unobservable inputs are determined based on the best information available. Further details on the fair value of assets are disclosed in Note 20.

The following table shows the carrying amount and fair value of non-current assets, as disclosed in Note 20, including their levels in the fair value hierarchy.

	Carrying amount	Fair value		
	2021	Level 1	Level 2	Level 3
	€'m	€'m	€'m	€'m
Non current assets				
Other investments (Note 20B)	8.1	1.6		6.5
Derivative financial assets (Note 20C)	622.2	-	-	622.2
	630.3	1.6	-	628.7

	Carrying amount	Fair value		
	2020	Level 1	Level 2	Level 3
	€'m	€'m	€'m	€'m
Non current assets				
Other investments (Note 20B)	9.7	3.2	-	6.5
Derivative financial assets (Note 20C)	22.4	-	-	22.4
	32.1	3.2	-	28.9

NOTE 7 – SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products and services.

Operating 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 and the Chief Financial Officer.

The operating segments identified are:

- B2B: including Casino, Services, Sport, Bingo, Poker and Other
- B2C: Snaitech, Sun Bingo and Other B2C, B2C Sport and Casual (discontinued operations)
- Financial: including B2C and B2B CFD (discontinued operations)

Expenses not directly related to any of the above segments are allocated to the B2B segment.

The Group-wide profit measures are Adjusted EBITDA and Adjusted Profit (see Note 10).

For the year ended 31 December 2021

	Core B2B	Asia B2B	Total B2B	B2C – continuing operations	Intercompany	Total Gaming – continuing operations	Financial – discontin- ued operations	B2C – discontin- ued operation s	Total discontinued operations	Total
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Revenue	471.5	82.8	554.3	663.7	(12.4)	1,205.4	46.6	-	46.6	1,252.0
Adjusted EBITDA			139.2	177.9	-	317.1	(23.0)	-	(23.0)	294.1
Adjusted Profit/(Loss) attributable to the owners of the Company			45.9	81.7		127.6	(13.8)	-	(13.8)	113.8
Total assets			1,911.1	1,253.8		3,164.9	487.4	-	487.4	3,652.3
Total liabilities			842.7	884.6		1,727.3	343.8	-	343.8	2,071.1

For the year ended 31 December 2020

	Core B2B	Asia B2B	Total B2B	B2C – continuing operations	Intercompany	Total Gaming – continuing operations	Financial – discontin- ued operation s	B2C – discontin- ued operations	Total discontinued operations	Total
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Revenue	413.0	81.9	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5
Adjusted EBITDA	-	-	125.9	127.7	-	253.6	56.5	0.4	56.9	310.5
Adjusted Profit attributable to the owners of the Company	-	-	7.8	19.6	-	27.4	19.9	0.1	20.0	47.4
Total assets	-	-	1,304.2	1,300.6	-	2,604.8	465.9	0.8	466.7	3,071.5
Total liabilities	-	-	959.6	906.5	-	1,866.1	308.6	0.6	309.2	2,175.3

Geographical analysis of non-current assets

The Group's information about its non-current assets by location are detailed below:

	2021 €'m	2020 €'m
Italy	758.3	833.7
Mexico	506.7	16.8
UK	431.2	100.9
Austria	132.8	140.8
Alderley	100.0	79.9
Republic of Columbia	97.2	22.4
Sweden	70.4	72.8
Gibraltar	37.7	38.1
Cyprus	27.0	63.1
Latvia	15.9	15.6
Australia	15.6	16.2
Ukraine (Note 41)	11.5	5.1
Costa Rica	13.5	2.1
Estonia	9.4	9.5
British Virgin Islands	8.0	59.5
Malta	2.6	5.2
Isle of Man	0.5	151.8
Rest of World	60.7	33.8
	2,299.0	1,667.3

NOTE 8 – DISCONTINUED OPERATION

As explained in Note 25, the Group has classified its Casual and Social Gaming Business and Financial segment as assets held for sale with their results shown under discontinued operations in the consolidated statement of comprehensive income.

The results of the Casual and Social Gaming Business for the year are presented below:

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	-	-	8.1	8.1
Distribution costs before depreciation and amortisation	-	-	(7.6)	(7.6)
Administrative expenses before depreciation and amortisation	-	-	(0.4)	(0.1)
EBITDA	-	-	0.1	0.4
Depreciation and amortisation	-	-	(0.2)	(0.2)
Profit on disposal of discontinued operations (Note 25B)	7.6	-	0.6	-
Profit before taxation	7.6	-	0.5	0.2
Tax expense	-	-	(0.1)	(0.1)
Profit from Casual and Social Gaming Business, net of tax	7.6	-	0.4	0.1

The results of the Financial segment for the year are presented below:

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	46.6	46.6	121.9	121.9
Distribution costs before depreciation and amortisation	(56.9)	(56.4)	(49.1)	(50.0)
Administrative expenses before depreciation and amortisation	(15.9)	(8.5)	(25.7)	(15.3)
Impairment of financial assets	(4.7)	(4.7)	(1.8)	(0.1)
EBITDA	(30.9)	(23.0)	45.3	56.5
Depreciation and amortisation	-	-	(28.0)	(12.3)
Reversal of impairment/(impairment) of asset held for sale	2.0	-	(221.2)	-
Finance income	12.0	12.0	0.4	0.4
Finance costs	(0.9)	(0.9)	(18.5)	(18.5)
Profit/(loss) before taxation	(17.8)	(11.9)	(222.0)	26.1
Tax expense	(1.9)	(1.9)	(2.7)	(6.2)
Profit/(loss) from Financial segment, net of tax	(19.7)	(13.8)	(224.7)	19.9

Total results of discontinued operations for the year are presented below:

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	46.6	46.6	130.0	130.0
Distribution costs before depreciation and amortisation	(56.9)	(56.4)	(56.7)	(57.6)
Administrative expenses before depreciation and amortisation	(15.9)	(8.5)	(26.1)	(15.4)
Impairment of financial assets	(4.7)	(4.7)	(1.8)	(0.1)
EBITDA	(30.9)	(23.0)	45.4	56.9
Depreciation and amortisation	-	-	(28.2)	(12.5)
Reversal of impairment/(impairment) of asset held for sale	2.0	-	(221.2)	-
Finance income	12.0	12.0	0.4	0.4
Finance costs	(0.9)	(0.9)	(18.5)	(18.5)
Profit on disposal of discontinued operations	7.6	-	0.6	-
Profit/(loss) before taxation	(10.2)	(11.9)	(221.5)	26.3
Tax expense	(1.9)	(1.9)	(2.8)	(6.3)
Profit/(loss) from discontinued operations, net of tax	(12.1)	(13.8)	(224.3)	20.0

The following tables provide a full reconciliation between adjusted and actual results from discontinued operations:

			Loss from discontinued operations attributable to the owners of the Company
	Revenue €'m	EBITDA €'m	€'m
For the year ended 31 December 2021			
Reported as actual	46.6	(30.9)	(12.1)
Employee stock option expenses	-	0.8	0.8
Professional fees	-	7.1	7.1
Reversal of impairment of asset held for sale	-	-	(2.0)
Profit on disposal of discontinued operations	-	-	(7.6)
Adjusted measure	46.6	(23.0)	(13.8)

			Profit/(Loss) from discontinued operations attributable to the owners of the Company
	Revenue €'m	EBITDA €'m	€'m
For the year ended 31 December 2020			
Reported as actual	130.0	45.4	(224.3)
Employee stock option expenses	-	4.6	4.6
Professional fees	-	3.3	3.3
Provision for other receivables	-	3.6	3.6
Deferred tax on acquisitions	-	-	(1.6)
Tax relating to prior years	-	-	(1.9)
Amortisation of intangibles on acquisitions	-	-	15.7
Impairment of asset held for sale	-	-	221.2
Profit on disposal of discontinued operations	-	-	(0.6)
Adjusted measure	130.0	56.9	20.0

Earnings per share from discontinued operations

Basic (cents)	(4.0)	(4.6)	(75.1)	6.7
Diluted (cents)	(4.0)	(4.6)	(75.1)	6.4

The net cash flows incurred by the Financial segment in the period, are as follows:

	2021	2020
	€'m	€'m
Operating	4.5	105.4
Investing	(6.9)	(4.4)
Financing	(2.2)	(1.8)
Net cash (outflow)/inflow	(4.6)	99.2

The cash flows incurred by the Casual and Social Gaming Business in 2020 are not significant.

NOTE 9 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by recognition date; and
- Enable users to understand the relationship with revenue segment information provided in the segmental information note.

Set out below is the disaggregation of the Group's revenue:

Revenue analysis by geographical location of licensee, product type, timing of transfer of performance obligations and regulated vs unregulated by geographical major markets

The revenues from B2B (consisting of royalty income, fixed- fee income, revenue received from the sale of hardware and cost- based revenue), B2C and Financials are described in Note 5D.

For the year ended 31 December 2021

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	Total
Primary Geographic Markets	€'m	€'m	€'m	€'m	€'m	€'m
Italy	30.7	583.6	(7.6)	606.7	1.2	607.9
United Kingdom	132.2	61.9	(4.1)	190.0	14.1	204.1
Mexico***	90.3	-	-	90.3	0.3	90.6
Philippines	67.6	-	-	67.6	-	67.6
Malta	52.3	-	-	52.3	0.5	52.8
Gibraltar	27.9	-	-	27.9	-	27.9
Spain	21.7	-	-	21.7	1.7	23.4
Germany	1.2	16.4	(0.8)	16.8	2.3	19.1
Greece	16.8	-	-	16.8	1.5	18.3
Poland	14.4	-	-	14.4	0.1	14.5
Curacao	12.2	-	-	12.2	0.1	12.3
Netherlands	7.2	-	-	7.2	3.2	10.4
Colombia	8.5	-	-	8.5	(0.2)	8.3
Romania	5.7	-	-	5.7	0.2	5.9
Norway	5.4	-	-	5.4	0.3	5.7
Rest of World	60.2	1.8	(0.1)	61.9	21.3	83.2

554.3	663.7	(12.6)	1,205.4	46.6	1,252.0
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*** Revenue from Mexico includes the additional B2B services fee as explained in Note 5. Note 20 provides the impact on this if the Playtech M&A Call Option is exercised.

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	Total
Product type	€'m	€'m	€'m	€'m	€'m	€'m
B2B	554.3	-	(12.6)	541.7	-	541.7
Snaitech	-	584.7		584.7	-	584.7
Sun Bingo and Other B2C	-	61.9	-	61.9	-	61.9
B2C Sport	-	18.2	-	18.2	-	18.2
Intercompany	-	(1.1)	-	(1.1)	-	(1.1)
Total B2C	-	663.7	-	663.7	-	663.7
Financial	-	-	-	-	46.6	46.6
	554.3	663.7	(12.6)	1,205.4	46.6	1,252.0

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	Total
Timing of transfer of performance obligations	€'m	€'m	€'m	€'m	€'m	€'m
Recognised at the point in time (other sales)	548.1	663.7	(12.6)	1,199.2	46.6	1,245.8
Recognised at the point in time (hardware sales)	5.4	-	-	5.4	-	5.4

Recognised over time	0.8	-	-	0.8	-	0.8
	554.3	663.7	(12.6)	1,205.4	46.6	1,252.0

	2021 €'m
Regulated - Americas	101.3
Regulated – Europe (excluding UK)	141.4
Regulated - UK	132.1
Regulated – Rest of the World	3.9
Total Regulated B2B revenue	378.7
Unregulated excluding Asia	93.7
Total Core B2B revenue	472.4
Asia	81.9
Total B2B Gambling revenue	554.3

For the year ended 31 December 2020

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Primary Geographic Markets	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Italy	25.0	522.7	(6.2)	541.5	2.2	-	2.2	543.7
United Kingdom	150.0	54.4	(3.6)	200.8	76.1	-	76.1	276.9
Philippines	70.2	-	-	70.2	0.1	-	0.1	70.3

Malta	54.7	-	-	54.7	1.0	-	1.0	55.7
Mexico	54.9	-	-	54.9	0.4	-	0.4	55.3
Spain	22.8	-	-	22.8	0.9	-	0.9	23.7
Germany	2.1	16.1	(2.1)	16.1	1.7	-	1.7	17.8
Gibraltar	16.5	-	-	16.5	-	-	-	16.5
Greece	13.9	-	-	13.9	0.3	-	0.3	14.2
Curacao	10.6	-	-	10.6	-	-	-	10.6
United Arab Emirates	-	-	-	-	9.2	-	9.2	9.2
Cyprus	0.8	-	-	0.8	7.4	-	7.4	8.2
Norway	6.1	-	-	6.1	0.1	-	0.1	6.2
Finland	5.8	-	-	5.8	0.1	-	0.1	5.9
Poland	5.3	-	-	5.3	-	-	-	5.3
Rest of World	56.2	3.1	(0.8)	58.5	22.4	8.1	30.5	89.0
	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5

[illegible]

B2B	494.9	-	(12.7)	482.2	-	-	-	482.2
Snaitech	-	522.2	-	522.2	-	-	-	522.2
Sun Bingo and Other B2C	-	55.0	-	55.0	-	-	-	55.0
B2C Sport	-	19.1	-	19.1	-	8.1	8.1	27.2
Total B2C	-	596.3	-	596.3	-	8.1	8.1	604.4
Financial	-	-	-	-	121.9	-	121.9	121.9
	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Timing of transfer of performance obligations	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Recognised at the point in time (other sales)	472.9	596.3	(12.7)	1,056.5	121.9	8.1	130.0	1,186.5
Recognised at the point in time (hardware sales)	20.5	-	-	20.5	-	-	-	20.5
Recognised over time	1.5	-	-	1.5	-	-	-	1.5
	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5

	2020 €'m
Regulated - Americas	60.6
Regulated – Europe (excluding UK)	113.2
Regulated - UK	149.9
Regulated – Rest of the World	3.0
Total Regulated B2B revenue	326.7
Unregulated excluding Asia	87.5
Total Core B2B revenue	414.2
Asia	80.7
Total B2B Gambling revenue	494.9

There were no changes in the Group's revenue measurement policies and procedures in 2020 and 2021. The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months. Furthermore, no individual licensee in 2021 and 2020 accounted for more than 10% of the total gaming revenue and the total revenue of the Group.

The Group's contract liabilities, in other words deferred income, primarily include advance payment for hardware and services and also include certain fixed fees paid by the licensee in the beginning of the contract. These are included in deferred income for a total of €8.1 million (2020: €11.8 million).

The movement in contract liabilities during the year was the following:

	2021 €'m	2020 €'m
Balance 1 January	11.8	9.2
Recognised during the year	7.0	20.8
Realised in the consolidated statement of comprehensive income	(10.7)	(18.2)
Balance 31 December	8.1	11.8

NOTE 10 – ADJUSTED ITEMS

Management regularly uses adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. The primary adjusted financial measures are Adjusted EBITDA and Adjusted Profit (Adjusted post-tax profit), which management considers are relevant in understanding the Group's financial performance. The definitions of adjusted items and underlying adjusted results are disclosed in Note 5.

As these are not a defined performance measure under IFRS and are not intended as a substitute for those measures, the Group's definition of adjusted items may not be comparable with similarly titled performance measures or disclosures by other entities.

The following tables provide a full reconciliation between adjusted and actual results from continuing operations:

For the year ended 31 December 2021	Revenue	EBITDA – B2B	EBITDA – B2C	EBITDA	Profit – B2B	Profit –B2C	Profit from continuing operations attributable to the owners of the Company	Profit before tax from continuing operations
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	
Reported as actual	1,205.4	105.5	175.8	281.3	629.2	57.5	686.7	605.0
Employee stock option expenses ³	-	11.5	1.6	13.1	11.5	1.6	13.1	13.1
Professional fees ⁴	-	13.9	0.5	14.4	13.9	0.5	14.4	14.4
Fair value change and finance cost on redemption liability ⁵	-	1.3	-	1.3	1.4	-	1.4	1.4
Charitable donation ⁶	-	3.5	-	3.5	3.5	-	3.5	3.5
Provision for other receivables ⁷	-	1.2	-	1.2	1.2	-	1.2	1.2
Settlement of legal matter ⁸	-	2.3	-	2.3	2.3	-	2.3	2.3
Fair value change and finance cost on contingent consideration ⁵	-	-	-	-	4.4	0.3	4.7	4.7
Fair value change of equity instruments ⁹	-	-	-	-	1.6	-	1.6	1.6
Fair value change of derivative assets ⁹	-	-	-	-	(583.2)	-	(583.2)	(583.2)
Amortisation of intangibles on acquisitions ¹⁰	-	-	-	-	16.9	17.9	34.8	34.8
Impairment of tangible and intangible assets ¹¹	-	-	-	-	9.3	12.3	21.6	21.6
Deferred tax on acquisitions ¹⁰	-	-	-	-	(2.5)	(6.6)	(9.1)	-
Deferred tax on asset held for sale ¹²	-	-	-	-	-	(1.8)	(1.8)	-
Deferred tax ¹³	-	-	-	-	(63.6)	-	(63.6)	-
Adjusted measure	1,205.4	139.2	177.9	317.1	45.9	81.7	127.6	120.4
Constant currency impact	(9.1)	-	-	(0.5)	-	-	2.1	-
Adjusted result on constant currency basis	1,196.3	-	-	316.6	-	-	129.7	-
Adjusted result related to acquisitions on constant currency basis	(2.6)	-	-	0.2	-	-	0.4	-
Underlying adjusted result on constant currency basis	1,193.7	-	-	316.8	-	-	130.1	-

3 Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.

4 Professional fees incurred for (a) the reorganisation of the Group following the potential exercise of Playtech M&A Call Option (Note 20A) and (b) the potential sale of the Group. These expenses are not considered ongoing costs of operations and therefore are excluded.

5 Fair value change and finance cost on redemption liability and contingent consideration relate to the acquisitions of Statscore and Eyecon and the contingent commitments of Wplay as discussed in Note 20. These costs are not considered ongoing costs of operations and therefore are excluded.

6 In 2020, the Board of Directors approved a £3.0 million COVID-19 Recovery and Resilience Fund which was paid in the year ended 31 December 2021. This is a one-off payment and therefore is excluded.

7 Provision against loan receivables that do not relate to the ordinary operations of the Group.

8 Settlement of legal matter which is not considered a recurring cost and therefore is excluded.

9 Fair value change of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.

10 Amortisation and deferred tax on intangible assets acquired through business combinations in prior years. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.

11 Impairment of tangible and intangible assets mainly relates to the impairment of land before the classification as held for sale.

12 Deferred tax recognised in respect of the assets classified as held for sale during the year. Please refer to Note 25A for further details.

13 The recognition of €63.6 million of deferred tax asset relates to the special project the Group completed on 1 January to move the tax residency of a number of companies from the Isle of Man to the UK. Please refer to Note 14 for further details.

For the year ended 31 December 2020	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA €'m	Profit/(Loss) – B2B €'m	Profit/(Loss) – B2C €'m	Profit/(Loss) from continuing operations attributable to the owners of the Company €'m	Profit/(Loss) before tax from continuing operations €'m
Reported as actual	1,078.5	97.5	125.4	222.9	(94.4)	21.4	(73.0)	(52.7)
Employee stock option expenses ¹⁴	-	14.9	1.6	16.5	14.9	1.6	16.5	16.5
Professional fees ¹⁵	-	1.3	0.5	1.8	1.3	0.5	1.8	1.8
Fair value change and finance cost on redemption liability ¹⁶	-	5.3	-	5.3	5.9	-	5.9	5.9
Charitable donation ¹⁷	-	3.2	-	3.2	3.2	-	3.2	3.2
Provision for other receivables ¹⁸	-	2.6	0.2	2.8	2.6	0.2	2.8	2.8
Fair value change and finance cost on contingent consideration ¹⁵	-	1.1	-	1.1	3.6	-	3.6	3.6
Fair value change of equity instruments ¹⁹	-	-	-	-	(0.6)	-	(0.6)	(0.6)
Amortisation of intangibles on acquisitions ²⁰	-	-	-	-	20.9	18.1	39.0	39.0
Impairment of tangible and intangible assets ²¹	-	-	-	-	45.4	-	45.4	45.4
Fair value change on acquisition of associate ²²	-	-	-	-	(6.5)	-	(6.5)	(6.5)
Loss on sale of associate ²³	-	-	-	-	8.9	-	8.9	8.9
Profit on sale of asset classified as held for sale ²⁴	-	-	-	-	-	(22.1)	(22.1)	(22.1)
Tax on disposal of asset classified as held for sale ²³	-	-	-	-	-	9.3	9.3	-

14 Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.

15 Professional fees incurred for (a) the disposal of the Casual segment which completed in June 2020 and January 2021 (Note 25) (b) acquisition of Statscore, and (c) one off tax projects.

16 Fair value change and finance cost on redemption liability and contingent consideration relate to the acquisition of Playtech BGT Sports, Statscore and the contingent commitments of Wplay as discussed in Note 20. These costs are not considered ongoing costs of operations and therefore are excluded.

17 Following the conclusion of the UKGC investigation, the Board of Directors agreed to make a charitable contribution of £3.5 million in lieu of regulatory settlement. Of this pledge £3.2 million was paid in 2020. This is a one-off payment and therefore is excluded.

18 Provision against loans receivable that do not relate to the ordinary operations of the Group.

19 Fair value change of equity instruments which are traded in active markets. These are excluded from the results as they relate to unrealised profit/loss.

20 Amortisation and deferred tax on intangible assets acquired through business combinations in prior years. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.

21 Impairment of tangible and intangible assets mainly relates to the impairment of land before the classification as held for sale.

22 During 2020, the Group acquired additional 40% of Statscore. Prior to this acquisition, the Group held 45% of Statscore and was accounted as an investment in associate. As a result of this transaction, a fair value gain was recognised in the consolidated statement of comprehensive income. This is a non-cash transaction and not directly related to the operations of the Group.

23 During 2020, the Group disposed the shares in BGO and as a result of this transaction the Group realised a loss of €8.9 million. This is a non-cash and one off transaction and not directly related to the operations of the Group.

24 During 2020, the Group disposed a real estate located in Milan and as a result of this transaction the Group realised a profit of €22.1 million. This is a non-cash and one off transaction and not directly related to the operations of the Group.

Deferred tax on acquisitions ¹⁹	-	-	-	-	(2.3)	(9.4)	(11.7)	-
Tax relating to prior years	-	-	-	-	4.9	-	4.9	-
Adjusted measure	1,078.5	125.9	127.7	253.6	7.8	19.6	27.4	45.2
Constant currency impact	-	-	-	-	-	-	2.1	-
Adjusted result on constant currency basis	1,078.5	-	-	253.6	7.8	19.6	29.5	-
Adjusted result related to acquisitions on constant currency basis	(1.9)	-	-	0.3	-	-	0.3	-
Underlying adjusted result on constant currency basis	1,076.6	-	-	253.9	-	-	29.8	-

The following table provides a full reconciliation between adjusted and actual tax from continuing operations:

	2021 €'m	2020 €'m
Tax on profit or loss for the year	(81.7)	20.4
<i>Adjusted for:</i>		
Deferred tax on intangible assets on acquisitions	9.1	11.7
Deferred tax	63.6	-
Tax on disposal of asset held for sale	1.8	(9.3)
Tax relating to prior years	-	(4.9)
Adjusted tax	(7.2)	17.9

NOTE 11 – AUDITORS' REMUNERATION

	2021 €'m	2020 €'m
Group audit and parent company (BDO)	1.5	1.0
Audit of subsidiaries (BDO)	1.4	1.2
Audit of subsidiaries (non-BDO)	0.3	0.3
Total audit fees	3.2	2.5
Non-audit services provided by parent company auditor and its international member firms		
Other non-audit services	0.5	0.3
Tax advisory services	-	0.2
Total non-audit fees	0.5	0.5

NOTE 12 – IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	2021 €'m	2020 €'m
Impairment of property, plant and equipment (Note 17)	12.5	8.7
Impairment of intangible assets (Note 19)	9.1	33.9
Impairment of right of use assets (Note 18)	-	2.8
	21.6	45.4

Of the total impairment of tangible assets of €12.5 million, an amount of €12.3 million relates to land classified as held for sale. Refer to Note 25A.

Out of the total of €9.1 million In 2021, an amount of €6.4 million relates to the impairment of Bingo VF. The remaining relates to the impairment of capitalised development costs. Based on the assessment performed at the reporting date, several projects will not be recoverable.

Of the total impairment loss of €45.4 million in 2020, an amount of €42.0 million relates to the impairment of the Sports B2C GCU which is split as follows: impairment of property, plant and equipment of €8.3 million, impairment of intangible assets of €30.9 million and impairment of rights of use assets of €2.8 million.

NOTE 13 – FINANCE INCOME AND COSTS

	2021 €'m	2020 €'m
A. Finance income		
Interest income	1.1	1.1
	1.1	1.1
B. Finance costs		

Net foreign exchange loss	(0.5)	(2.2)
Interest on bonds	(36.7)	(36.7)
Interest on lease liability	(5.3)	(5.5)
Interest on loans and borrowings and other	(5.6)	(5.8)
Bank facility fees	(1.8)	(1.9)
Bank charges	(13.0)	(9.5)
Movement in contingent consideration and redemption liability	(4.8)	(3.0)
	(67.7)	(64.6)
Net financing costs	(66.6)	(63.5)

NOTE 14 – INCOME TAX (CREDIT)/EXPENSE

	2021 €'m	2020 €'m
Current tax expense		
Income tax expense for the current year	10.8	12.9
Income tax relating to prior years	3.4	3.9
Withholding tax	0.4	0.4
Total current tax	14.6	17.2
 Deferred tax		
Origination and reversal of temporary differences	(78.8)	3.2
Impact of changes in tax rates	(17.5)	-
Total deferred tax	(96.3)	3.2
 Total tax (credit)/expense from continuing operations	(81.7)	20.4

A reconciliation of the reported income tax credit of €81.7 million (2020: expense of €20.4 million) applicable to profit before tax of €605.0 million (2020: loss before tax of €52.7 million) at the UK statutory income tax rate of 19% is as follows:

	2021 €'m	2020 €'m
Profit/(Loss) for the year	686.7	(52.7)
Income tax (credit)/expense	(81.7)	20.4
Profit before income tax	605.0	(73.1)
 Tax using the Company's domestic tax rate (19% in 2021 and 0% in 2020)	115.0	-
<i>Tax effect of:</i>		
Non taxable fair value movements on call options	(110.9)	-
Tax exempt income	(7.5)	-
Non deductible expenses	2.3	-
Deferred tax asset recognised on group restructuring	(75.2)	-
Deferred tax not previously recognised	(2.0)	-
Difference tax rates applied in overseas jurisdictions	(3.6)	16.5
Impact of changes in tax rates	(5.5)	-
Adjustment for under provision in previous periods	3.4	3.9
Deferred tax asset not provide for	2.3	-
Total tax (credit)/expense	(81.7)	20.4

Reported Tax Charge/(Credit)

A reported tax credit from continuing operations of €81.7 million arises on a profit before tax of €605 million compared to an expected charge of €115 million. The key reasons for the difference are: The Group's internal restructuring resulted with the Group becoming entitled to deductions for UK tax purposes in respect of certain internally generated goodwill and intangible assets, for which no intangible asset exists on the Group balance sheet. A deferred tax asset amounting to €75.2 million was initially recognised in respect of future tax deductions due to a change in the tax base of the Group's intangible assets resulting from the restructuring (this has no impact on the book value of the intangible assets reported in these financial statements).

Non-taxable fair value movements on call options of €583.2 million (2020: Nil). Deferred tax should be recognised based on the expected manner of recovery at the balance sheet date. Due to the nature of the options and the underlying assets, no tax is expected to arise while the options are held or when the options are exercised. As the Group intends to recover the value of the options either by continuing to hold them or by exercising the option to convert into shares, and these will have no tax effects, no deferred tax is recorded in respect of the options.

Changes in tax rates and factors affecting the future tax charge

Following the internal restructuring of the Group implemented in January 2021, which resulted in Playtech plc migrating its tax residency to the UK and the Group's key operating entity transferring its business to a UK tax resident company, the most significant elements of the Group's income in 2021 will now arise in the UK where the tax rate for the current period is 19% (previously the most significant elements of the Group's income arose in the Isle of Man, where the tax rate was zero). It should be noted that the UK tax rate is set to increase to 25% from 1 April 2023 (as mentioned further below). As such, the UK statutory headline rate of corporation tax is the basis on which the applicable tax rate is computed.

Deferred Tax

The deferred tax asset and liability are measured at the enacted or substantively enacted tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The UK Budget 2021 announced on 3 March 2021 an increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023. This was enacted as part of Finance Act 2021 on 10 June 2021. As these changes were substantively enacted before the balance sheet date, they have been reflected in the deferred tax balances within these financial statements.

NOTE 15 – EARNINGS PER SHARE

The calculation of basic earning per share ("EPS") has been based on the following profit/(loss) attributable to the owners of the Company and weighted-average number of ordinary shares outstanding.

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit/(loss) attributable to the owners of the Company	674.6	113.8	(297.3)	47.4
Basic (cents)	226.3	38.2	(99.6)	15.9
Diluted (cents)	216.2	36.5	(99.6)	15.2

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit/(loss) attributable to the owners of the Company from continuing operations	686.7	127.6	(73.0)	27.4
Basic (cents)	230.3	42.8	(24.5)	9.2
Diluted (cents)	220.1	40.9	(24.5)	8.8

	Actual Number	2021 Adjusted Number	Actual Number	2020 Adjusted Number
<i>Denominator – basic</i>				
Weighted average number of equity shares	298,229,795	298,229,795	298,357,055	298,357,055
<i>Denominator – diluted</i>				
Weighted average number of equity shares	298,229,795	298,229,795	298,357,055	298,357,055
Weighted average number of option shares	13,882,774	13,882,774	-	12,455,965
Weighted average number of shares	312,112,569	312,112,569	298,357,055	310,813,020

The calculation of diluted EPS has been based on the above profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The effects of the anti-dilutive potential ordinary shares are ignored in calculating diluted EPS.

EPS for discontinued operations is disclosed in Note 8.

NOTE 16 – EMPLOYEE BENEFITS

Total staff costs comprise the following:

	2021 €'m	2020 €'m
Salaries and personnel-related costs	367.4	337.0
Cash settled share based payments	3.4	-
Equity settled share based payments	13.8	21.1
	384.6	358.1
 Average number of personnel:		
<i>Distribution</i>	6,259	5,776
<i>General and administration</i>	650	668
	6,909	6,444

The Group has the following employee share option plans (“ESOP”) for the granting of non-transferable options to certain employees:

- GTS 2010 Company Share Option Plan (“CSOP”). Options granted under these plan vest on the first day on which they become exercisable which is three years after grant date.
- Long Term Incentive Plan 2012 (“LTIP”). Awards (options, conditional awards cash settled awards, or a forfeitable share award) granted under this plan vest on the first day on which they become exercisable which is typically between eighteen to thirty six months after grant date.

The overall term of the ESOP is ten years. These options are settled in equity or cash once exercised. Option prices are denominated in GBP.

There were no grants during 2021.

During 2020 the Group granted the following under its LTIP plan:

- 4,983,428 nil cost awards at fair value per share of £2.97 - £2.99
- 2,483,140 nil cost awards subject to Diluted EPS, relative total shareholder return (“TSR”) against constituents of FTSE250 but excluding investment trusts index, and relative TSR

against a sector comparator Group of 9-12 peer companies. The fair value per share according to the Monte Carlo simulation model is between £2.03 and £3.34. Inputs used were as follows:

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
3	£3.488	1.49%	0.0%	3	45%

At 31 December 2021 and 2020 the following options were outstanding:

	2021 Number	2020 Number
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	-	25,700
Shares vested on 1 March 2018 at nil cost	102,844	102,844
Shares vested between 1 September 2016 and 1 March 2018 at nil cost	23,112	83,929
Shares vested on 1 March 2019 at nil cost	31,972	31,972
Shares vested between 1 September 2017 and 1 March 2019 at nil cost	50,742	163,308
Shares vested on 21 December 2019 at nil cost	12,870	59,469
Shares vested between 1 September 2017 and 1 April 2019 at nil cost	21,187	27,520
Shares vested on 1 March 2020 at nil cost	112,369	384,406
Shares vested on 1 March 2021 at nil cost	1,347,475	2,606,507
Shares will vest between 1 March 2022 and 1 August 2022 at nil cost	3,499,954	4,374,371
Shares will vest by December 19 2024 at nil cost	1,900,000	1,900,000
Shares will vest between 1 March 2023 and 26 October 2023 at nil cost	6,780,249	7,126,752
	13,882,774	16,886,778

The total number of shares exercisable as of 31 December 2021 is 2,402,571 (2020: 879,148).

The total number of outstanding shares that will be cash settled is 630,923 (2020: 952,621). The total liability outstanding for the cash settled options is € 3.8 million (2020: € 1.9 million which has been presented as part of the equity settled liability as at 31 December 2020 and reclassified under other payables as at 31 December 2021).

The following table illustrates the number and weighted average exercise prices of share options for the ESOP.

	2021 Number of options	2020 Number of options	2021 Weighted average exercise price	2020 Weighted average exercise price
Outstanding at the beginning of the year	16,886,778	10,371,789	£0.03	£0.03
Granted	-	7,466,568	-	Nil
Forfeited	(1,130,697)	(733,791)	£0.00	£0.3
Exercised	(1,873,307)	(217,788)	£0.05	£0.00
Outstanding at the end of the year	13,882,774	16,886,778	£0.00	£0.03

Included in the number options exercised during the year are 232,796 options (2020: 16,961) which were cash settled.

The weighted average share price at the date of exercise of options was £6.506 (2020: £3.018).

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2021 Number	2020 Number
10 March 2021	£3.5225	-	25,700
21 December 2025	Nil	125,956	186,773
Between 21 December 2026 and 31 December 2026	Nil	116,771	275,936
Between 1 March 2027 and 28 June 2027	Nil	112,369	372,047
23 July 2028	Nil	1,344,464	2,658,606
Between 27 February 2029 and 19 December 2029	Nil	5,402,965	6,240,964
Between 17 July 2030 and 26 October 2030	Nil	6,780,249	7,126,752
		13,882,774	16,886,778

Finalto ESOP

In addition, the Group has the following employee share option plans ("Finalto ESOP") for the granting of non-transferable options to certain employees:

- TradeFX 2009 Global Share Option Plan ("the First Plan"). Options granted under the first plan vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- Tradetech Performance Share Plan 2017 ("the Second Plan"). Options granted under the second plan vest three years after grant date, according to performance targets in the years 2017 and 2018.

The overall term of the Finalto ESOP is ten years. These options are settled in equity once exercised. The second plan was exercised fully in 2020 and was changed to be settled in cash. Option prices are denominated in USD.

Total number of share options exercisable as of 31 December 2021 is 8,000 (2020: 8,000).

	2021 Number	2020 Number
Shares vested between 1 December 2015 and 31 December 2018 at an exercise price of \$70 per share	4,000	4,000
Shares vested between 1 January 2019 and 31 September 2020 at an exercise price of \$70 per share	4,000	4,000
	<u>8,000</u>	<u>8,000</u>

The following table illustrates the number and weighted average exercise prices of shares options for the Finalto ESOP - prices in the table below relate to shares in Finalto Group Limited:

	2021 Number of options	2020 Number of options	2021 Weighted average exercise price	2020 Weighted average exercise price
Outstanding at the beginning of the year	8,000	15,898	\$ 70.00	\$ 35.23

Granted through the year	-	-	-	-
Forfeited	-	(327)	-	-
Exercised	-	(7,571)	-	-
Outstanding at the end of the year	8,000	8,000	\$70.00	\$70.00

No options were exercised during the year where a cash alternative was received (2020: 7,571). The weighted average share price at the date of exercise of options in 2020 was \$9.67.

Share options outstanding at the end of the year have the following exercise prices:

	2021 Number	2020 Number
Share options expiring between 1 December 2024 and 10 March 2025 at an exercise price of \$70 per share	8,000	8,000
	8,000	8,000

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
Cost					
At 1 January 2021	115.1	86.6	34.7	302.8	539.2
Additions	24.2	10.7	7.8	6.0	48.7
Disposals	(7.2)	(1.1)	(1.4)	(2.9)	(12.6)
Transfer to held for sale	-	-	-	(35.8)	(35.8)
At 31 December 2021	132.1	96.2	41.1	270.1	539.5
Accumulated depreciation and impairment losses					
At 1 January 2021	87.5	44.4	21.0	29.2	182.1
Charge	14.8	17.7	4.8	5.6	42.9
Impairment loss	-	-	-	12.5	12.5
Disposals	(7.0)	(0.7)	(1.3)	(2.9)	(11.9)
Transfer to held for sale	-	-	-	(15.8)	(15.8)
At 31 December 2021	95.3	61.4	24.5	28.6	209.8
Net Book Value					
At 31 December 2021	36.8	34.8	16.6	241.5	329.7
At 1 January 2021	27.6	42.2	13.7	273.6	357.1
	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
Cost					

At 1 January 2020	108.3	67.9	32.3	303.7	512.2
Additions	14.3	19.6	5.5	2.3	41.7
Disposals	(0.3)	(0.2)	(0.5)	(0.1)	(1.1)
Write offs	(4.4)	(0.7)	(0.7)	(1.5)	(7.3)
Transfer to held for sale	(2.6)	-	(1.7)	(1.5)	(5.8)
Effect of movement in exchange rates	(0.2)	-	(0.2)	(0.1)	(0.5)
At 31 December 2020	115.1	86.6	34.7	302.8	539.2

Accumulated depreciation and impairment losses

At 1 January 2020	78.1	21.2	15.4	21.2	135.9
Charge	15.0	21.9	5.4	6.5	48.8
Impairment loss	1.2	2.0	2.0	3.5	8.7
Disposals	(0.3)	(0.1)	(0.3)	-	(0.7)
Write offs	(4.3)	(0.6)	(0.6)	(1.5)	(7.0)
Transfer to held for sale	(1.9)	-	(0.8)	(0.5)	(3.2)
Effect of movement in exchange rates	(0.3)	-	(0.1)	-	(0.4)
At 31 December 2020	87.5	44.4	21.0	29.2	182.1

Net Book Value

At 31 December 2020	27.6	42.2	13.7	273.6	357.1
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NOTE 18 – LEASES

Set out below are the carrying amounts of right of use assets recognised and the movements during the year:

	Office leases	Hosting	Total
	€'m	€'m	€'m
At 1 January 2021	60.1	6.6	66.7
Additions/modifications	22.5	4.8	27.3
Amortisation charge	(14.8)	(5.4)	(20.2)
At 31 December 2021	67.8	6.0	73.8

	Office leases	Hosting	Total
	€'m	€'m	€'m
At 1 January 2020	69.1	5.6	74.7
Additions/modifications	14.5	6.3	20.8
Transfer to held for sale	(4.2)	-	(4.2)
Acquisitions through business combinations	0.1	-	0.1
Amortisation charge	(16.6)	(5.3)	(21.9)
Impairment loss	(2.8)	-	(2.8)
At 31 December 2020	60.1	6.6	66.7

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021	2020
	€'m	€'m
At 1 January	82.5	90.8
Additions/modifications	26.1	21.5
Transfer to held for sale	-	(5.6)
Acquisitions through business combinations	-	0.2
Accretion of interest	5.3	5.9

Payments	(26.2)	(27.2)
Effect of movement in exchange rates	2.4	(3.1)
At 31 December	90.1	82.5
Current	20.3	21.0
Non current	69.8	61.5
	90.1	82.5

The maturity analysis of lease liabilities is disclosed in Note 38B.

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2021 €'m	2020 €'m
Amortisation expense of right of use assets	20.2	21.8
Interest expense on lease liabilities	5.3	5.9
Impact of early termination of lease contracts	(1.2)	(1.1)
Variable lease payments (included in distribution costs)	1.0	0.3
Variable lease payments (included in administrative expenses)	-	0.3
	25.3	27.2

Rent concessions have been provided to the Group companies as a result of the COVID-19 pandemic. The Group elected to account for qualifying rent concessions in the same way as they would if they were not lease modifications, resulting in accounting for the concession as a variable lease payment. The amount recognised in the statement of comprehensive income to reflect changes in lease payments that arose from rent concessions to which the Group has applied the practical expedient is €1.1 million (2020: €0.6 million).

NOTE 19 – INTANGIBLE ASSETS

	Patents, domain names & license €'m	Technology IP €'m	Development costs €'m	Customer list & Affiliates €'m	Goodwill €'m	Total €'m
Cost						
At 1 January 2021	185.7	84.9	316.8	526.9	773.6	1,887.9
Additions	5.7	1.6	53.4	-	-	60.7
Write offs	-	-	(6.6)	-	-	(6.6)
At 31 December 2021	191.4	86.5	363.6	526.9	773.6	1,942.0
Accumulated amortisation and impairment losses						
As of 1 January 2021	91.6	65.5	198.3	310.1	118.3	783.8
Charge	19.0	7.2	47.0	36.1	-	109.3
Impairment loss	-	-	2.3	-	6.8	9.1
Write offs	-	-	(6.3)	-	-	(6.3)
At 31 December 2021	110.6	72.7	241.3	346.2	125.1	895.9
Net Book Value						
At 31 December 2021	80.8	13.8	122.3	180.7	648.5	1,046.1
At 1 January 2021	94.1	19.4	118.5	216.8	655.3	1,104.1

	Patents, domain names & license €'m	Technology IP €'m	Development costs €'m	Customer list & Affiliates €'m	Goodwill €'m	Total €'m
Cost						
At 1 January 2020, as previously reported	218.4	101.8	305.3	633.5	974.8	2,233.8
Impact of correction of errors (Note 40)	(15.0)	-	-	(6.0)	21.5	0.5
Restated balance at 1 January 2020	203.4	101.8	305.3	627.5	996.3	2,234.3
Additions	16.8	0.2	58.5	1.1	1.2	77.8
Acquisitions through business combinations	0.1	3.0	-	4.6	14.9	22.6
Write offs	-	-	(5.2)	-	-	(5.2)
Reclassifications	-	-	-	0.8	(0.8)	-
Transfer to held for sale	(31.6)	(18.4)	(38.4)	(97.9)	(217.6)	(403.9)
Effect of movement in exchange rates	(3.0)	(1.7)	(3.4)	(9.2)	(20.4)	(37.7)
At 31 December 2020	185.7	84.9	316.8	526.9	773.6	1,887.9
Accumulated amortisation and impairment losses						
At 1 January 2020, as previously reported	73.1	68.6	179.2	324.3	89.2	734.4
Impact of correction of errors (Note 40)	(4.3)	-	-	(2.1)	-	(6.4)
Restated balance at 1 January 2020	68.8	68.6	179.2	322.2	89.2	728.0
Charge	34.8	11.9	52.4	49.9	-	149.0
Impairment loss	0.1	-	1.8	2.9	29.1	33.9
Transfer to held for sale	(11.1)	(13.7)	(27.8)	(59.5)	-	(112.1)
Write offs	-	-	(4.9)	-	-	(4.9)
Effect of movement in exchange rates	(1.0)	(1.3)	(2.4)	(5.4)	-	(10.1)
At 31 December 2020	91.6	65.5	198.3	310.1	118.3	783.8
Net Book Value						
At 31 December 2020	94.1	19.4	118.5	216.8	655.3	1,104.1

During the year, the research and development costs net of capitalised development costs were €80.1 million (2020: €76.6 million). The internal capitalisation for the year was €51.3 million (2020: €56.3 million)

Out of the total amortisation charge of €109.3 million (2020: €149.0 million), an amount of €34.8 million (2020: €54.7 million including continuing and discontinued operations) relates to the intangible assets acquired through acquisitions.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to fifteen cash generating units ("CGU") (2020: fifteen), out of which two CGUs are under held for sale.

The allocation of the goodwill in CGUs (excluding CGUs held for sale) is as follows:

	2021	2020
	€'m	Restated €'m
Snai	258.7	258.7
Sports B2B	132.5	132.5
Services	109.9	109.9
Casino	50.8	50.8
Quickspin	26.8	26.8
Eyecon	16.6	16.6
Poker	15.6	15.6
Statscore	12.4	12.4
Bingo retail	9.5	9.5
Bingo VF	7.4	13.8
Videobet retail	4.6	4.6
IGS	3.7	3.7
Sports B2C	-	0.4
	648.5	655.3

Management reviews CGUs for impairment bi-annually, or on the occurrence of an impairment indicator. With the exception of the Financial segment, which is included in held for sale, the recoverable amount of each CGU has been determined from value in use calculations based on cash flow projections covering 5 years plus a terminal value which have been adjusted to take into account each CGUs' major events as expected in future periods.

Management has considered the ongoing economic uncertainty caused by the global pandemic, and the higher level of judgement and uncertainty in forecasts. A potential risk for future impairment exists should there be a significant change in the economic outlook, versus those trends management anticipate in its forecasts due to COVID-19.

With the exception of CGUs which have been fully impaired to date and CGUs deemed sensitive to impairment from a reasonably possible change in key assumptions as reviewed in further detail below, management has calculated the growth estimates for years 1-5 applying an average annual growth rate for revenue based on the underlying economic environment in which the CGU operates and the expected performance over that period. Beyond this period, management has applied an annual growth rate of 2%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current level of licenses. Management has also applied post tax discount rates to the cash flow projections as summarized in the table below:

	Average revenue growth rate 2022-2026	Discount Rate applied
Snai	9.9%	15.0%
Sports B2B	23.7%	13.9%
Services	10.3%	14.2%
Casino	6.0%	12.9%
Poker	2.2%	14.7%
VB Retail	47.5%	11.2%
IGS	24%	12.9%

Certain CGUs which are referred to below are considered sensitive to changes in assumptions used for the calculation of value in use.

The recoverable amount of the Bingo VF CGU, with carrying value of €43.2 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 0% to 3% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 14.9%. Due to the recent termination of one of the biggest customers of the network, the CGU is making

considerable efforts to recover through new geographical expansion and organic growth, however the recoverable amount does not cover the carrying value with an impairment loss of €6.4 million recognised in the current year. In case the revenue growth rate per annum is lower by 1%, then an additional impairment of €4.0 million would be recognized. Same case applies, if the discount rate increased by 1% to a post tax discount rate of 15.9% which would again result in an impairment of €2.8 million.

The recoverable amount of the Bingo Retail CGU, with carrying value of €19.7 million, has been significantly impacted by COVID-19. The recoverable amount of the Bingo Retail CGU has been determined using a cashflow forecast that includes annual revenue growth rates between 2% to 58.4% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 14.9%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 31.4% i.e., reaching a post-tax discount rate of 19.6%. Same case applies, if the revenue growth was lower by 3.0% when compared to the forecasted average 5-year growth.

The recoverable amount of the Eyecon CGU, with carrying value equal to €30.0 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 5% to 10.6% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 12.9%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 17.7% i.e., reaching a post-tax discount rate of 15.2%. Same case applies, if the revenue growth was lower by 1.9% when compared to the forecasted average 5-year growth.

The recoverable amount of the Quickspin CGU, with carrying value equal to €58.8 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 2.5% to 8.5% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 10.8%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 10.7% i.e., reaching a post-tax discount rate of 12%. Same case applies, if the revenue growth was lower by 1.1% when compared to the forecasted average 5-year growth.

The Statscore CGU with carrying value equal to €13.0 million has been deemed as a sensitive CGU due to the startup activities of the unit and first two years of performance as part of the Group. The recoverable amount of the Statscore CGU has been determined using cashflow forecast that includes annual revenue growth rates between 33% to 60% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 18.5%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 23.9% i.e., reaching a post-tax discount rate of 22.9%. Same case applies, if the revenue growth was lower by 2.8% when compared to the forecasted average 5-year growth.

NOTE 20 – INVESTMENTS AND DERIVATIVE FINANCIAL ASSETS

Introduction

As at 31 December 2020, the Group had three different investment categories, being investments in associates, investments in structured agreements and other investments (A-C in the below table respectively). The investment in structured agreements included both investments in associates under equity accounting, as well as derivative financial assets, both arising from our structured agreement arrangements as explained in Note 6.

To provide greater clarity the investment in structured agreements has been disaggregated to reflect the underlying nature of the contractual arrangements in place. This is a reclassification only and there is no change in how these assets were accounted for in the prior year.

	Previously presented 31 December 2020 €'m	Adoption of a different presentation €'m	Revised 31 December 2020 €'m
A. Investment in associates	1.5	16.8	18.3

B. Investment in structured agreements	39.2	(39.2)	-
C. Other investments	9.7	-	9.7
D. Derivative financial assets	-	22.4	22.4
	<u>50.4</u>	<u>-</u>	<u>50.4</u>

Below is a breakdown of the relevant assets at 31 December 2021 and 2020 per the consolidated balance sheet using the new presentation as explained above:

	2021 €'m	2020 €'m
A. Investment in associates	5.2	18.3
B. Other investments	8.1	9.7
C. Derivative financial assets	<u>622.2</u>	<u>22.4</u>
	<u>635.5</u>	<u>50.4</u>

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2021 €'m	2020 €'m
A. Share of (loss)/profit from associates	(0.6)	1.1
B. Unrealised fair value changes on equity investments	(1.6)	0.6
C. Unrealised fair value changes of derivative financial assets	<u>583.2</u>	<u>-</u>
	<u>581.0</u>	<u>1.7</u>

The recognition and valuation methodologies for each category are explained in each of the relevant sections below, including key judgements made under each arrangement as described in Note 6.

A. Investment in associates

Balance sheet	2021 €'m	2020 €'m
Calipay	-	16.8
Alfea S.p.a	1.6	1.5
Galera	<u>3.6</u>	<u>-</u>
Total investment in equity accounted associates	<u>5.2</u>	<u>18.3</u>
Profit and loss impact	2021 €'m	2020 €'m
Share of profit in BGO	-	0.7
Share of profit from Exalogic (Note 25D)	-	0.2
Share of profit in Alfea Spa	-	-

Capital repayment from ITL Partnership	-	0.2
Share of loss in Galera	(0.6)	-
Total profit and loss impact	(0.6)	1.1

Caliplay

Background

During 2014 the Group entered into an agreement with Turística Akalli, S. A. de C.V which has since changed its name to Corporacion Caliente SAPI ("Caliente"), the majority owner of Tecnologia en Entretenimiento Caliplay, S. de R.L. de C.V ("Caliplay"), which is a leading betting and gaming operator which operates the "Caliente" brand in Mexico.

Playtech made a €16.8 million loan to September Holdings B.V (previously the 49% shareholder of Caliplay), a company which is 100% owned by Caliente, in return for a call option that would grant the Group the right to acquire 49% of the economic interest of Caliplay for a nominal amount ("Playtech Call Option").

During 2021 September Holding's 49% shareholding in Caliplay was transferred to Caliente and the terms of the existing structured agreement were varied, with the following key changes:

- A new additional option (in addition to the Playtech Call Option) was granted to Playtech which allowed Playtech to take up to a 49% equity interest in a new acquisition vehicle should Caliplay be subject to a corporate transaction – this additional option is only exercisable in connection with a corporate transaction and therefore was not exercisable at 31 December 2021 ("Playtech M&A Call Option"); and
- Caliente received a put option which would require Playtech to acquire September Holdings BV for a nominal amount ("September Put Option").

Playtech has no equity holding in Caliplay or Caliente and is currently providing services to Caliplay including technical and general strategic support services for which it receives income (including an additional B2B services fee as described in note 6). If the Playtech Call Option or the Playtech M&A Call Option are exercised, the Group would no longer be entitled to receive the additional B2B services fee (and will cease to provide the related services) which for the year ended 31 December 2021 was €49.4 million (2020: €31.3 million). In addition, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliente also has an option to redeem Playtech's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) acquire Playtech's 49% stake in Caliplay (the "Caliente Call Option").

Assessment of control and significant influence

As at 31 December 2021 and 2020 it was assessed that the Group did not have control over Caliplay, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- Despite Playtech having a director on the Caliplay Board in 2020 and Playtech having a veto on a limited number of decisions (a veto that has never been used in practice), there is no ability to control the relevant activities due to the Chairman (who is appointed by the 100% shareholder) having the casting vote; The director was removed from the Caliplay Board in 2021.
- Whilst they are not members of the Board, Playtech has the ability to appoint and change both the Chief Operating Officer ("COO") and Chief Marketing Officer ("CMO") who form part of the management team (albeit this right has never been exercised). The COO and the CMO form part of the wider management team but not the board and therefore are unable to control the relevant activities of Caliplay;
- The option, if exercised, would result in Playtech having up to 49% of the voting rights and would not result in Playtech having control; and
- Whilst Playtech does receive variable returns from its structured agreement, it does not have the power to direct relevant activities so any variation cannot arise from such a power.

As at 31 December 2021 and 2020, the Group has significant influence over Caliply because it meets one or more of the criteria under IAS 28, paragraph 6 as follows:

- Playtech has the ability to appoint key members of the Caliply management team;
- The standard operator revenue by itself is not considered to give rise to significant influence, however, when combined with the additional B2B services fee, this is an indicator of significant influence; and
- The material transaction of the historic loan funding is also an indicator of significant influence.

Accounting for each of the options

The Playtech Call Option was exercisable at 31 December 2021 and 2020, although it still has not been exercised. As the Group has significant influence and the option is exercisable the investment is recognised as an investment in associate using the equity accounting method which includes having current access to profits and losses. The cost of the investment was deemed to be the loan given through September Holdings of €16.8 million, which at the time was assessed under IAS 28, paragraph 38 as not recoverable for the foreseeable future and part of the overall investment in the entity.

The Caliente Call Option has been treated as part of the Playtech Call Option, as in substance these options are related. The Caliente Call Option would merely serve to limit the value of the Playtech Call Option and therefore has not been considered separately.

In 2021, with the introduction of the September Put Option the investment in associate relating to the original Playtech Call option was reduced to zero and the €16.8 million original loan amount was determined by management to be the cost of the new Playtech M&A Call option and therefore fully offset the balance of €16.8 million against the overall fair value movement of the Playtech M&A Call Option (refer to part C of this note).

The Playtech M&A Call Option is not currently exercisable and therefore in accordance with IAS 28, paragraph 14 has been recognised as derivative financial asset, and disclosed separately under part C of this note.

Below is the audited financial information of Caliply:

	2021 €m	2020 €m
Current assets	62.9	59.4
Non-current assets	20.2	7.1
Current liabilities	(67.5)	(45.1)
Non-current liabilities	-	-
Equity	15.6	21.4
Revenue	372.3	237.2
Profit from continuing operations	23.3	14.3
Other comprehensive (loss), income, net of tax	(1.0)	0.6
Total comprehensive income	22.3	14.9

As per the judgement in Note 6, the Group did not consider it appropriate to equity account for the share of profits as the 100% shareholder is entitled to any undistributed profits.

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited, a company incorporated in Alderney, for a total consideration of £10.0 million (€12.5 million). In 2015, the Group invested an additional £0.7 million (€0.9 million). During 2020, the Group disposed of the shares in BGO for a total consideration of €1 and potential contingent consideration should BGO be subject to an exit event to a third-party investor prior to 30 September 2025. The Group does not consider any additional consideration will be receivable. As a result of this transaction the Group realised a loss on disposal of €8.9 million, recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020. The share of profit recognised in the consolidated statement of comprehensive income was €0.7 million for the year ended 31 December 2020.

Investment in Statscore

During 2020, the Group acquired an additional 40% of Statscore SP Z.O.O ("Statscore"). Prior to the acquisition the Group held 45% of Statscore and was accounted for as an investment in associate. This transaction resulted in a total fair value gain on acquisition of €6.5 million, which was the difference between the total carrying value of the investment in associate of €1.5 million and its fair value of €8.0 million at the point of acquisition. The gain was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020.

Investment in Alfea S.p.a

The Group has held 30.7% equity shares in Alfea S.p.a since June 2018. At 31 December 2021 the Group's value of the Investment in Alfea S.p.a was €1.6 million (31 December 2020: €1.5 million). A share of profit of €0.1 million was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021 (2020: €NIL).

Investment in International Terminal Leasing

The Group had a joint venture in International Terminal Leasing (ITL), however the carrying amount is Nil as the Group has recovered the full amount of the initial investment. Any future profits will be recognised directly in the consolidated statement of comprehensive income. The Group has recognised €0.2 million profit for the year ended 31 December 2020, and nothing in the current year.

Investment in Galera

In June 2021, the Group entered into an agreement with Ocean 88 Holdings Ltd (Galera Group) which is the sole holder of Galera Gaming Group, a company registered in Brazil. Galera offer and operate online and mobile sports betting and gaming (poker, casino etc.) in Brazil under a foreign regulatory license. They will continue to do so under the local regulatory license, when this becomes available, and will expand to other gaming and gambling products based on the local license conditions.

The Group's total consideration paid for the investment in Galera was \$5.0 million (€4.2 million) as at 31 December 2021, which was the consideration for the option to subscribe and purchase from Galera Group an amount of shares equal to 40% in Galera Group at nominal price.

In addition to the investment amount paid, Playtech made available to the Galera Group a line of credit up to \$20.0 million. As at 31 December 2021, an amount of €8.1 million, which is included in loans receivable under other non-current assets (refer to Note 21) has been withdrawn. The loan is required to be repaid to Playtech prior to any dividend distribution to the current shareholders of Galera.

Playtech has assessed whether it holds power to control the investee and it was concluded that this is not the case. Even if the option is exercised, it would only result in a 40% voting right over the operating entity and therefore no control.

Under the agreement in place:

- the standard operator income to be generated from services provided to Galera when combined with the additional B2B services fee, the loan and certain other contractual rights, are all indicators of significant influence; and

- the Group provides standard B2B services (similar to services provided to other B2B customers) as well as additional services to Galera that Galera requires to assist it in successfully running its operations which could be considered essential technical information.

Considering the above factors, the Group has significant influence under IAS 28, paragraph 6 over Galera.

As the option is currently exercisable and gives Playtech access to the returns associated with the ownership interest, the investment is treated as an investment in associate. Playtech's interest in Galera is accounted for using the equity method in the consolidated financial statements. Galera is still considered a start-up and therefore is currently loss making.

The cost of the investment was deemed to be the price paid for the option of \$5 million (€4.2 million). A share of the loss of €0.6m was recognised in the consolidated statement of comprehensive income, with the resulting value of the investment at 31 December 2021 being €3.6 million.

Other investment in associates that are fair valued under IAS 28 para 14

The following are also investment in associates where the Group has significant influence but where the option is not currently exercisable. As there is no current access to profits the relevant option is fair valued under IFRS 9, and disclosed as derivative financial assets under part C of this note:

- Wplay
- Tenbet (Costa Rica)
- Onjoc (Panama)

The financial information required for investments in associates, other than Caliplay, have not been included here as from a Group perspective we do not consider them to have a material impact jointly or separately.

B. Other investments

Balance sheet	2021	2020
	€'m	€'m
Listed investment - PhilWeb	0.8	1.2
Listed investment – Torque Esports Corp	0.8	2.0
Investment in Tenlot Guatemala	4.4	4.4
Investment in Tentech Costa Rica	2.1	2.1
Total other investments	8.1	9.7
Profit and loss impact	2021	2020
	€'m	€'m
Change of fair value of listed securities - PhilWeb	(0.4)	-
Change in fair value of listed securities - Torque Esports Corp	(1.2)	0.6
Total profit and loss impact	(1.6)	0.6

Listed investments

The Group has shares in listed securities in PhilWeb and Torque Esports Corp. The fair values of these equity shares are determined by reference to published price quotations in an active market. For the year ended 31 December 2021, the fair value of each of these listed securities decreased by €0.4 million (2020: €nil) and €1.2 million (2020: increase of €0.6 million) respectively. The total fair value of the shareholding in the listed investments as at 31 December 2021 is €1.6 million (2020: €3.2 million).

Investment in Tenlot Guatemala

In 2020, the Group entered into an agreement with Tenlot Guatemala, a member of the Tenlot Group. Tenlot Guatemala commenced its activity in 2018 and it is currently growing its lottery business in Guatemala, expanding its distribution network and game offering.

The Group has acquired a 10% equity holding in Tenlot Guatemala for a total consideration of \$5.0 million (€4.4 million) in 2020, which has been accounted at fair value through profit and loss under IFRS 9.

The fair value of the equity holding as at 31 December 2021 is \$5.0 million (€4.4 million) with no movement in fair value from the prior year.

In addition, the Group was granted a 10% equity holding in Super Sports S.A. at no additional cost. The Group also has an option to acquire an additional 80% equity holding in Super Sports S.A.. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee. There are no conditions attached to the exercise of the option.

The right of exercising the call option at any time and the acquisition of the additional 80% in Super Sports S.A., gives Playtech:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

It therefore satisfies all the criteria of control under IFRS 10, paragraph 7 and as such at 31 December 2021 Super Sport S.A has been consolidated in the consolidated financial statements of the Group, noting that this is not material from a Group perspective.

Investment in Tentech Costa Rica

In 2020, the Group entered into an agreement in Costa Rica with the Tenlot Group. The Group acquired a 6% equity holding in Tentech CR S.A., a member of the Tenlot Group, for a total consideration of \$2.5 million (€2.1 million). Tentech CR S.A. sells printed bingo cards in accordance with article 29 of the Law of Raffles and Lotteries of Costa Rica ("CRC- Costa Rican Red Cross Association").

The 6% equity holding in Tentech CR S.A is accounted at fair value through profit and loss under IFRS 9.

The fair value of the equity holding as at 31 December 2021 is \$2.5 million (€2.1 million) with no movement in fair value from the prior year.

C. Derivative financial assets

Balance sheet	2021	2020
	€'m	€'m
Playtech M&A Call Option	506.7	-
Wplay	97.2	22.4
Onjoc	6.9	-
Tenbet	11.4	-
Total derivative financial assets	622.2	22.4
Profit and loss impact	2021	2020
	€'m	€'m
Fair value of Playtech M&A Call Option	506.7	-
Playtech Call Option (Note 20 A)	(16.6)	-
Fair value change in Wplay	74.8	-
Fair value change in Tenbet	11.4	-
Fair value change in Onjoc	6.9	-

Total profit and loss impact

583.2

-

Caliplay

As already disclosed in section A of this note, the Playtech M&A call option is not currently exercisable and therefore in accordance with IAS 28, paragraph 14 has been recognised as a derivative financial asset and fair valued under IFRS 9.

As at 31 December 2021, Caliplay was actively negotiating a merger with a US listed Special Purpose Acquisition Corporation ("SPAC"), which in turn was expected to enter into a long-term commercial agreement with a leading media partner. As part of the transaction, the media partner and certain of its shareholders would also invest a cash amount in the SPAC in exchange for shares and warrants issued by the SPAC, which is expected to result in them together holding a material minority equity interest.

Should the transaction proceed, and as contemplated by the Playtech M&A Call Option, Playtech would become a holder of a material minority equity interest in the SPAC and cease to receive its additional B2B services fee from Caliplay.

Valuation

The Group has assessed the fair value of the derivative financial asset as at 31 December 2021 based on the active terms of the expected merger with the US SPAC, including the transaction value.

The valuation required management to make certain assumptions about the level of shareholding that will be received by Playtech upon exercise of the option, the timing of a potential exit, the uncertainty of achieving the value expected from the SPAC transaction if a similar deal occurs at a later stage as well as discounts applied due to lack of marketability ("DLOM") due to post merger restrictions on the subsequent disposal of the shares held by the Group.

The Group made assumptions as at 31 December 2021 on the probability of the transaction completing by 30 June 2022 or a year later under a slightly different transaction. Furthermore, the resulting Playtech shareholding post the merger was based on certain dilutions resulting from the issue of shares and warrants to the media company and other investors, as well as the existence of transfer rights to shares under certain Playtech subcontractor agreements.

As at 31 December 2021, the fair value of the option in Caliplay was €506.7 million. At 31 December 2020 this was Nil since the option was new in 2021, therefore the entire €506.7 million was recognised as a fair value gain in the consolidated statement of comprehensive income in the year ended 31 December 2021.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2021 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A change in the probability of completion at 30 June 2022 and 30 June 2023 by +/-10%, would change the fair value of the Playtech M&A option would change within the range of €493.7 million – €521.3 million.
- If the discount applied to the transaction value to be completed by 30 June 2023 changes by +/-10% then fair value of the Playtech M&A Option would change within the range of €456.1 million – €558.9 million.

Wplay

In August 2019, Playtech entered into a structured agreement with Aquila Global Group SAS ("Wplay"), which had the license to operate online gaming activities in Colombia. Under the agreement the Group provides Wplay its technology products, where it receives standard operator revenue and additional B2B services fee as described in Note 6. The Group has no shareholding in Wplay.

The agreement with Wplay was accounted for as a joint venture at inception due to the terms in place giving the Group joint control. During 2020, the contract was renegotiated resulting in the Group having significant influence (refer to assessment below). Playtech has a call option to acquire a 49.9% equity holding in the Wplay business. As at 31 December 2020 this option was exercisable in August 2021, however during 2021, the parties agreed to defer the Group's ability to exercise this option to August 2022. If the call option is exercised by Playtech, the Group would no longer provide certain services and as such will no longer be entitled to the additional B2B services fee.

The payment of €22.4 million made to Wplay in 2019 and 2020 was considered to be the payment made for the option in Wplay. The amendments to the structured agreement in 2021 confirmed that these are the full and final payments for the Wplay option with no additional amounts payable on the exercise of the option. Under the existing agreements with Wplay, the Group had contingent commitments totaling \$6.0 million, of which \$5.0 million was paid in June 2021 and \$1.0 million is payable on certain performance milestones in future periods (refer to Note 30).

Assessment of control and significant influence

The Group assessed whether it holds power over the investee (in accordance with IFRS 10, paragraph 7) with the following considerations:

- Playtech does not have the ability to direct Wplay's activities as it has no voting representation on the Executive Committee or members of the Executive committee;
- Whilst they are not members of the Executive Committee, Playtech has the ability to appoint and change both the COO and CMO who form part of the management team (albeit this right has never been exercised). The COO and the CMO are part of the wider management team but would not be able to control the relevant activities of Wplay; and
- If the option is exercised it would result in Playtech acquiring 49.9% of the voting rights of the operating entity and therefore would not result in having control. Furthermore, as at 31 December 2021 the option is not exercisable and therefore can be disregarded in the assessment of power.

Per the above assessment Playtech does not hold power over the investee and as such does not have control.

With regards to the assessment of significant influence, the following facts were considered:

- Playtech has the right to appoint and remove the COO and CMO which are potential indicators of significant influence given their relative positions and the involvement in day-to-day operations of Wplay;
- The standard operator revenue is not considered to give rise to significant influence. However, when combined with the additional B2B services fee, this is an indicator of significant influence; and
- the Group provides additional services to Wplay which Wplay requires to assist it in successfully running its operations which could be considered essential technical information

The Group therefore has significant influence under IAS 28, paragraph 6 over Wplay. However, as the option is not currently exercisable, we have an investment in associate but with no access to profits. As such the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

During 2021, the Group has given an interest bearing loan of \$1.7 million (€1.5 million) to Wplay, which is due for repayment in December 2022 which is included in loans receivable from related parties (refer to Note 21).

Valuation

The fair value at 31 December 2020 was deemed to be the price paid for the option itself of €22.4 million, as the business was not live until October 2020 and therefore there were no indicators of a material change in fair value at 31 December 2020.

The fair value of the option at 31 December 2021 has been estimated using a discounted cash flow ("DCF") approach with a market exit multiple assumption. The Group used an appropriate discount rate reflecting the cash flow risks given the high growth rates in place and the relative early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date. As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point. Furthermore, Playtech's share in Wplay was adjusted to reflect the rights to shares under certain Playtech subcontractor agreements.

As at 31 December 2021, the fair value of the Wplay derivative financial asset is €97.2 million. The difference of €74.8 million between the fair value at 31 December 2020 of €22.4 million and the fair value at 31 December 2021 has been recognised in the consolidated statement of comprehensive income in the year ended 31 December 2021.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2021 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 20% to 30% will result in a fair value of the derivative financial asset in the range of €74.8 million - €105.4 million.
- A 5% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €92.5 million - €101.9 million.
- A 10% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €87.8 million - €106.6 million.
- A 0.5 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €93.1 million - €101.4 million.
- If the assumed exit date is pushed out to the first available date outside the lock-in period, then the valuation of the derivative financial asset will be €75.9 million.

Onjoc

In June 2020, Playtech entered into a framework agreement with ONJOC CORP. ("Onjoc"), which holds a license to operate online sports betting, gaming and gambling activities in Panama. The Group has no equity holding in Onjoc but has an option to acquire 50%. Under the agreement the Group provides Onjoc its technology products, where it receives standard operator revenue and additional B2B services fee as described in Note 6. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee. The option can be exercised any time subject to Onjoc having \$15 million of Gross Gaming Revenue ("GGR") over a consecutive 12-month period.

Assessment of control and significant influence

The Group performed a similar analysis for Onjoc to assess whether it holds power over Onjoc (in accordance with IFRS 10, paragraph 7) with the following considerations:

- Playtech can propose an independent member to the Board of Directors, who has to be independent to both Playtech and Onjoc, and as such does not have the ability to direct Onjoc's activities as it has no voting representation on the Board;
- Playtech has the right to appoint and remove the COO, CTO and CMO, which although would form part of the wider management team, would not be able to control the relevant activities of Onjoc by themselves; and
- If the option is exercised it would result in Playtech acquiring 50% of the voting rights of the operating entity and therefore would not result in having control. Furthermore, as at 31 December 2021 the option is not exercisable and therefore can be disregarded in the assessment of power.

Per the above assessment Playtech does not hold power over the investee and as such does not have control.

With regards to the assessment of significant influence, the following facts were considered:

- Playtech can propose an independent member to the Board of Directors and has the right to appoint and remove the COO, CTO and CMO which are potential indicators of significant influence given their relative positions and the involvement in day-to-day operations of Onjoc;
- The standard operator revenue is not considered to give rise to significant influence. However, when combined with the additional B2B services fee, this is an indicator of significant influence; and
- the Group provides additional services to Onjoc which Onjoc requires to assist it in successfully running its operations which could be considered essential technical information.

The Group therefore has significant influence under IAS 28, paragraph 6 over Onjoc. However, as the option is not currently exercisable, we have an investment in associate but with no access to profits. As such the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

Valuation

The fair value of the option at 31 December 2021 has been estimated using a DCF approach with a market exit multiple assumption. The Group used an appropriate discount rate reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date. As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point. Furthermore, Playtech's share in Onjoc was adjusted to reflect the rights to shares under certain Playtech subcontractor agreements.

As at 31 December 2021, the fair value of the Onjoc derivative financial asset is €6.9 million. The fair value at 31 December 2020 was €Nil with €6.9 million being recognised as the fair value movement in the consolidated statement of comprehensive income. The value in the prior year was €Nil as Onjoc was still at the early stages of launch and there was no indication of a material change to the fair value of the derivative.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2021 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A discount rate within the range of 30% to 40% will result in a fair value of the derivative financial asset in the range of €4.3 million - €7.1 million
- A 5% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €6.5 million - €7.3 million
- A 10% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €6.2 million - €7.7 million
- A 0.5 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €6.5 million - €7.3 million
- If the assumed exit date is pushed out to the first available date outside the lock-in period, then the valuation of the derivative financial asset will be €3.3 million

Tenbet Costa Rica

In addition to the 6% equity holding in Tentech CR S.A as per section B of this note, the Group has an option to acquire 81% equity holding in Tenbet. Tenbet which is another member of the Tenlot Group, operates online bingo games and casino side games. Playtech provides certain services to Tenbet in return for its additional B2B services fee. The Group has no equity holding in Tenbet but has an option to acquire 81% equity. If the option is exercised, the Group would no longer provide certain services to Tenbet and, as such, would no longer be entitled to the additional B2B services fee. The option can be exercised at any time from the end of 18 months of Tenbet going live. The call option to acquire 81% equity holding in Tenbet is exercisable from February 2022 (refer to Note 41).

Under the existing agreements, the Group has provided Tenbet with a credit facility of €1.2 million out of which €1.1 million had been drawn down as at 31 December 2021 (31 December 2020: €0.1 million).

Assessment of control and significant influence

The Group performed a similar analysis for Tenbet to assess whether it holds power over Tenbet (in accordance with IFRS 10, paragraph 7) with the following considerations:

- Playtech does not have the ability to direct Tenbet's activities as it has no voting representation on the Board of Directors (or equivalent) or people in managerial positions;
- Playtech has neither the ability to appoint or change any members of the Board of Tenbet; and
- As at 31 December 2021 the option is not exercisable and therefore can be disregarded in the assessment of power.

Per the above assessment Playtech does not hold power over the investee and as such does not have control.

With regards to the assessment of significant influence, the standard operator revenue alone is not considered to give rise to significant influence. However, when combined with the additional B2B services fee, this is an indicator of significant influence. Furthermore, the Group provides additional services to Tenbet which Tenbet requires to assist it in successfully running its operations which could be considered essential technical information. Playtech therefore has significant influence under IAS 28, paragraph 6 over Tenbet. However, as the option is not currently exercisable, we have an investment in associate but with no access to profits. As such the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

Valuation

The fair value of the option at 31 December 2021 has been estimated using a DCF approach with a market exit multiple assumption. The Group used an appropriate discount rate reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date. As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point. Furthermore, Playtech's share in Tenbet was adjusted to reflect the rights to shares under certain Playtech subcontractor agreements.

The fair value of the option in the associate Tenbet as at 31 December 2021 is €11.4 million. The fair value at 31 December 2020 was €Nil therefor the €11.4 million was recognised in the consolidated statement of comprehensive income in the year ended 31 December 2021. Tenbet was still at the early stages of launch in 2020 and there was no indication of a material change to the fair value of the derivative.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2021 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A discount rate within the range of 30% to 40% will result in a fair value of the derivative financial asset in the range of €8.0million - €13.0 million.
- A 5% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €10.8 million - €11.9 million.
- A 10% fluctuation in the EBITDA margin will result in a fair value of the derivative financial asset within the range of €10.3 million - €12.4 million.
- A 0.5 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €10.8 million - €12.0 million.
- If the assumed exit date is pushed out to the first available date outside the lock-in period, then the valuation of the derivative financial asset will be €10.8 million.

NOTE 21 – OTHER NON-CURRENT ASSETS

2021

2020

	€'m	€'m
Security deposits	3.3	3.2
Guarantee for gaming licenses	2.6	2.8
Prepaid costs relating to Sun Bingo contract	71.7	49.6
Loans receivable	8.1	4.8
Loans receivable from related parties (Note 36)	9.5	-
Other	9.2	6.9
	<u>104.4</u>	<u>67.3</u>

NOTE 22 – TRADE RECEIVABLES

	2021 €'m	2020 €'m
Trade receivables	168.6	156.4
Related parties (Note 36)	16.5	15.2
Trade receivables - net	<u>185.1</u>	<u>171.6</u>
Split to:		
Non current assets	6.6	18.4
Current assets	178.5	153.2
	<u>185.1</u>	<u>171.6</u>

NOTE 23 – OTHER RECEIVABLES

	2021 €'m	2020 €'m
Prepaid expenses	25.9	34.1
VAT and other taxes	14.1	8.9
Security deposits for regulators	13.1	13.5
Prepaid costs relating to Sun Bingo contract	4.3	9.5
Receivable for legal proceedings and disputes*	16.4	16.4
Loans receivable	2.1	0.7
Loans receivable from related parties (Note 36)	2.4	-
Other receivables	8.8	10.6
	<u>87.1</u>	<u>93.7</u>

*Receivable for legal proceedings and disputes relates to funds held in an escrow, in relation to a historic and ongoing legal matter. The corresponding liability is included under gaming and other taxes. The funds will be released when the case is finally settled, in accordance with the escrow agreement.

NOTE 24 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2021 €'m	2020 €'m
Continuing operations		
Cash at bank	572.4	677.6
Deposits	3.6	6.7
	<u>576.0</u>	<u>684.3</u>
Less: expected credit loss (Note 38A)	<u>(0.6)</u>	<u>(0.6)</u>
	<u>575.4</u>	<u>683.7</u>
Treated as held for sale		
Cash at bank	71.2	124.7
Cash at brokers	293.4	249.0
Deposits	1.5	3.2
	<u>366.1</u>	<u>376.9</u>

Cash and cash equivalents in the statement of cash flows	942.1	1,061.2
Less: expected credit loss (Note 38A)	(0.6)	(0.6)
	941.5	1,060.6

The Group held cash balances on behalf of operators in respect of operators' jackpot games and poker and casino operations, as well as client funds with respect to B2C, CFD and client deposits in relation to liquidity and clearing activities which are included in the current liabilities.

	2021	2020
	€'m	€'m
Continuing operations		
Funds attributed to jackpots	82.2	75.5
Security deposits	28.5	24.7
Players' balances	30.4	28.9
	141.1	129.1
Included in liabilities held for sale		
Client deposits	138.5	109.5
Client funds	170.3	170.9
	308.8	280.4

NOTE 25 – ASSETS HELD FOR SALE

	2021	2020
	€'m	€'m
Assets		
A. Property, plant and equipment	20.0	-
B. Casuals CGU	-	0.8
C. Financial CGU	487.4	465.9
D. Investment in associates	-	2.2
	507.4	468.9

- A. On 21 April 2020, the sale and purchase agreement of Area Sud in Milan was finalised for a total consideration of €18.8 million, out of which €5.0 million was received on the sign off of the preliminary agreement in 2019. Furthermore, on 21 July 2020, the sale and purchase agreement of Area Nord in Milan was finalised for total consideration of €35.7 million. As a result of these transactions, the Group realised a profit of €22.1 million in the consolidated statement of comprehensive income for the year ended 31 December 2020.

During the year, the Group entered into a binding agreement for the disposal of a real estate area in Milan for a total consideration of €20.0 million, out of which €1.0 million was received during the year ended 31 December 2021. The advances received classified as part of the liabilities directly associated with assets classified as held for sale. Accordingly, the real estate has been classified as held for sale. At the date of the transfer to asset held for sale, an impairment review has been performed against the fair value less expected disposal costs. The carrying value of the land is higher than the fair value less expected selling costs and therefore an impairment of €12.3 million has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021. In addition, €1.8 million deferred tax liability related to the subject land was recognised to the statement of comprehensive income for the year. The Group decided to sell the asset and the prospective buyer was interested in the land and not the buildings which lead to this impairment.

- B. Following the decision made by the Group in 2019 to dispose the Casual and Social Gaming Businesses, the value of the divisions were classified as held for sale and the results were included in the discontinued operations.

On 29 June 2020, the Group entered into an agreement for the partial disposal of “FTX” included in this division, for a total consideration of \$1.0 million. As a result of this transaction, the Group realised a profit of €0.6 million in the consolidated statement of comprehensive income for the year ended 31 December 2020, included within the total profit from discontinued operations (refer to Note 8).

Furthermore, on 11 January 2021, the Group entered into an agreement for the disposal of “Yoyo”, also included in this division, for a total consideration of \$9.5 million. As a result of this transaction, the Group realised a profit of €7.6 million in the consolidated statement of comprehensive income for the year ended 31 December 2021, included within the total profit from discontinued operations (refer to Note 8).

As a result of the above transactions, the Social and Casual Gaming CGU is now fully disposed.

- C. Following the decision made by the Board of Directors in 2020 to dispose the Financial segment, the value of the division was classified as held for sale and its results included in discontinued operations.

On 26 May 2021, the Group entered into an agreement for the disposal of its Financial segment for a cash consideration up to \$210.0 million, comprising an initial \$185.0 million of which \$15.0 million is deferred up to two years from the completion of the transaction, together with a further \$15 million contingent on certain cash flow or other criteria being met by the business carried on by the Financial segment. In addition, the Group will retain the movement of the working capital which already has been transferred from Finalto to Playtech amounting to \$48.7 million in May 2021. Shareholders voted against the transaction.

On 29 September 2021, the Group entered into an agreement for a cash consideration of \$250.0 million. The final consideration is subject to a completion accounts adjustment of up to \$25.0 million in either direction, which is determined by the financial performance of the Financial segment from 1 January 2021 to the completion date. The transaction was approved by the shareholders at the Annual General Meeting held on 1 December 2021 and its conditional on the approval of certain regulatory authorities in respect of the change of control. Expected selling costs amounted to \$9.0 million.

Prior to the classification of the Financial segment as held for sale in 2020, the Group performed an impairment test. The recoverable amounts were determined from value in use calculations based on cash flow projections covering 5 years plus a terminal value, which had been updated for COVID-19 and management's probability-based estimates of the impact on future periods based on different scenarios. Based on this, the value in use was higher than the carrying value, and hence it was concluded no impairment was required. Following the classification to held for sale and in light of the value indications from potential purchasers, management performed an assessment of the carrying value using expected fair value less cost to sell, based on the draft sale and purchase agreement. As a result of this assessment an impairment loss of €221.2 million was recognised. Following review of the net assets as at 31 December 2021 with the expected proceeds from the disposal less expected selling costs (based on the agreement date 29 September 2021), €2.0 million of the previously recognised impairment on the intangible assets was reversed in the current period. The impairment loss allocated against goodwill cannot be reversed.

The major class of assets and liabilities of the disposal group classified as held for sale, are as follows:

	2021 €'m	2020 €'m
Assets		
Property, plant and equipment	3.6	2.6
Right of use assets	5.5	4.5
Intangible assets	86.6	72.2
Trade and other receivables	25.6	10.5
Cash and cash equivalents	366.1	376.9

Assets classified as held for sale	487.4	466.7
Liabilities		
Deferred tax liability	6.5	6.3
Trade payables and other payables	14.9	12.8
Client deposits	138.5	109.5
Client funds	170.3	170.9
Income tax payable	8.4	3.9
Lease liability	5.2	5.8
Liabilities directly associated with the asset classified as held for sale	343.8	309.2

- D. In 2020, the Board of Directors made a decision to dispose of its shareholding in two associates and as such their value of €2.2 million was transferred to assets held for sale. During 2021, the Group entered into an agreement for the disposal of these associates for a total consideration of €2.2 million. The share of profit recognised in the consolidated statement of comprehensive income was €0.2 million for the year ended 31 December 2020.

NOTE 26 – SHAREHOLDERS' EQUITY

A. Share Capital

Share capital is comprised of no par value shares as follows:

	2021 Number of Shares	2020 Number of Shares
Authorised*	N/A	N/A
Issued and paid up	309,294,243	309,294,243

*The Company has no authorised share capital, but it is authorised to issue up to 1,000,000,000 shares of no par value.

The table below shows the movement of the shares:

	Shares in issue/circulation	Treasury shares	Shares held by EBT	Total
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
At 1 January 2020	301,866,327	5,502,550	1,925,366	309,294,243
Share buyback	(4,463,339)	4,463,339	-	-
Exercise of options	200,827	-	(200,827)	-
At 31 December 2020/1 January 2021	297,603,815	9,965,889	1,724,539	309,294,243
Transfer to EBT	-	(7,028,339)	7,028,339	-
Exercise of options	1,640,511	-	(1,640,511)	-
At 31 December 2021	299,244,326	2,937,550	7,112,367	309,294,243

B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust (refer to Note 5L) by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 1,640,511 shares (2020: 200,827) were issued to executive management after meeting the performance conditions at a cost of €13.9 million (2020: €1.7 million).

As noted above, the Company transferred 7,028,339 shares held by the Company in treasury to the Employee Benefit Trust for a total of €23.2 million.

As at 31 December 2021, a balance of 7,112,367 (2020: 1,724,539) shares remains in the trust with a cost of €23.2 million (2020: €14.5 million).

C. Share options exercised

During the year 1,873,307 (2020: 217,788) share options were exercised, of which 232,796 were cash-settled (2020: 16,961).

D. Distribution of Dividend

During 2021, the Group did not pay any dividends.

E. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e., amount subscribed for share capital in excess of nominal value)
Employee benefit trust	Cost of own shares held in treasury by the trust
Put/Call options reserve	Fair value of put/call options as part of business acquisition
Foreign exchange reserve	Gains/losses arising on re-translating the net assets of overseas operations
Employee termination indemnities	Gains/losses arising from the actuarial re-measurement of the employee termination indemnities
Non-controlling interest	The portion of equity ownership in a subsidiary not attributable to the owners of the Company
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTE 27 – LOANS AND BORROWINGS

The main credit facility of the Group is a revolving credit facility ("RCF") up to €317.0 million available until November 2023. Interest payable on the loan is based on a Euro Libor and Libor rates based on the currency of each withdrawal. As at the reporting date the credit facility drawn amounted to €167.1 million (2020: €308.9 million).

The Group took a prudent and disciplined approach to its banking relationships and proactively approached its lenders and agreed to amend the covenants in its RCF for the 31 December 2020 and 30 June 2021 tests as follows:

- Leverage: Net Debt/Adjusted EBITDA revised to 5:1 for the year ended 31 December 2020 and 4.5:1 for the last twelve months to 30 June 2021
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last twelve months to 30 June 2021.

The covenants returned to previous levels of 3x Net Debt/Adjusted EBITDA and 4x Interest/Adjusted EBITDA from 31 December 2021 onwards.

As at 31 December 2021 and 2020 the Group met these financial covenants. The covenants are monitored on a regular basis by the finance department, including modelling future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches, the results of which are reported to management and the Board of Directors.

NOTE 28 – BONDS

	2018 Bond	2019 Bond	Total
	€'m	€'m	€'m
As of 1 January 2020	525.0	346.2	871.2
Interest expenses on bonds	1.3	0.6	1.9

As at 31 December 2020/ 1 January 2021	526.3	346.8	873.1
Interest expenses on bonds	1.3	0.6	1.9
As at 31 December 2021	527.6	347.4	875.0

Bonds

(a) 2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes ('2018 Bond') maturing in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price was 100% of its principal amount and bears interest from 12 October 2018 at the rate of 3.75% per annum payable semi-annually, in arrears, on 12 April and 12 October commencing on 12 April 2019.

The fair value of the bond as Level 1 at 31 December 2021 was €536.1 million (31 December 2020: €539 million).

(b) 2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes ('2019 Bond') maturing in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price is 100% of its principal amount and bears interest from 7 March 2019 at a rate of 4.25% per annum payable semi-annually, in arrears, on 7 September and 7 March commencing on 7 September 2019.

The fair value of the bond as a Level 1 at 31 December 2021 was €358.3 million (31 December 2020: €363 million).

As at 31 December 2021 and 2020 the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/Interest ratio, for the combined 2018 and 2019 Bonds.

NOTE 29 – PROVISIONS FOR RISKS AND CHARGES, LITIGATION AND CONTINGENT LIABILITIES

The Group is involved in proceedings before civil and administrative courts, and other legal or potential legal actions related to its business, including certain matters related to previous acquisitions. Based on the information currently available, and taking into consideration the existing provisions for risks, the Group currently considers that such proceedings and potential actions will not result in an adverse effect upon the financial statements; however, where this is not considered to be remote, they have been disclosed as contingent liabilities.

All the matters were subject to a review and estimate by the Board of Directors based on the information available at the date of preparation of these financial statements and, where appropriate, supported by updated legal opinions from independent professionals. These provisions are classified based on the Director's assessment of the progress and probabilities of success of each case at each reporting date.

Movement of the provisions outstanding as at 31 December 2021 are shown below:

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 1 January 2021	10.3	7.2	3.4	20.9

Provisions made during the year	1.5	1.3	1.0	3.8
Provisions used during the year	(1.0)	-	(0.2)	(1.2)
Provisions reversed during the year	(3.9)	(1.8)	(1.1)	(6.8)
Balance at 31 December 2021	6.9	6.7	3.1	16.7

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
2020				
Non current liabilities	10.3	7.2	3.4	20.9
2021				
Non current liabilities	6.9	3.5	3.1	13.5
Current liabilities	-	3.2	-	3.2
	6.9	6.7	3.1	16.7

In prior years, provision for contractual claims amounting to €2.8 million were presented as part of other payables. The comparative information has therefore been re-presented.

Provision for legal and regulatory issues

The Group is subject to proceedings and potential claims regarding complex legal matters (including those related to previous acquisitions), which are subject to a different degree of uncertainty. Provisions are held for various legal and regulatory issues that relate to matters arising in the normal course of business, including in particular various disputes that arose in relation to the operation of the various licenses held by the Group's subsidiary Snaitech. The uncertainty is due to complex legislative and licensing frameworks in the various territories in which the Group operates. The Group also operates in certain jurisdictions where legal and regulatory matters can take considerable time for the required local processes to be completed and the matters to be resolved.

Contractual claims

The Group is subject to historic claims relating to contractual matters that arise with customers in the normal course of business. The Group believes they have a robust defense to the claims raised and has provided for the likely settlement where an outflow of funds is probable. The uncertainty relates to complex contractual dealings with a wide range of customers in various jurisdictions, and because as noted above, the Group operates in certain jurisdictions where contractual disputes can take considerable time to be resolved in the local legal system.

Given the uncertainties inherent, it is difficult to predict with certainty the outlay (or the timing thereof) which will derive from these matters. It is therefore possible that the value of the provisions may vary further to future developments. The Group monitors the status of these matters and consults with its advisors and experts on legal and tax-related matters in arriving at the provisions recorded. The provisions included represent the Directors' best estimate of the potential outlay and none of the matters provided for are individually material to the financial statements.

NOTE 30 - CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY

	2021 €'m	2020 €'m
Non-current contingent consideration consists of:		
Amount payable to Aquila Global Group SAS ("Wplay") (Note 20)	-	3.9
	-	3.9

Non-current redemption liability consists of:

Acquisition of Statscore SP Z.O.O.(Note 35A)	6.0	4.6
	6.0	4.6

Total non-current contingent consideration and redemption liability

6.0	8.5
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Current contingent consideration consists of:

Acquisition of Eyecon Limited	3.6	-
Amount payable to Aquila Global Group SAS ("Wplay") (Note 20)	0.8	-
Other acquisitions	0.6	1.2
Total current contingent consideration	5.0	1.2

Total contingent consideration and redemption liability

11.0	9.7
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The maximum contingent consideration and redemption liability payable is as follows:

	2021	2020
	€'m	€'m
Acquisition of Eyecon Limited	3.6	25.0
Acquisition of HPYBET Austria GmbH	15.0	15.0
Interest in Aquila Global Group SAS ("Wplay")	0.9	4.9
Acquisition of Statscore SP Z.O.O.	15.0	15.0
Other acquisitions	7.3	7.3
	41.8	67.2

NOTE 31 – TRADE PAYABLES

	2021	2020
	€'m	€'m
Suppliers	33.5	35.1
Customer liabilities	7.8	12.5
Other	-	0.1
	41.3	47.7

NOTE 32 – DEFERRED TAX

The movement on the deferred tax is as shown below:

	2021	2020
	€'m	€'m
At 1 January, as previously reported	(82.5)	(76.8)
Impact of correction of errors	-	(10.6)
Restated balance at 1 January	(82.5)	(87.4)
Transferred to asset classified as held for sale	-	6.2
Arising on the acquisitions during the year	-	(0.4)
Charge to profit or loss (Note 14)	96.3	(1.7)
Exchange differences	0.2	0.8
	14.0	(82.5)

2020 movement includes both continuing (€3.2 million) and discontinued (€1.5 million) operations.

	2021	2020
	€'m	€'m
Split as:		
Deferred tax liability on acquisitions	97.2	108.2

Deferred tax liability	0.4	4.5
Deferred tax asset (set off with deferred tax liability)	(8.7)	(26.9)
	<u>88.9</u>	<u>85.8</u>
Deferred tax asset	102.9	3.3

Deferred tax assets and liabilities are offset only when there is a legal enforceable right of offset, in accordance with IAS 12.

On 31 December 2021, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carried forward with the latter only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Please refer to Note 14 for the assessment performed on the recognition of deferred tax in the period.

Details of the deferred tax outstanding as at 31 December 2020 and 2021 are as follows:

	2021	2020
	€'m	€'m
Deferred tax recognised on group restructuring	63.6	-
Tax losses	36.9	0.5
Other temporary and deductible differences	2.4	2.8
Total	<u>102.9</u>	<u>3.3</u>

Details of the deferred tax, amounts recognised in profit or loss are as follows:

	2021	2020
	€'m	€'m
Accelerated capital allowances	76.8	18.4
Employee pension liabilities	0.1	0.3
Other temporary and deductible differences	(15.5)	(11.4)
Leases	-	0.3
Tax losses	34.9	(9.3)
Total	<u>96.3</u>	<u>(1.7)</u>

NOTE 33 – OTHER PAYABLES

	2021	2020
	€'m	€'m
<i>Non current liabilities</i>		
Payroll and related expenses	10.8	8.9
Other	2.0	3.6
	<u>12.8</u>	<u>12.5</u>
<i>Current liabilities</i>		
Payroll and related expenses	81.7	70.9
Accrued expenses	67.4	51.9
VAT payable	3.8	5.8
Interest payable	10.4	10.5
Other payables	2.9	6.1
	<u>166.2</u>	<u>145.2</u>

NOTE 34 – GAMING AND OTHER TAXES PAYABLE

	2021	2020
	€'m	€'m
Gaming tax	105.3	126.6

Other

	0.1	0.3
	105.4	126.9

NOTE 35 – ACQUISITIONS IN PREVIOUS YEAR

A. Acquisition of Statscore SP Z.O.O

On 13 January 2020, the Group acquired an additional 40% of Statscore SP Z.O.O. (“Statscore”) for a total cash consideration of €6.5 million. Prior to the acquisition, the Group held 45% of Statscore which was accounted for as an associate (refer to Note 20). The book value of the investment in associate (net of share of losses) was €1.5 million at the point of acquisition and the equivalent fair value was €8.0 million, resulting in a fair value gain of €6.5 million recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020. The remaining 15% of the shares are held by the founder. As part of the acquisition, the Group holds a call option to purchase the remaining 15% of Statscore as follows:

- (1) To purchase 7.5% within three months of the third anniversary if certain conditions are met and regardless of whether the founder remains employed. The option price, which is capped at €5.0 million, depends on the last twelve month EBITDA Target of €4.0 million and is measured as follows:
 - (a) If EBITDA Target is satisfied, then the option price is seven times EBITDA of the last twelve months multiplied by the percentage of the additional acquisition.
 - (b) If EBITDA Target is not satisfied, then the option price is five times EBITDA of the last twelve months multiplied by the percentage of the additional acquisition.
- (2) To purchase 7.5% within three months of the six years anniversary if certain conditions are met and regardless of whether the founder remains employed. The option price, which is capped at €10.0 million, depends on the last twelve month EBITDA Target of €8.0 million and is measured as follows:
 - (a) If EBITDA Target is satisfied, then the option price is nine times EBITDA of the last twelve months multiplied by the percentage of the additional acquisition.
 - (b) If EBITDA Target is not satisfied, then the option price is seven times EBITDA of the last twelve months multiplied by the percentage of the additional acquisition.

The founder has an irrevocable put option to require the Group to purchase the 15% under the terms and conditions provided below.

- (1) To sell 7.5% within three months of the third anniversary if the following conditions are satisfied:
 - (a) The founder continuing to be employed by the company and continuing to be appointed as CEO of the company and a member of the Management Board on the date on which the option is exercised unless the founder has ceased to be employed by the company under the good leaver scenario.
 - (b) The last twelve month EBITDA being equal or higher than €4.0 million.
- (2) To sell 7.5% within three months of the the six years anniversary if the following conditions are satisfied:
 - (a) The founder continuing to be employed by the company and continuing to be appointed as CEO of the company and a member of the Management Board on the date on which the option is exercised unless the founder has ceased to be employed by the company under the good leaver scenario.
 - (b) The last twelve month EBITDA being equal or higher than €8.0 million.

B. Acquisition of Best In Game S.r.l

On 17 June 2020, the Group acquired 100% of Best In Game S.r.l.(“Best In Game”), an Italian gaming company active in the online segment. The Group paid a total cash consideration of €13.3 million.

NOTE 36 – RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

During the year, group companies entered into the following transactions with related parties who are not members of the Group:

	2021 €'m	2020 €'m
Revenue		
Associates and structured agreements	95.0	62.2
Operating expenses		
Associates and structured agreements	-	0.2
Interest income		
Associates and structured agreements	0.1	0.2

The following amounts were outstanding at the reporting date:

	2021 €'m	2020 €'m
Trade receivables (Note 22)		
Associates and structured agreements	16.5	15.2
Loans and interest receivable - current (Note 23)		
Associates and structured agreements	2.4	-
Loans and interest receivable – non current (Note 21)		
Associates and structured agreements	9.5	-

Key management personnel compensation which includes the Board members (executive and non-executive directors) and senior management personnel comprised the following:

	2021 €'m	2020 €'m
Short-term employee benefits	13.5	11.4
Post-employment benefits	0.1	0.1
Termination benefits	0.1	0.1
Share based payments	4.3	5.1
	18.0	16.7

The Group is aware that a partnership in which a member of key management personnel (who is not a Board Member) has a non-controlling interest, provides certain advisory and consulting services to third party service providers of the Group in connection with certain of the Group's structured and other commercial agreements. The partnership contracts with and is compensated by the third-party service providers, and the Group has no direct arrangement with the partnership. The total paid to this partnership by the third-party service providers was €3.0 million (2020: €3.6 million).

NOTE 37 – SUBSIDIARIES

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company of the Group up to December 2020, owns the intellectual property rights and licenses the software to customers. From January 2021 onwards, the principal activity is the holding of investment in subsidiaries.
Playtech Software Limited	United Kingdom	100%	Main trading company from 2021 onwards, owns the intellectual property rights and licenses the software to customers.
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers.
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds license in Alderney for online gaming and Bingo B2C operations
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services group
PT Entertentimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLT's
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLT's
Finalto (IOM) Limited (ex. Tradetech Markets Limited)	Isle of Man	100%	Owns the intellectual property rights and marketing and technology contracts of the financial division
Safecap Limited	Cyprus	100%	Primary trading company of the Financial division. Licensed investment firm and regulated by Cysec

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
TradeFXIL limited	Israel	100%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	100%	Financial division back office customer support
Magnasale Limited	Cyprus	100%	Financial division, licensed and regulated investment firm
Stronglogic Services Limited	Cyprus	100%	Maintains the financial division marketing function for EU operations
Quickspin AB	Sweden	100%	Owns video slots intellectual property
Best Gaming Technology GmbH	Austria	100%	Trading company for sports betting
Playtech BGT Sports Limited	Cyprus	100%	Owns sports betting intellectual property solutions and trading company for sports betting
ECM Systems Ltd	UK	100%	Owns bingo software intellectual property and bingo hardware
Consolidated Financial Holdings AS	Denmark	100%	Owns the intellectual property which provides brokerage services, liquidity and risk management tool
CFH Clearing Limited	UK	100%	Primary trading company of CFH group
Eyecon Limited	Alderney	100%	Develops and provides online gaming slots
Finalto Trading Limited (ex. Tradetech Alpha Limited)	UK	100%	Regulated FCA broker providing trading, risk management and liquidity solutions
Rarestone Gaming PTY Ltd	Australia	100%	Development company
HPYBET Austria GmbH GmbH	Austria	100%	Operating shops in Austria
Snaitech SPA	Italy	100%	Italian retail betting market and gaming machine market
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Techplay S.A. Software Limited	Israel	100%	Develops online software
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company

Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
PokerStrategy Ltd	Gibraltar	100%	Operates poker community business
Snai Rete Italia S.r.l.	Italy	100%	Italian retail betting market
PT Services UA LTD	Ukraine	100%	Designs, develops and manufactures software
Trinity Bet Operations Ltd	Malta	100%	Retail and Digital Sports Betting
Euro live Technologies SIA	Latvia	100%	Global broadcaster providing innovative video stream services for users worldwide
Gaming Technology Solutions Limited	UK	100%	Provision of B2B services within Bingo, Virtual Sports, Sports Betting and Games Development
Statscore SP Z.O.O.	Poland	85%	Software development firm providing sports data and statistical widgets to online/retail bookmakers, sporting clubs, sports federations, portals and websites

NOTE 38 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments of the Group, from which financial instrument risks arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Investments in equity securities
- Derivative financial assets
- Trade and other payables
- Bonds
- Loans and borrowings
- Deferred and contingent consideration and redemption liability

Financial instrument by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Measurement Category	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
		€'m	€'m	€'m	€'m
31 December 2021					
Continuing operations					

Non-current financial assets

Equity investments	FVTPL	8.1	1.6	-	6.5
Derivative financial assets	FVTPL	622.2	-	-	622.2
Trade receivables	Amortised cost	6.6	-	-	-
Loans receivable	Amortised cost	17.6	-	-	-

Current financial assets

Trade receivables	Amortised cost	178.5	-	-	-
Loans receivables	Amortised cost	4.5	-	-	-
Cash and cash equivalents	Amortised cost	575.4	-	-	-

Non current liabilities

Bonds	Amortised cost	875.0	-	-	-
Loans and borrowings	Amortised cost	167.1	-	-	-
Lease liability	Amortised cost	69.8	-	-	-
Contingent consideration and redemption liability	FVTPL	6.0	-	-	6.0

Current liabilities

Trade payables	Amortised cost	41.3	-	-	-
Lease liability	Amortised cost	20.3	-	-	-
Progressive operators' jackpots and security deposits	Amortised cost	110.7	-	-	-
Client funds	Amortised cost	30.4	-	-	-
Contingent consideration and redemption liability	FVTPL	5.0	-	-	5.0
Interest payable	Amortised cost	10.4	-	-	-

Treated as held for sale**Current financial assets**

Cash and cash equivalents	Amortised cost	366.1	-	-	-
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Current liabilities

Trade payables	Amortised cost	0.4	-	-	-
Lease liability	Amortised cost	5.2	-	-	-
Client deposits	Amortised cost	138.5	-	-	-
Client funds	Amortised cost	170.3	-	-	-

	Measurement Category	Carrying amount	Fair value		
		2020	Level 1	Level 2	Level 3
		€'m	€'m	€'m	€'m
31 December 2020					
Continuing operations					
Non-current financial assets					
Equity investments	FVTPL	9.7	3.2	-	6.5
Derivative financial assets	FVTPL	22.4	-	-	22.4
Trade receivables	Amortised cost	18.4	-	-	-
Loans receivable	Amortised cost	4.8	-	-	-
Current financial assets					
Trade receivables	Amortised cost	153.2	-	-	-
Loans receivables	Amortised cost	0.7	-	-	-
Cash and cash equivalents	Amortised cost	683.7	-	-	-
Non current liabilities					
Bonds	Amortised cost	873.1	-	-	-
Loans and borrowings	Amortised cost	308.9	-	-	-
Lease liability	Amortised cost	61.5	-	-	-
Contingent consideration and redemption liability	FVTPL	8.5	-	-	8.5

Current liabilities

Trade payables	Amortised cost	47.7	-	-	-
Lease liability	Amortised cost	21.0	-	-	-
Progressive operators' jackpots and security deposits	Amortised cost	100.2	-	-	-
Client funds	Amortised cost	28.9	-	-	-
Contingent consideration and redemption liability	FVTPL	1.2	-	-	1.2
Interest payable	Amortised cost	10.5	-	-	-

Treated as held for sale**Current financial assets**

Cash and cash equivalents	Amortised cost	376.9	-	-	-
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Current liabilities

Trade payables	Amortised cost	1.8	-	-	-
Lease liability	Amortised cost	5.8	-	-	-
Client deposits	Amortised cost	109.5	-	-	-
Client funds	Amortised cost	170.9	-	-	-

The fair value of the contingent consideration and redemption liability is calculated by discounting the estimated cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.

For details of the fair value hierarchy, valuation techniques and significant unobservable inputs relating to determining the fair value of derivative financial assets, which are classified in level 3 of the fair value hierarchy, refer to Note 20C.

The carrying amount does not materially differ from the fair value of the financial assets and liabilities.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

A. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. After the impairment analysis performed at the reporting date, the expected credit losses ("ECL") are €7.4 million (2020: €22.3 million).

Cash and cash equivalents

The Group held cash and cash equivalents of €576.0 million as at 31 December 2021 (2020: €684.3 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from Caa- to AA+, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables. The ECL on cash balances as at 31 December 2021 is €0.6 million.

A reasonable movement in the inputs of the ECL calculation of cash and cash equivalents does not materially change the ECL to be recognised.

	Total	Financial institutions with A- and above rating	Financial institutions below A- rating and no rating
	€'m	€'m	€'m
Continuing operations			
At 31 December 2021	576.0	291.7	284.3
At 31 December 2020	684.3	340.2	344.1
Treated as held for sale			
At 31 December 2021	366.1	291.9	74.2
At 31 December 2020	376.9	313.1	63.8

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

As at 31 December 2021, the Group has trade receivables of €185.1 million (2020: €171.6 million) which is net of an allowance for ECL of €6.8 million (2020: €21.7 million).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are calculated based on past default experience and an assessment of the future economic environment. The ECL is calculated with reference to the ageing and risk profile of the balances.

The carrying amounts of financial assets represent the maximum credit exposure.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

31 December 2021	Total	Not past due	1-2 months overdue	More than 2 months past due
	€'m	€'m	€'m	€'m
Expected credit loss rate	3.5%	4.2%	1.6%	1.9%
Gross carrying amount	191.9	139.6	32.6	19.7
Expected credit loss	(6.8)	(5.9)	(0.5)	(0.4)
Trade receivables – Net	185.1	133.7	32.1	19.3

31 December 2020	Total	Not past due	1-2 months overdue	More than 2 months past due
	€'m	€'m	€'m	€'m
Expected credit loss rate*	11.2%	8.6%	22.3%	7.0%
Gross carrying amount	193.3	101.5	42.8	49.0
Expected credit loss	(21.7)	(8.8)	(9.5)	(3.4)
Trade receivables – Net	171.6	92.7	33.3	45.6

* The ECL as at 31 December 2020 has been restated to reflect the ECL provision of SNAI which was included incorrectly in the Gross carrying amount of Debtors. The ECL provision of SNAI is €5.3 million as at 31 December 2021 (€19.9 million as at 31 December 2020). The ECL of SNAI has been significantly reduced in 2021 as a result of COVID-19 impact not being as bad as anticipated in ECL 2020 calculations.

A reasonable movement in the inputs of the ECL calculation of trade receivables does not materially change the ECL to be recognised.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the ECL in respect of trade receivables during the year was as follows:

	2021 €'m	2020 €'m
Balance 1 January	21.7	-
(Reversed)/Charged to statement of comprehensive income	(14.9)	21.7
Balance 31 December	6.8	21.7

Loans receivable

The Group assessed the credit risk of each individual loan on whether each is considered to be recoverable as at 31 December 2021. The Group considers that the amount of €1.2 million should be impaired as at 31 December 2021. The Group does not consider any other impairment consideration on loan receivables as at 31 December 2021.

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses of risking damage to the Group's reputation. Please refer to Note 2 for the steps taken by management to reduce liquidity risk of the Group.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments. Balances due within 1 year equal their carrying balances as the impact of discounting is not significant.

	Carrying amount €'m	Total €'m	Contractual cash flows		
			Within 1 year €'m	1-5 years €'m	More than 5 years €'m
2021					
Loans and borrowings	167.1	173.8	3.3	170.5	-
Bonds	875.0	979.7	34.8	944.9	-
Lease liability	90.1	107.1	22.3	59.7	25.1
Contingent consideration and redemption liability	11.0	11.6	5.1	6.5	-
Trade payables	41.3	41.3	41.3	-	-
Progressive and other operators' jackpots	110.7	110.7	110.7	-	-
Client funds	30.4	30.4	30.4	-	-
Interest payable	10.4	10.4	10.4	-	-
Provisions for risks and charges	16.7	16.7	3.2	13.5	-
	1,352.7	1,481.7	261.5	1,195.1	25.1
2020					
Loans and borrowings	308.9	321.3	6.2	315.1	-
Bonds	873.1	1,021.5	34.8	629.3	357.4
Lease liability	82.5	95.9	23.3	55.9	16.7
Contingent consideration and redemption liability	9.7	10.3	1.2	4.1	5.0
Trade payables	47.7	47.7	47.7	-	-
Progressive and other operators' jackpots	100.2	100.2	100.2	-	-
Client funds	28.9	28.9	28.9	-	-
Interest payable	10.5	10.5	10.5	-	-
Provisions for risks and charges	20.9	20.9	20.9	-	-
	1,482.4	1,657.2	273.7	1,004.4	379.1

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equities prices, will affect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when the Group operations enters into foreign, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

31 December 2021	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Continuing operations					
Cash and cash equivalents	477.4	34.9	41.5	22.2	576.0
Progressive operators' jackpots and security deposits	(126.6)	(0.1)	(14.4)	-	(141.1)
Cash and cash equivalents less client funds	350.8	34.8	27.1	22.2	434.9
31 December 2021	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Treated as held for sale					
Cash and cash equivalents	85.1	211.1	44.4	25.5	366.1
Client funds and client deposits	(63.7)	(208.6)	(12.1)	(24.4)	(308.8)
Cash and cash equivalents less client funds	21.4	2.5	32.3	1.1	57.3
31 December 2020	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Continuing operations					
Cash and cash equivalents	539.0	43.8	84.9	16.6	684.3
Progressive operators' jackpots and security deposits	(115.4)	-	(13.7)	-	(129.1)
Cash and cash equivalents less client funds	423.6	43.8	71.2	16.6	555.2
31 December 2020	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Treated as held for sale					
Cash and cash equivalents	105.1	189.1	54.3	28.4	376.9
Client funds and client deposits	(68.6)	(179.0)	(11.6)	(21.2)	(280.4)
Cash and cash equivalents less client funds	36.5	10.1	42.7	7.2	96.5

The Group's policy is not to enter into any currency hedging transactions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bonds and loans and borrowings. At 31 December 2021, approximately 16% of the Group's borrowings are at a variable rate of interest (2020: 26%).

Any reasonably possible change to the interest rate would have an immaterial effect on the interest payable.

Equity price risk

The Group is exposed to market risk by way of holding some investments in other companies on a short term basis. Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

NOTE 39 – RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities					
	Loans and borrowings	Bonds	Interest on loans and borrowings and bonds	Contingent consideration and redemption liability	Lease liabilities	Total
	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2021	308.9	873.1	10.5	9.7	88.3	1,290.5
Changes from financing cash flows						
Interest payable on bonds and loans and borrowings	-	-	(39.4)	-	-	(39.4)
Repayment of loans and borrowings	(150.0)	-	-	-	-	(150.0)
Payment of contingent consideration and redemption liability	-	-	-	(0.7)	-	(0.7)
Principal paid on lease liability	-	-	-	-	(22.7)	(22.7)
Interest paid on lease liability	-	-	-	-	(5.6)	(5.6)
Total changes from financing cash flows	(150.0)	-	(39.4)	(0.7)	(28.3)	(218.4)
Other changes						
Liability related						
New leases	-	-	-	-	26.8	26.8
Interest on bonds, bank borrowings and other borrowings	-	1.9	39.3	-	-	41.2
Interest on lease liability	-	-	-	-	5.6	5.6
Movement in deferred and contingent consideration and redemption liability	-	-	-	6.2	-	6.2
Payment of contingent consideration related to investments	-	-	-	(4.1)	-	(4.1)
Foreign exchange difference	8.2	-	-	(0.1)	2.9	11.0
Total liability related other changes	8.2	1.9	39.3	2.0	35.3	86.7
Balance at 31 December 2021	167.1	875.0	10.4	11.0	95.3	1,158.8

	Liabilities				Equity			
	Loans and borrowings	Bonds	Interest on loans and borrowings and bonds	Contingent consideration and redemption liability	Lease liabilities	Additional paid in capital	Retained earnings	Total
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2020	64.6	871.2	10.3	61.1	90.8	601.0	656.2	2,355.2
Changes from financing cash flows								
Interest payable on bonds and loans and borrowings	-	-	(39.7)	-	-	-	-	(39.7)
Share buyback	-	-	-	-	-	(8.9)	(1.3)	(10.2)
Repayment of loans and borrowings	(0.2)	-	-	-	-	-	-	(0.2)
Proceeds from loans and borrowings	245.8	-	-	-	-	-	-	245.8
Payment of contingent consideration and redemption liability	-	-	-	(48.5)	-	-	-	(48.5)
Principal paid on lease liability	-	-	-	-	(21.5)	-	-	(21.5)
Interest paid on lease liability	-	-	-	-	(5.9)	-	-	(5.9)
Total changes from financing cash flows	245.6	-	(39.7)	(48.5)	(27.4)	(8.9)	(1.3)	119.8
Other changes								
Liability related								
New leases	-	-	-	-	21.9	-	-	21.9
Interest on bonds, bank borrowings and other borrowings	-	1.9	39.9	-	-	-	-	41.8
Interest on lease liability	-	-	-	-	5.9	-	-	5.9
Movement in deferred and contingent consideration and redemption liability	-	-	-	8.3	-	-	-	8.3
Payment of contingent consideration related to investments	-	-	-	(15.2)	-	-	-	(15.2)
Acquisition through business combinations	-	-	-	5.1	0.2	-	-	5.3
Foreign exchange difference	(1.3)	-	-	(1.1)	(3.1)	-	-	(5.5)
Total liability related other changes	(1.3)	1.9	39.9	(2.9)	24.9	-	-	62.5
Total equity related other changes	-	-	-	-	-	-	(311.2)	(311.2)
Balance at 31 December 2020	308.9	873.1	10.5	9.7	88.3	592.1	343.7	2,226.3

NOTE 40 – CORRECTION OF ERROR

During the year, the Group identified the following errors in respect of the original acquisition of Snai in 2018 due to:

- an incorrect tax rate being applied to the fair value calculation of the acquired intangible assets
- deferred tax being incorrectly calculated due to the wrong tax rate being applied and also due to deferred tax being calculated on the gross intangible assets as opposed to the temporary difference, being the fair value uplift
- deferred tax not being recognised on the fair value uplift of land and buildings

As a consequence of the above adjustments, an additional deferred tax asset owing to the increased deferred tax liability was recognised at acquisition.

The impact of the corrections stated above in 2019 and 2020 is as follows:

- increase to goodwill of €21.5 million
- decrease to intangible assets of €14.6 million
- increase of the deferred tax liability of €10.6 million (net of an additional deferred tax asset recognised of €26.1 million)

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Group's consolidated financial statements.

Consolidated statement of financial position

31 December 2019

	Impact of correction of error		
	As previously reported	Adjustments	As restated
	€'m	€'m	€'m
Goodwill	974.8	21.5	996.3
Intangible assets	524.6	(14.6)	510.0
Others	1,598.4	-	1,598.4
Total assets	3,097.8	6.9	3,104.7
Deferred tax liability	78.3	10.6	88.9
Others	1,797.2	-	1,797.2
Total liabilities	1,875.5	10.6	1,886.1
Retained earnings	659.9	(3.7)	656.2
Others	562.4	-	562.4
Total equity	1,222.3	(3.7)	1,218.6

31 December 2020

	Impact of correction of error		
	As previously reported	Adjustments	As restated
	€'m	€'m	€'m
Goodwill	633.8	21.5	655.3
Intangible assets	463.4	(14.6)	448.8
Others	1,967.4	-	1,967.4
Total assets	3,064.6	6.9	3,071.5
Deferred tax liability	75.2	10.6	85.8
Others	2,089.5	-	2,089.5

Total liabilities	2,164.7	10.6	2,175.3
Retained earnings	347.4	(3.7)	343.7
Others	552.5	-	552.5
Total equity	899.9	(3.7)	896.2

The impact in profit or loss for the year ended 31 December 2020 relating to the correction of the amortisation charge and deferred tax is not material and therefore has been included within the 2020 opening reserve adjustment.

There is no impact on the Group's basic or diluted earnings per share, on the total operating investing or financing cash flows for the year ended 31 December 2020.

NOTE 41 – EVENTS AFTER THE REPORTING DATE

During 2021, the Group entered into an agreement on the terms of a cash acquisition of the entire issued and to be issued ordinary share capital of the Company by Aristocrat (UK) Holdings Limited for 680 pence per share. The transaction was subject to shareholders approval. On 2 February 2022, the shareholders voted against the takeover.

The call option to acquire 81% equity holding in Tenbet can be exercisable at any time since February 2022 (Note 20). The option has not been yet exercised.

Post year end, Russia invaded Ukraine. Playtech has over 700 employees based in Ukraine and the Group's crisis management team is leading a comprehensive response to the crisis with the safety of the Group's employees being the priority. Playtech is making every possible effort to support employees and their families during the crisis. The support includes assisting with relocation to safer parts of the country or to other countries. Playtech has built an organisational structure to support the employees including 24/7 transportation services, accommodation support for those displaced, emergency supplies and shelter, logistical assistance, a 24/7 communication hotline as well as mental health and wellbeing support. Hundreds of volunteers across the Group are working to help however possible including keeping a continuous contact with their colleagues.

Due to the various sanctions against Russia and the EU restrictive measures in response to the crisis in Ukraine, it is expected that €2.0 million out of the 2022 budgeted revenue used for the calculation of the value in use of Quickspin CGU, may not materialize in full. However, as this is a post balance sheet event no impairment has been recorded. Notwithstanding this potential loss of revenue, management are of the view that alternative revenue streams could be achieved, which therefore reduces the risk of future impairment. In addition, the Group holds €11.5 million of non-current assets in the Ukraine which might be impaired as result of the invasion.