

Playtech plc

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

Results for the six months ended 30 June 2021

Strong online performance

Significant progress on strategic priorities

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2021, together with a trading update for July and August 2021.

Financial summary¹

Numbers in the table below are from continuing operations (excluding Finalto and Casual & Social Gaming)

	H1 2021	H1 2020	Change (reported)	Change (const. currency) ⁴
Revenue	€457.4m	€476.7m	-4%	-4%
Adjusted EBITDA ²	€124.1m	€109.5m	13%	14%
Adjusted post-tax profit ³	€54.6m	€3.5m	1460%	1029%
Reported post-tax profit/(loss) ³	€401.9m	-€22.1m	n/a	n/a
Adjusted diluted EPS	17.4 €c	1.1 €c	1482%	1005%
Reported diluted EPS	128.0 €c	-7.4 €c	n/a	n/a

Summary

- H1 results in line with expectations at the start of the year with online strength offsetting the impact of the longer than expected retail closures in Italy
- Very strong performance from B2B online, particularly Caliente, as well as Snaitech's online business
- Americas now the Group's biggest growth driver with revenue growth of 106% at constant currency vs. H1 2020
- Valuation of the Group's options embedded in Latin America agreements (Caliente, Wplay⁴ and others) results in significant unrealised gain of €299.9 million:
 - fair value adjustment has material impact on reported post-tax profit and reported diluted EPS in H1
 - option valuations highlight progress being made and value creation in the region
- Continued progress on US strategy; launched with Parx in Michigan; new strategic partnerships with Scientific Games and Novomatic; additional licence applications underway
- Brian Mattingley joined as Chairman on 1 June 2021; Linda Marston-Weston appointed Non-Executive Director with effect from 1 October 2021; Ian Penrose to be Senior Independent Director
- H1 performance, together with the momentum within the business, underpins the Board's confidence of the Company's prospects for the remainder of 2021 and beyond

Divisional highlights

B2B Gambling

- Very strong online performance more than offset the impact of lockdowns and drove B2B revenue growth of 16% to €267.2 million (H1 2020: €229.7 million)
- Continued expansion in the US and Latin America; revenue from the Americas increased to €46.4 million (H1 2020: €22.9 million); growth of 106% at constant currency
- Launched with Parx Casino in Michigan; new partnerships with Scientific Games and Novomatic alongside continued progress with bet365 and BetMGM in New Jersey

- Caliente in Mexico saw significant growth alongside a growing contribution from Wplay in Colombia, with new launches in Costa Rica and Panama to build on presence in Latin America
- Material gains of €299.9 million in the fair value of Playtech's derivative financial assets driven by the options relating to Caliente and Wplay and others in Latin America
- New strategic agreement signed with Holland Casino in Europe
- Continued diversification of B2B business with over 50 further brands added to SaaS offering in H1; 128% revenue growth versus H1 2020; now over 250 new brands added since launch in 2019
- Very strong growth in Live Casino; significant operational momentum with new signings and product launches

B2C Gambling

- Snaitech Adjusted EBITDA was €51.6 million (H1 2020: €47.1 million) despite retail closures across the majority of H1; leading retail and online sports betting brand in Italy in H1
- Snaitech's online business saw excellent revenue growth of 95% to €123.4 million and Adjusted EBITDA growth of 118% to €72.6 million
- In July 2021, Snaitech agreed the sale of surplus land for €20 million; €1 million was received on signing with the remainder expected to be received in instalments in 2022 following certain regulatory approvals
- White label (including Sun Bingo) saw 59% growth in Adjusted EBITDA to €5.4 million (H1 2020: €3.4 million)

Finalto

- The Group remains in discussions with Gopher regarding potential sale of Finalto; Finalto has been presented in these results as a discontinued operation

Current trading and outlook

- Strong start to H2 in July and August
- B2B and B2C online businesses expected to continue to deliver strong performances
- The macroeconomic outlook remains uncertain given the ongoing pandemic with the possibility of further unexpected lockdowns in the future
- Given the strong H1 performance and the momentum within the business into H2 combined with the easing of lockdown restrictions, the Board is confident of the Company's prospects for the remainder of 2021 and beyond
- Continuing commitment to returning capital to shareholders whilst balancing the needs of the business and taking a prudent approach to capital structure and leverage

Mor Weizer, CEO, commented:

"I am delighted by our strong strategic and operational progress to date in 2021, despite the ongoing challenges posed by the pandemic. These results demonstrate the quality of our technology and products, the significant progress made against our strategic priorities, and wider momentum across Playtech's operations.

"Significant progress in the US saw Playtech launch for the first time in Michigan, the first step in our long-term multi-state partnership with Parx Casino, and regulatory approvals progressed in key strategic states. Structured agreements continue to deliver in Latin America, with strong growth in H1 in Mexico and Colombia and launches in Panama and Costa Rica. In Europe, we signed a major new software and services agreement with Holland Casino and saw continued growth across a number of existing licensees.

"Snaitech continued to outperform in Italy, cementing its position as the number one retail and online sports betting brand in Italy. The pandemic has structurally grown the higher margin online business and we expect this growth to continue.

“Looking forward, given the strong H1 performance, the momentum in the business and the easing of lockdown restrictions, we are confident of Playtech’s prospects for the remainder of 2021 and beyond.

“We have established a new Sustainability and Public Policy Board Committee to consolidate our position as a leader in safer gambling products and strengthen governance around sustainability. Sustainable Success is embedded in our core strategy.”

– Ends –

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¹H1 2020 numbers are restated to reflect the discontinued Finalto business for the purposes of comparison. Totals 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 9 of the interim 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/613f74e26fca31130036c85b/ypww>

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: 917384

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: 205967

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 7,000 employees across 24 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 Snaitech, the leading sports betting and gaming company in 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 and remained so as at 30 June 2021.

Chief Executive Officer's Review

Overview

Playtech made excellent progress on its strategic priorities in the first half of the year, leaving the Group well-positioned to capture the exciting market opportunity ahead.

Playtech continued to accelerate its US presence. The US is a highly strategic market for Playtech and creates a significant long-term opportunity across its full product suite. Since launching in New Jersey with bet365 and BetMGM in 2020, Playtech announced strategic agreements with the Greenwood companies in H1 2021 to license its products in four US states and has already launched the Play Gun Lake App with Parx Casino in Michigan. During the period, Playtech signed strategic partnerships with Scientific Games and Novomatic Americas. Playtech has started the licensing process in additional US states and will continue to increase its investment in the US market, to take advantage of a strong pipeline of opportunities with potential new customers and existing customers from other markets.

Playtech continued to strengthen its market leadership in Latin America. In Mexico, Caliente continued to grow impressively and in Colombia, Wplay outperformed expectations. The Group launched in Costa Rica and Panama in H1. Playtech also signed a strategic agreement in Brazil ahead of expected regulation. The Company is progressing on plans to develop a new Live Casino facility in Peru as it continues to expand its addressable market across Latin America. During H1, 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 order to continue growing and diversifying its B2B Gambling division, the Group continued to add customers, including attracting new customers in both regulated and soon to be regulated markets, progressing discussions on new strategic agreements and joint ventures, as well as adding over 50 new brands to its SaaS offering. Playtech has now added over 250 new brands since launching the SaaS offering back in 2019.

While impacted by retail closures for most of the first half, Snaitech continued to outperform in online with revenue growth of 95% compared to H1 2020, which helped it to achieve the number one market share position by brand in the Italian sports betting market (retail and online combined measured by GGR) in H1 2021.

As the leading technology company in the gambling industry, Playtech recognises that licensees look to the Group to deliver innovation that changes the way players experience gambling entertainment. Following its launch in 2020, Playtech continued to execute its Sustainable Success strategy in H1 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.

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

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 19% compared to H1 2020, driven by excellent revenue growth from Caliente in Mexico, as well as strong growth in other regulated markets such as Colombia, Poland, Italy, and Greece.

US

Playtech continues to expand its presence in the US market. In February 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.

Following the signing of the agreement, Parx launched online casino in Michigan on Playtech's IMS Platform and Player Account Management (PAM) software in April and will continue to launch in further states and with additional products going forward.

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 launch of Playtech's first Live Casino facility in the US is imminent in Michigan, while further facilities are progressing in New Jersey and Pennsylvania. The Company has significantly expanded its operational and back-office teams in the US in order to accelerate its presence in the region.

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 total, 26 states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in the coming years.

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 early 2021, joining New Jersey, Pennsylvania, Delaware, and West Virginia, while Nevada allows online poker only.

Latin America

In Latin America, Playtech saw outstanding growth from Caliente and this business continues to outperform. Following its migration to Playtech's technology platform in late 2020, Wplay saw very strong growth in H1 and is well-positioned to continue its growth and capitalise on the exciting opportunity in Colombia in the years ahead.

Playtech has continued to execute on its latest strategic agreements in the region and launched its IMS platform alongside Casino, Live and Sports products in Panama in H1, 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.

Elsewhere in the region, 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.

During H1, 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 highlight value of the Group's strategic agreements in Latin America.

Europe

In Europe, revenue growth was driven by several licensees including Totalizator Sportowy in Poland, Sisal in Italy as well as various customers in Greece.

Playtech signed a new, extended long-term strategic agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands. Holland Casino operates 14 casinos across the country and will expand into the online betting and gaming space with Playtech's solution. Playtech will provide its full turnkey multichannel offering, consisting of its IMS platform, all product verticals as well as certain operational and marketing capabilities. Furthermore, Playtech will build a Live Casino facility in the immediate vicinity of one of Holland Casino's existing locations as part of the agreement.

Elsewhere in 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 initiating its online gambling licensing process on 1 April, ahead of the market's expected opening on 1 October 2021. Playtech is well positioned in the Netherlands through its agreement with Holland Casino.

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 10% compared to H1 2020, largely driven by retail closures as a result of the COVID-19 pandemic. Retail closures, which were in place for the majority of the period, significantly impacted Playtech's B2B sports business which is heavily weighted towards retail via its self-service betting terminals (SSBTs).

On an underlying basis, when excluding the impact of retail and sports and the impact of material changes to customer contracts, the online gaming business increased 7% in the UK.

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

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 and Novibet on its Live Casino product.

The UK remains a key regulated market for Playtech given its ongoing 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, 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 later this year. Playtech has submitted data and evidence relating to the call, in line with the Government's request and will continue to support this wherever possible.

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 'Other unregulated' line within B2B Gambling. Other unregulated markets grew 17% versus H1 2020, driven by markets such as Canada and Brazil.

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. As regulation progresses across Canada, it will continue to add to the size of the North America market opportunity.

Unregulated Asia

Unregulated Asia saw revenue growth of 6% compared to H1 2020, delivering a trading performance in line with H2 2020. This was driven by the contribution from the new distributor the Company added in 2020, as well as a favourable comparator in H1 2020 given the impacts of COVID-19 in Asia during the peak of the pandemic.

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

Playtech continues to support existing licensees with new technologies and tools and provide them with greater flexibility in their operations. In order to diversify 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 soon to be regulated markets, progressing discussions on new strategic agreements and joint ventures, as well as adding new SaaS brands. Using its SaaS model, first introduced in 2019, Playtech added over 50 new brands in H1 2021 including 888 and Kindred and has now added over 250 new brands since launching the SaaS offering in 2019.

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 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 was notably successful in the UK, Greece, and Italy, and continues to attract traffic to our licensees' sites.

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.

B2C Gambling

Snaitech

Italy

Snaitech revenue was down 27% in H1 2021 compared to H1 2020 while Adjusted EBITDA was up 10%, highlighting the attractiveness of its business model and growing strength in online.

Retail shops were closed in Italy throughout H1 2021 against a comparative in H1 2020 which saw retail open as normal in January and February. Despite this, Snaitech continued to generate revenues from betting and gaming online throughout H1 2021.

Although Snai's online betting business was severely impacted by the lack of sporting events in H1 2020, in H1 2021 the business saw sporting events continue largely as planned including around two weeks of the UEFA Euro 2020 championships at the end of June 2021. The continuation of sporting events helped the online business to perform well despite the prolonged retail closures.

At the start of this year, 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 for much longer and did not begin to reopen until mid-June. The reopening towards the end of H1 positions the business well for H2.

Despite the loss of significant revenue from retail closures, Snai's double-digit 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 an Adjusted EBITDA level, the online business grew 118% to €72.6 million (H1 2020: €33.3 million) during the period.

Furthermore, Snaitech achieved the number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in H1 2021, demonstrating its operational and brand strength.

Germany & Austria

HPYBET revenues were flat versus H1 2020, driven by retail closures in Germany and Austria for significant parts of H1 2021. This business is now operated by Snaitech management and 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 and the integration of HPYBET operations into Snaitech is progressing well.

As discussed in the B2B section above, Germany's Interstate Treaty has regulated online slots, online poker and sports betting from 1 July 2021. Playtech is well positioned to enter this market and was 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 H1, Playtech continued to progress with delivering its sustainability strategy and commitments, which were launched in 2020. The Group will publish an H1 sustainability progress update on its corporate website shortly. Some of the highlights are listed below.

ESG Governance and Engagement

The Board has 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. In H1 Playtech established an external stakeholder advisory panel to challenge and strengthen the Company's approach to sustainability. The panel has met twice in 2021 and has two further meetings scheduled this year.

Enhancing Playtech Protect and Safer Gambling Standards

In H1, 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 certification at the end of 2020. Playtech also published four research papers covering safer game design, real time messaging, customer interaction, and the impact of auto-play on player behaviours.

Carbon Reduction

During H1, the Company 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 our efforts to identify carbon reduction opportunities and to establish a carbon target aligned with science.

Diverse and Inclusive Culture

In H1, the Company initiated a refresh of its diversity and inclusion objectives, targets and strategy to accelerate progress on gender diversity in leadership levels of the organisation. Further, 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.

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 44 organisations in 9 countries to date. A second round of funding has been launched in September 2021.

Group simplification

At 31 December 2020, the Group's financial trading division, Finalto, was classified as a discontinued operation, as the Board formally decided on its disposal 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.

The Company continues to engage with Gopher on the potential sale of Finalto.

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.

Discussions with Gopher remain ongoing and, while the Company is pleased with the considerable progress made to date on what has been a very concentrated timetable, there can still be no certainty that any transaction will be forthcoming.

Although the Consortium agreed to terminate the SPA, as announced on 18 August 2021 it indicated to Playtech that it intended to maintain the Consortium for the next 30 days, such that it would be in a position to re-enter into the SPA if the parties so agree. That 30 day period has now expired, and as such there can be no certainty that the Consortium will remain as a potential buyer for Finalto.

The Company will provide an update in due course as appropriate.

Chief Financial Officer's Review¹

Overview

Group performance

The Group had a solid performance which was in line with its Adjusted EBITDA expectations set at the start of the year, albeit with a different contribution blend. Adjusted EBITDA from our online business, which performed exceptionally well, driven by B2B and in particular Caliente, as well as the Snaitech online business, offset the impact of the longer than expected retail closures in Italy. The online performance was further bolstered by the sporting events during the period, compared to Q2 2020 when all major sporting events were cancelled.

Overall, Adjusted EBITDA from continuing operations was €124.1 million (H1 2020: €109.5 million), an actual period-on-period increase of 13% and 14% on a constant currency basis. Total reported revenue from continuing operations was €457.4 million (H1 2020: €476.7 million), representing only a 4% actual and on a constant currency basis period-on-period decline.

The Group continues to present the Finalto division under discontinued operations at 30 June 2021, as despite the Consortium deal being rejected by the shareholders as further discussed in the Chief Executive Officer's report, it remains the Board's intention to dispose of this unit as part of the Group's simplification strategy.

Reported and Adjusted Profit

Adjusted profit before tax from continuing operations increased by 246% to €27.0 million (H1 2020: €7.8 million), driven by the rise in Adjusted EBITDA and a decrease in amortisation.

Reported profit before tax from continuing operations is €278.1 million (H1 2020 reported loss: €19.2 million), mainly due to the €299.9 million of unrealised fair value gains on derivative financial assets (H1 2020: €Nil). This gain is discussed further down in this report, and also in Note 15E of the interim financial statements.

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 operation increased by €126.8 million to €123.8 million in H1 2021 (H1 2020: tax expense of €3.0 million) which mainly relates to the €128.1 million increase in the deferred tax credit to €130.2 million (H1 2020: tax credit of €2.1 million). This increase consists mainly of €90.3 million relating to the recognition of the benefit of future tax deductions for goodwill and intangible assets resulting from the Group restructuring in 2021, as well as €34.0 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 €401.9 million (H1 2020: reported loss €22.1 million).

Balance sheet and liquidity

From the start of the global pandemic, which was declared as such by the World Health Organisation in March 2020, the Group took decisive action to ensure the health and wellbeing of its employees and to preserve cash flow, while also benefitting from heightened activity in its online businesses which continued into 2021. As a precautionary measure, following the announcement of the first lockdown in Q1 2020 and the uncertainty surrounding this, the Group drew down €245.8 million against its revolving credit facility ("RCF"). After careful consideration of the Group's cash position and future liquidity, €100 million was repaid in June 2021 against the RCF with a further €50 million repaid in July 2021. This supports the confidence the Board has on the Group's future performance, despite COVID-19, and whilst factoring in any potential further lockdowns in our scenario planning.

The Group continues to maintain a strong balance sheet with total cash and cash equivalents, excluding cash held for sale, of €540.8 million at 30 June 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 €410.5

million as at 30 June 2021 (31 December 2020: €554.6 million), owing in large part to the repayment of €100 million of its RCF, as well as paying €89.6 million of 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 €1,088.4 million at 30 June 2021 (31 December 2020: €1,182.0 million), with Net Debt, after deducting adjusted gross cash, increasing to €677.9 million (31 December 2020: €627.4 million).

In the prior period, Playtech took a prudent and disciplined approach to its banking relationships. Despite being comfortably within its covenants, Playtech proactively approached its lenders and agreed to amend the covenants in its RCF for the 31 December 2020 and 30 June 2021 tests. The leverage covenant was amended to 5x Net Debt / Adjusted EBITDA for the 31 December 2020 test and 4.5x for the 30 June 2021 test. The interest cover covenant was amended to 3x for the 31 December 2020 test and 3.5x for the 30 June 2021 test. The covenants will return to the previous levels of 3x Net Debt / Adjusted EBITDA and 4x Adjusted EBITDA / interest from the 31 December 2021 test onwards.

Playtech's swift actions and assured navigation of the pandemic has left the Group in strong financial health as in now looks ahead to the rest of the financial year and beyond, which is benefitting from the full reopening of retail shops in its main markets.

Group Summary (continuing operations)³

	H1 2021 €'m	H1 2020 ⁴ €'m
B2B Gambling	267.2	229.7
B2C Gambling	196.6	253.4
Intercompany	(6.4)	(6.4)
Total Group Revenue from continuing operations	457.4	476.7
Adjusted costs	(333.3)	(367.2)
Adjusted EBITDA from continuing operations	124.1	109.5

Reconciliation from EBITDA to Adjusted EBITDA:

EBITDA	109.8	91.8
Employee stock option expenses	7.0	7.1
Professional fees	2.2	1.7
Additional consideration payable put/call option	0.9	4.5
Movement in contingent consideration and redemption liability	-	1.2
Charitable donation	1.9	3.2
Settlement of legal matters	2.3	-
Adjusted EBITDA	124.1	109.5
Adjusted EBITDA margin	27%	23%
Adjusted EBITDA on a constant currency basis	124.5	109.5
Adjusted EBITDA margin on a constant currency basis	27%	23%

The ongoing pandemic impacted both periods being presented, however in different ways. Whereas during H1 2020, we had retail in Italy fully operational for the first two months, this was severely disrupted by both retail closures in March and in the second quarter, as well as the lack of significant worldwide sporting events. Due to lockdowns in Italy, there was no retail activity for almost the entire H1 2021 period, however, all major sporting events took place (including UEFA EURO2020 in June/July 2021) which boosted online sports performance. Therefore, the Group's total reported revenues from continuing operation decreased by just 4% to €457.4 million (H1 2020: €476.7 million), driven by the strength of its online business, where revenue increased by 40%, offset by a 65% decrease in retail revenue, both excluding Asia.

The Group's Adjusted EBITDA from continuing operations increased to €124.1 million (H1 2020: €109.5 million), a period-on-period increase of 13% and 14% on a constant currency basis. Adjusted EBITDA increasing, which

contradicts the decrease seen in revenue, is due to the strong performance of the higher margin online business both under B2B and B2C, which also resulted in the period-on-period increase in the Adjusted EBITDA margin from 23% in 2020 to 27% in 2021. The Group's total reported EBITDA also increased by 20% to €109.8 million (H1 2020: €91.8 million).

Divisional performance

B2B Gambling

B2B Gambling Revenue

	H1 2021 €'m	H1 2020 €'m	Change
Regulated - Americas	46.4	22.9	103%
Regulated – Europe (excluding UK)	66.5	56.1	19%
Regulated - UK	59.6	66.1	-10%
Regulated – Rest of the World	1.9	1.5	27%
Total Regulated B2B revenue	174.4	146.6	19%
Unregulated excluding Asia	49.0	41.9	17%
Total Core B2B revenue	223.4	188.5	19%
Asia	43.8	41.2	6%
Total B2B Gambling revenue	267.2	229.7	16%

Core B2B Gambling revenues² increased by 19% which was driven by the increase in regulated markets in the Americas and Europe (excluding the UK) of 103% (106% on a constant currency basis) and 19% respectively and a 17% increase in revenues from unregulated markets excluding Asia. This was offset by a 10% decrease in UK revenues driven 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, driven by revenue growth in Mexico, as well as Colombia, Poland and Italy. The growth in revenues from unregulated markets excluding Asia came from Canada and Brazil. Asian revenue increased by 6%.

Overall, B2B Gambling revenues increased by 16% and 17% on a constant currency basis, largely due to the increase in online performance, which 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 period where these were cancelled during the majority of the second quarter. Underlying Core B2B revenue from online only and excluding sports and the previously announced material changes to the Entain contract increased by 30%.

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.

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

	H1 2021 €'m	H1 2020 €'m	2020 to 2021 %
Revenue and costs relating to live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales			
Revenue	44.3	40.3	10%
Costs	40.9	31.1	32%
Adjusted EBITDA	3.4	9.2	-63%
Margin	8%	23%	NA
B2B Underlying Gambling Revenue and Costs			
B2B Underlying Gambling Revenue*	222.9	189.4	18%
Research and Development	36.1	38.5	-6%
General and Administrative	30.3	30.0	1%
Sales and marketing	5.8	9.5	-39%
Operations	28.5	27.6	3%
Total costs (excluding Asia and strategic expenditure)	100.7	105.6	-5%
Asia related costs	25.2	11.1	127%
Strategic expenditure	28.3	18.7	51%
B2B Underlying Gambling Costs	154.2	135.4	14%
B2B Underlying Gambling Adjusted EBITDA	68.7	54.0	27%
Margin	31%	29%	NA
Total B2B Revenue and Costs			
B2B revenue	267.2	229.7	16%
B2B Costs	195.1	166.5	17%
Total B2B Adjusted EBITDA	72.1	63.2	14%
Margin	27%	28%	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 increased by 10%, the respective costs increased by 32% 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 23% in H1 2020, to 8% in the current period.

B2B Underlying Gambling costs

B2B Underlying Gambling costs increased by 14%, driven by the increase in both Asia related and strategic expenditure costs. Both are further discussed below.

Research and Development ("R&D") costs include, among others, employee-related costs and proportional office expenses. Expensed R&D costs decreased by 6% to €36.1 million (H1 2020: €38.5 million), driven by a

reduction in office expenses and travel costs. Capitalised development costs were 39% of total B2B Underlying R&D costs in the period, compared to 38% in the prior period.

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 period-on-period at €30.3 million (H1 2020: €30.0 million) with the small 1% increase caused by an increase in charitable donations.

Sales and marketing costs decreased significantly to €5.8 million (H1 2020: €9.5 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 generally day to day operational costs, including employee and office apportioned costs and branded content fees. These costs increased by just 3% from €27.6 million in H1 2020 to €28.5 million in H1 2021, driven by an increase in branded games fees, especially in the territory of Poland.

Asia costs increased by 127% to €25.2 million (H1 2020: €11.1 million) largely due to the previously announced restructuring of the relationship with our largest distributor.

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 51% to €28.3 million (H1 2020: €18.7 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 period-on-period.

B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by 14% to €72.1 million (H1 2020: €63.2 million) with a small 1% decrease in margin period-on-period. However, Underlying Adjusted EBITDA has increased by 27% to €68.7 million (H1 2020: €54.0 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 period as opposed to the prior period where there were major cancellations). Furthermore, B2B underlying Adjusted EBITDA margins have improved, increasing to 31% from 29% in the prior period.

B2C Gambling

	H1 2021 €'m	H1 2020 €'m	Change
Snaitech			
Gambling Revenue	157.9	215.5	-27%
Gambling Costs	106.3	168.4	-37%
Adjusted EBITDA	51.6	47.1	10%
White Label (incl. Sun Bingo)			
Gambling Revenue	30.2	29.4	3%
Gambling Costs	24.8	26.0	-5%
Adjusted EBITDA	5.4	3.4	59%
Sports B2C			
Gambling Revenue	8.5	8.5	0%
Gambling Costs	13.5	12.7	6%
Adjusted EBITDA	-5.0	-4.2	-19%
Total B2C			
Gambling Revenue	196.6	253.4	-22%

Gambling Costs	144.6	207.1	-30%
B2C Adjusted EBITDA	52.0	46.3	12%

Snaitech

Snaitech revenues decreased by 27% to €157.9 million (H1 2020: €215.5 million), owing to the effects of the COVID-19 pandemic which resulted in the closure of retail betting shops in Italy for almost the entire duration of H1 2021 versus last year when closures only affected half of the period. However, Snaitech's revenue was supported by a 95% increase in online revenues. This increase was also due to the fact that major sporting events were cancelled for part of H1 2020, as opposed to H1 2021 where these were taking place as normal, including UEFA EURO 2020 taking place in June/July 2021 after it was postponed last year.

Snaitech operating costs decreased by 37% to €106.3 million (H1 2020: €168.4 million). Given the high variable costs in the business, the fall in operating costs was driven by the decrease in retail revenues and mainly consisted of a decrease in franchise commission, gaming concession fees, platform charges, maintenance of the retail network and costs relating to data feeds.

Snaitech's Adjusted EBITDA increased by 10%, as opposed to revenue which overall decreased, due to its low fixed cost base, effective cost reduction and the strong performance of its higher-margin online business, which saw exceptional growth in online EBITDA of 118%. As a result, Snaitech's EBITDA margin improved to 33% (H1 2020: 22%) and its underlying margin, which excludes the distribution costs paid to franchisees, improved to 45% (H1 2020: 41%).

White label (including Sun Bingo)

Revenue from the white label business increased by 3% in total, driven by a 7% increase in Sun Bingo revenue to €30.2 million (H1 2020: €28.2 million). Operating costs within Sun Bingo increased by 4% to €24.8 million (H1 2020: €23.9 million), in line with increase in revenue, whereas Adjusted EBITDA increased by 26% to €5.4 million (2020: H1 €4.3 million). Adjusted EBITDA includes the unwinding of the minimum guarantee prepayment over the new period of the contract which was renegotiated in 2019.

Other White label revenue decreased to almost nothing (H1 2020: €1.2 million), as part of an ongoing effort to cease other white label operations. Similarly other white label costs decreased by 100%, resulting in an Adjusted EBITDA of €Nil million (H1 2020: loss of €0.9 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, therefore, despite the retail closures in Germany and Austria resulting from COVID-19 which impacted both periods, revenues remained flat at €8.5 million (H1 2020: €8.5 million), with costs increasing by 6%. The business remains loss making, with the Adjusted EBITDA loss increasing by 19% to €5.0 million (H1 2020: loss of €4.2 million).

Below EBITDA items

Depreciation and amortisation

Reported and Adjusted depreciation decreased by 8% to €21.8 million (H1 2020: €23.7 million). Adjusted amortisation, after deducting amortisation of acquired intangibles of €18.9 million (2020: €19.5 million) decreased by 15% to €34.5 million (H1 2020: €40.4 million). The decrease mainly relates to the fact that the Italian betting licenses were fully amortised by December 2020 and renewal is not expected until later this year. The remainder of the balance under depreciation and amortisation of €8.8 million (H1 2020: €8.8 million) relates to IFRS 16 Leases, being the right-of-use asset amortisation.

Impairment of tangible and intangible assets

The impairment of tangible and intangible assets of €15.1 million (H1 2020: €7.2 million) mainly relates to the €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. H1 2020 included an impairment charge of €5.4 million relating to Retail B2C Sport.

Finance costs

Reported finance costs increased by just 2% to €33.8 million (H1 2020: €33.1 million), while adjusted finance costs increased by 8% to €32.5 million (H1 2020: €30.2 million). The latter was driven by the increase in interest expense due to the additional drawdown from the RCF in March 2020. The difference between adjusted and reported finance costs is the movement of the contingent consideration and redemption liability of €1.3 million (H1 2020: €3.0 million).

Unrealised fair value changes on derivative financial assets

The unrealised fair value changes to derivative financial assets of €299.9 million (H1 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.

Given the growth in Latin America, especially in Mexico (Caliplay) and Colombia (Wplay), the value of the options have exponentially increased and, coupled with the changes to the framework agreements and amendments to certain exercise conditions discussed in Note 15, these options have been fair valued.

Playtech's valuations of each of the options is derived from a discounted cash flow in the first instance and then contains a number of assumptions and estimates, including the likelihood of each of the call options being exercised, and with a number of different scenarios as to timing of exercise and Playtech's likely percentage shareholding, as well as taking into account the maturity curve of each business. These are further discussed in Note 15E. The value that could be realised should the option be exercised in the future could be materially higher than the resulting fair value of the options recognised as at 30 June 2021.

Taxation

In H1 2021, the Group's underlying adjusted effective tax rate from continuing operations increased to 23% (H1 2020: 55%). The high tax rate is mainly due to the Group generating tax losses during the period in certain territories which cannot be offset against taxable profits arising in different territories. The benefit of the tax losses which are available to utilise in future periods is not reflected in the current period adjusted effective tax rate. The adjusted tax rate is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the United Kingdom standard rate of corporation tax of 19%.

The total adjusted tax credit in H1 2021 is €27.6 million (H1 2020: tax charge of €4.4 million) of which €6.4 million (H1 2020: €4.4 million) relates to income tax expenses (including prior year adjustments) and deferred tax credit of €34.0 million (H1 2020: €Nil). The total adjusted deferred tax credit mainly consists of €8.2 million relating to UK tax losses and €26.1 million relating to Snaitech tax losses arising in prior years which were recognised in the period.

The reported tax credit in H1 2021 was €123.8 million (H1 2020: tax charge of €3.0 million), which excludes the impact of the future tax deductions resulting from the Group restructuring which have a tax benefit of €90.3 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 aforementioned restructuring, implemented by the Group in January 2021, 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. This restructuring is not expected to have a significant impact on the Group's underlying effective tax rate.

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 period (H1 2020: €0.5 million) as operations were completely wound down in 2020. Reported profit after tax of €7.6 million (H1 2020: €0.8 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 30 June 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 €221.3 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 30 June 2021, when compared to the expected proceeds, €2.0 million of the previously recognised impairment was reversed in the current period.

Finalto, had an outstanding H1 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 H1 2021. In terms of performance, revenues decreased by 63% to €31.9 million (H1 2020: €87.3 million). Adjusted and reported EBITDA both decreased to a loss of €0.1 million (H1 2020: profit of €52.8 million) and €0.5 million (H1 2020: profit of €46.3 million) respectively.

Adjusted profit

	H1 2021 €'m	H1 2020 €'m
Reported profit/(loss) from continuing operations attributable to the owners of the Company	401.9	(22.1)
Employee stock option expenses	7.0	7.1
Professional fees	2.2	1.7
Additional consideration payable for put/call option	0.9	4.5
Movement in contingent consideration and redemption liability	1.3	4.1
Charitable donation	1.9	3.2
Settlement of legal matters	2.3	-
Fair value change of equity investments	(0.8)	(0.4)
Fair value change of derivative financial assets	(299.9)	-
Deferred tax on acquisitions	(5.9)	(5.8)
Deferred tax	(90.3)	-
Amortisation of intangibles on acquisitions	18.9	19.5
Impairment of tangible and intangible assets	15.1	7.2
Fair value change on acquisition of associate	-	(6.5)
Tax on disposal of asset classified as held for sale	-	4.4
Profit on disposal of asset classified as held for sale	-	(13.4)
Adjusted Profit from continuing operations attributable to the owners of the Company	54.6	3.5
Constant currency impact	1.8	1.6
Adjusted profit for the year attributable to owners of the Company on constant currency	56.4	5.1

The reconciling items in the table above are further explained in Note 9 of the interim financial statements. Reported profit from continuing operations increased significantly to €401.9 million in H1 2021 from a loss of €22.1 million in the prior period, due to the recognition of the fair value of the derivative financial assets as explained above.

Adjusted EPS (in Euro cents)

	H1 2021 €'m	H1 2020 €'m
Adjusted basic EPS from continuing operations	18.3	1.2
Adjusted diluted EPS from continuing operations	17.4	1.1
Basic EPS from profit attributable to owners of the Company	139.3	1.8
Diluted EPS from profit attributable to owners of the Company	132.2	1.8
Basic EPS from profit/(loss) attributable to the owners of the Company from continuing operations	134.9	(7.4)
Diluted EPS from profit/(loss) attributable to the owners of the Company from continuing operations	128.0	(7.4)

Basic EPS is calculated using the weighted average number of equity shares in issue during H1 2021 of 297.9 million (H1 2020: 297.5 million). Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during H1 2021 of 314.0 million (H1 2020: 307.5 million).

Cashflow

Playtech continues to be cash generative and delivered operating cash flows of €38.7 million (H1 2020: €244.8 million). The reason for the decline in cash generated from operations period on period is because it includes:

- Finalto which had an exceptional H1 2020 (refer to discontinued operations section above) with high cash conversion; and
- Deferred payment of gaming tax duties of €89.6 million in Italy, which was due in Q4 2020 but payment was instead made in installments in H1 2021 (noting it was a government approved payment deferral as part of the assistance offered to companies during the pandemic).

Cash conversion (including Finalto and Casual)

	H1 2021 €'m	H1 2020 €'m
Adjusted EBITDA	124.0	162.8
Net cash provided by operating activities	38.7	244.8
Cash conversion	31%	150%
Change in jackpot balances	(4.7)	(0.7)
Change in client deposits and client equity	(6.1)	(26.3)
Dividends payable	-	(0.2)
Professional expenses on acquisitions	2.2	3.8
ADM security deposit	(10.7)	(26.1)
Deferred payment of gaming duties	89.6	-
Adjusted net cash provided by operating activities	109.0	195.3
Adjusted cash conversion	88%	120%

Adjusted cash conversion at 88% (H1 2020: 120%) 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 jackpots, security deposits, client

equity and payable dividends only impacts the reported operating cashflow and not EBITDA, while professional expenses and costs relating to acquisitions are excluded from Adjusted EBITDA but impact operating cashflow.

The adjusted net cash provided by operating activities also excluded the security deposit repayment from Italy's online betting and gaming regulator (ADM) for 2021 and 2020.

Cashflow statement analysis

Net cash outflows used in investing activities totaled €45.7 million (H1 2020: €63.6 million) of which:

- €13.9 million (H1 2020: €19.2 million) was used in the acquisition of property, plant and equipment;
- €2.2 million (H1 2020: €15.7 million) was used on the acquisition of intangible assets;
- In 2020, €11.3 million relates to consideration paid in relation to acquisitions of subsidiaries in the period, net of cash; there were no such payments in 2021;
- €27.8 million (H1 2020: €27.8 million) was spent on capitalised development costs;
- €5.8 million (H1 2020: €4.4million) relates to the part payment for the call option held for Ocean 88 Holdings Ltd of €1.7 million and contingent consideration paid to Wplay of €4.1 million. In H1 2020 the full €4.4 million related to cash paid to acquire 10% of equity holding in Tenlot Guatemala (refer to Note 15D of the interim financial statements for more details); and
- €10.1 million (H1 2020: €14.1 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 €13.8 million relates to cash proceeds from the disposal of Area Sud in Milan.

The remainder related to loans granted in 2021 (repaid in 2020) and small amounts of proceeds from the disposal of property plant and equipment in both years.

Net cash outflows from financing activities totaled €134.9 million (H1 2020: €175.6 million inflow) of which:

- €100 million was due to the part repayment of the RCF (H1 2020: €245.8 million was drawn down);
- €20.3 million (H1 2020: €19.6 million) relates to interest payments on bond loans and bank borrowings;
- €13.8 million (H1 2020: €14.1million) is principal and interest lease liability payments;
- €0.8 million (H1 2020: €26.2 million) are payments of contingent consideration and redemption liability; and
- In H1 2020 €10.1 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

	30 June 2021 €'m	31 December 2020 €'m
Cash and cash equivalents	540.8	683.7
Cash held on behalf of clients, progressive jackpots and security deposits	(130.3)	(129.1)
Adjusted gross cash and cash equivalents (excluding assets and liabilities held for sale)	410.5	554.6
Loans and borrowings (RCF)	214.3	308.9
Bonds	874.1	873.1
Gross debt (excluding liabilities held for sale)	1,088.4	1,182.0
Net debt (excluding assets and liabilities held for sale)	677.9	627.4

Cash

Excluding cash classified within assets held for sale, the Group continues to maintain a strong balance sheet with cash and cash equivalents of €540.8 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 €410.5 million (31 December 2020: €554.6 million). The decline is due to the €100 million RCF repayment and the repayment

of the previously announced 2020 gaming tax liability in Italy of €89.6 million, both made in the six months ended 30 June 2021. After careful consideration of the Group's current and forecasts cash position, the Group repaid a further €50 million of the RCF in July 2021. The Board keeps Playtech's capital structure under continuous review and is cognisant of the level of cash on its balance sheet.

Financing

The Group holds 5-year senior secured notes 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 also holds 7-year senior secured notes 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. The Group has an option to extend for an additional year. 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 June 2021 and July 2021 the Group repaid €100 million and €50 million of its RCF respectively. The RCF balance at 30 June 2021 was €214.3 million (31 December 2020: €308.9 million).

The Group's total gross debt amounted to €1,088.4 million at 30 June 2021 (31 December 2020: €1,182.0 million) and Net Debt, after deducting adjusted gross cash, amounted to €677.9 million (31 December 2020: €627.4 million).

Contingent consideration

Contingent consideration and redemption liability decreased by €2.6 million to €7.1 million (31 December 2020: €9.7 million) mostly due to the completed payment relating to Wplay. The existing liability as at 30 June 2021 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration and redemption liability as at 30 June 2021	Payment date (based on maximum payable earnout)
HPYBET Austria GmbH	€15.0 million	Nil	Q3 2021
Eyecon Limited	€23.3 million	Nil	Q3 2021
Wplay	€0.9 million	€0.8 million	Q1 2022
Statscore	€15.0 million	€5.6 million	€5.0 million Q1 2023 €10.0 million in Q1 2026
Other	€6.8 million	€0.7 million	Q3 2021
Total	€61.0 million	€7.1 million	

Shareholder returns

The Board suspended shareholder distributions in March 2020 until further notice due to the uncertainty relating to COVID-19. Playtech remains committed to returning capital to shareholders whilst balancing the needs of the business and taking a prudent approach to its capital structure and leverage.

Going concern

In adopting the going concern basis in the preparation of the interim 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 12 months from the approval of these interim 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 and COVID-19 vaccine announcements, were also taken into consideration in our assessment.

At 30 June 2021, the Group held total cash (excluding cash included in assets held for sale) of €540.8 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 €410.5 million (31 December 2020: €554.6 million). The decline is due to €100 million RCF repayment and as previously announced the repayment of the 2020 gaming tax liability in Italy of €89.6 million, both made in the six months ended 30 June 2021. Further, the Group has long-term debt facilities totaling €1,088.4 million (31 December 2020: €1,182.0 million). Management has secured a covenant relaxation at 31 December 2020 and 30 June 2021 relating to the RCF, as discussed in Note 19 of the interim financial statements, and further, has considered future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches.

Management concluded that the risk of a covenant breach over the next twelve-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. It has, therefore, considered it appropriate to adopt the going concern basis of preparation for these interim 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 9 of the interim 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.

⁴Due to the classification of a discontinued operation, the comparative information for 2020 has been restated. Please refer to Note 7 of the financial statements for further details.

Directors' responsibilities

The Directors of Playtech plc confirm that, to the best of their knowledge:

- the unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the United Kingdom; and
- the interim management report as required by rules 4.2.7 and 4.2.8 of the Disclosure Guidance and Transparency Rules, includes a fair review of:
 - important events during the six months ended 30 June 2021 and their impact on the condensed consolidated financial statements;
 - a description of the principal risks and uncertainties for the second half of the year; and
 - related parties' transactions and changes therein.

The names and functions of the Directors of Playtech plc are available on the Group's website: <http://www.investors.playtech.com/>

INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2021		Six months ended 30 June 2020	
		Actual €'m	Adjusted* €'m	Actual €'m Restated* *	Adjusted* €'m Restated**
Continuing operations					
Revenue	8	457.4	457.4	476.7	476.7
Distribution costs before depreciation and amortisation		(284.9)	(281.4)	(318.9)	(315.8)
Administrative expenses before depreciation and amortisation		(56.6)	(45.8)	(58.9)	(44.3)
Impairment of financial assets		(6.1)	(6.1)	(7.1)	(7.1)
EBITDA	9	109.8	124.1	91.8	109.5
Depreciation and amortisation		(84.0)	(65.1)	(92.4)	(72.9)
Impairment of tangible and intangible assets	10	(15.1)	-	(7.2)	-
Finance income	11	0.4	0.4	0.7	0.7
Finance costs	11	(33.8)	(32.5)	(33.1)	(30.2)
Share of profit from joint ventures and associates		0.1	0.1	0.7	0.7
Fair value change on acquisition of associate		-	-	6.5	-
Unrealised fair value changes on equity investments	15D	0.8	-	0.4	-
Unrealised fair value changes of derivative financial assets	15E	299.9	-	-	-
Profit on disposal of asset classified as held for sale	17A	-	-	13.4	-
Profit/(loss) before taxation		278.1	27.0	(19.2)	7.8
Income tax credit/(expense)	12	123.8	27.6	(3.0)	(4.4)
Profit/(loss) from continuing operations	9	401.9	54.6	(22.2)	3.4
Discontinued operations					
Profit from discontinued operation, net of tax	7	13.2	4.0	27.5	41.3
Profit for the period - total	9	415.1	58.6	5.3	44.7
Other comprehensive income					
<i>Items that are or may be classified subsequently to profit or loss</i>					
Exchange loss arising on translation of foreign operations		(0.5)	(0.5)	(0.9)	(0.9)
<i>Items that will not be classified to profit or loss</i>					
Gain/(loss) on re-measurement of employee termination indemnities		0.2	0.2	(0.1)	(0.1)
Other comprehensive loss for the period		(0.3)	(0.3)	(1.0)	(1.0)
Total comprehensive income for the period		414.8	58.3	4.3	43.7
Profit attributable to:					
Owners of the Company		415.1	58.6	5.4	44.8
Non-controlling interests		-	-	(0.1)	(0.1)
Total comprehensive income attributable to:		415.1	58.6	5.3	44.7
to:					
Owners of the Company		414.8	58.3	4.4	43.8

Non-controlling interests	-	-	(0.1)	(0.1)
	414.8	58.3	4.3	43.7

Earnings per share attributable to the ordinary shareholders of the Company

Profit or loss - total

Basic (cents)	13	139.3	19.7	1.8	15.0
Diluted (cents)	13	132.2	18.6	1.8	14.6

Profit or loss from continuing operations

Basic (cents)	13	134.9	18.3	(7.4)	1.2
Diluted (cents)	13	128.0	17.4	(7.4)	1.1

*Adjusted 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 9.

** Comparative information has been restated due to a discontinued operation. Refer to Note 7.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Additional paid in capital	Employee termination indemnities	Retained earnings	Employee benefit trust	Call/Put options reserve	Foreign exchange reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2021	592.1	(0.4)	347.3	(14.4)	(3.7)	(21.3)	899.6	0.3	899.9
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	415.1	-	-	-	415.1	-	415.1
Other comprehensive income/(loss) for the period	-	0.2	-	-	-	(0.5)	(0.3)	-	(0.3)
Total comprehensive income / (loss) for the period	-	0.2	415.1	-	-	(0.5)	414.8	-	414.8
<i>Transactions with the owners of the Company</i>									
Contributions and distributions									
Exercise of options	-	-	(4.7)	4.6	-	-	(0.1)	-	(0.1)
Employee stock option scheme	-	-	7.4	-	-	-	7.4	-	7.4
Transfer from treasury shares to employee benefit trust	13.9	-	6.1	(20.0)	-	-	-	-	-
Total contributions and distributions	13.9	-	8.8	(15.4)	-	-	7.3	-	7.3
Total transactions with owners of the Company	13.9	-	8.8	(15.4)	-	-	7.3	-	7.3

Balance at 30 June 2021	606.0	(0.2)	771.2	(29.8)	(3.7)	(21.8)	1,321.7	0.3	1,322.0
	Additional paid in capital	Employee termination indemnities	Retained earnings	Employee benefit trust	Call/Put options reserve	Foreign exchange reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2020	601.0	(0.2)	659.8	(16.2)	(16.4)	(1.4)	1,226.6	(4.3)	1,222.3
Total comprehensive income for the period									
Profit/(loss) for the period	-	-	5.4	-	-	-	5.4	(0.1)	5.3
Other comprehensive loss for the period	-	(0.1)	-	-	-	(0.9)	(1.0)	-	(1.0)
Total comprehensive income / (loss) for the period	-	(0.1)	5.4	-	-	(0.9)	4.4	(0.1)	4.3
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	-	-	(1.0)	1.0	-	-	-	-	-
Employee stock option scheme	-	-	(1.6)	-	-	-	(1.6)	-	(1.6)
Share buyback	(8.9)	-	(1.3)	-	-	-	(10.2)	-	(10.2)
Total contributions and distributions	(8.9)	-	(3.9)	1.0	-	-	(11.8)	-	(11.8)
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 interest	-	-	-	-	(3.7)	-	(3.7)	0.4	(3.3)
Total changes in ownership interests	-	-	(20.7)	-	12.7	-	(8.0)	4.8	(3.2)
Total transactions with owners of the Company	(8.9)	-	(24.6)	1.0	12.7	-	(19.8)	4.8	(15.0)
Balance at 30 June 2020	592.1	(0.3)	640.6	(15.2)	(3.7)	(2.3)	1,211.2	0.4	1,211.6

UNAUDITED CONSOLIDATED BALANCE SHEET

		At 30 June 2021 €'m	At 30 June 2020 €'m	At 31 December 2020 €'m (Audited)
ASSETS				
Property, plant and equipment		316.1	370.4	357.1
Right of use of assets		59.8	72.8	66.7
Intangible assets	14	1,068.0	1,485.8	1,097.2
Investments	15	12.1	58.8	50.4
Derivative financial assets	15	343.4	-	-
Trade receivables		11.0	11.7	18.4
Deferred tax asset	16	102.4	1.8	3.3
Other non-current assets		96.8	53.9	67.2
Non-current assets		2,009.6	2,055.2	1,660.3
Trade receivables		166.7	155.1	153.2
Other receivables		74.6	93.6	93.7
Inventories ¹		5.5	14.6	4.7
Cash and cash equivalents		540.8	1,023.0	683.7
		787.6	1,286.3	935.3
Assets classified as held for sale	17	500.1	29.8	468.9
Current assets		1,287.7	1,316.1	1,404.2
TOTAL ASSETS		3,297.3	3,371.3	3,064.5
EQUITY				
Additional paid in capital		606.0	592.1	592.1
Employee termination indemnities		(0.2)	(0.3)	(0.4)
Employee benefit trust		(29.8)	(15.2)	(14.4)
Put/Call options reserve		(3.7)	(3.7)	(3.7)
Foreign exchange reserve		(21.8)	(2.3)	(21.3)
Retained earnings		771.2	640.6	347.3
Equity attributable to equity holders of the Company		1,321.7	1,211.2	899.6
Non-controlling interests		0.3	0.4	0.3
TOTAL EQUITY	18	1,322.0	1,211.6	899.9
LIABILITIES				
Loans and borrowings	19	214.3	307.3	308.9
Bonds	20	874.1	872.2	873.1
Lease liability		58.1	68.1	61.5
Deferred revenues		2.1	2.3	2.1
Deferred tax liability	16	43.3	75.9	75.2
Contingent consideration and redemption liability	21	5.6	8.5	8.5
Other non-current liabilities		12.2	13.3	12.5
Non-current liabilities		1,209.7	1,347.6	1,341.8
Trade payables		38.4	70.8	47.7
Lease liability		17.7	17.5	21.0
Progressive operators' jackpots, security deposits		104.9	98.9	100.2
Client deposits		-	104.3	-

¹ In prior periods, inventories presented as part of other receivables. In this respect, the comparative information re-represented.

Client funds		25.4	162.9	28.9
Income tax payable		7.8	11.9	12.0
Gaming and other taxes payable		95.9	124.8	126.9
Deferred revenues		6.3	4.5	9.7
Contingent consideration and redemption liability	21	1.5	38.8	1.2
Provisions for risks and charges	22	17.6	16.7	18.1
Other payables		132.2	158.6	147.9
		447.7	809.7	513.6
Liabilities directly associated with assets classified as held for sale	17C	317.9	2.4	309.2
Current liabilities		765.6	812.1	822.8
Total liabilities		1,975.3	2,159.7	2,164.6
TOTAL EQUITY AND LIABILITIES		3,297.3	3,371.3	3,064.5

The condensed consolidated interim financial statements were approved by the Board and authorised for issue on 23 September 2021.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		415.1	5.3
Adjustment to reconcile net income to net cash provided by operating activities (see below)		(361.4)	254.2
Net taxes paid		(15.0)	(14.7)
Net cash from operating activities		38.7	244.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans (granted)/repaid		(6.3)	0.5
Acquisition of property, plant and equipment		(13.9)	(19.2)
Dividends received		-	0.1
Acquisition of intangible assets		(2.2)	(15.7)
Acquisition of subsidiaries (see below)		-	(19.8)
Cash of subsidiaries on acquisition (see below)		-	8.5
Capitalised development costs		(27.8)	(27.8)
Investment in other investments and derivative assets	15	(5.8)	(4.4)
Proceeds from sale of property, plant and equipment		0.2	0.1
Proceeds from sale of discontinued operations and assets held for sale, net of cash disposed	17	10.1	14.1
Net cash used in investing activities		(45.7)	(63.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buyback		-	(10.1)
Interest paid on bonds and loans and borrowings		(20.3)	(19.6)
Proceeds from loans and borrowings		-	245.8
Repayment of loans and borrowings		(100.0)	(0.2)
Payment of contingent consideration and redemption liability (see below)		(0.8)	(26.2)
Principal paid on lease liability		(11.1)	(11.1)
Interest paid on lease liability		(2.7)	(3.0)
Net cash (used in)/from financing activities		(134.9)	175.6
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(141.9)	356.8
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,060.6	674.2
Exchange gain/(loss) on cash and cash equivalents		2.7	(5.9)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		921.4	1,025.1
Cash and cash equivalent consist of:			
Cash and cash equivalent – continuing operations		540.8	1,023.0
Cash and cash equivalent treated as held for sale	17C	380.6	2.1
		921.4	1,025.1

ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES

		Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Income and expenses not affecting operating cash flows:			
Depreciation of property, plant and equipment		21.8	24.3
Amortisation of intangible assets		54.4	73.3
Amortisation of right of use assets		8.3	9.7
Gain on early termination of lease contracts		(0.5)	-

Impairment of property, plant and equipment	10	12.5	0.6
Impairment of intangible assets	10	2.6	6.6
Reversal of impairment of asset held for sale	17C	(2.0)	-
Reversal of impairment of loans receivable		-	(1.5)
Profit on disposal of discontinued operations	17B	(7.6)	(0.6)
Profit on disposal of asset classified as held for sale	17A	-	(13.4)
Share of profit from joint ventures and associates		(0.1)	(0.7)
Fair value change on acquisition of associate	15B	-	(6.5)
Changes in fair value change of equity investments	15D	(0.8)	(0.4)
Changes in fair value change of derivative financial assets	15E	(299.9)	-
Interest on bonds and loans and borrowings		20.0	20.5
Interest on lease liability		2.7	3.0
Income tax (credit)/expense		(122.4)	6.1
Employee stock option plan expenses		7.4	10.6
Movement in contingent consideration and redemption liability		2.2	7.4
Exchange (gain)/loss on cash and cash equivalents		(2.7)	5.9
Unrealised exchange loss/(gain)		7.2	(6.2)
Other		0.2	0.3

Changes in operating assets and liabilities:

Change in trade receivables		(4.6)	40.1
Change in other receivables		(4.7)	26.8
Change in inventories		(0.8)	(11.7)
Change in trade payables		(9.0)	8.0
Change in progressive, operators jackpot and security deposits		4.7	0.7
Change in client funds		6.1	26.3
Change in other payables		(52.5)	30.1
Change in provisions		(0.5)	(2.8)
Change in deferred revenues		(3.4)	(2.3)
		(361.4)	254.2

Acquisition of subsidiaries in period

	Note	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Acquisitions in previous period			
A. Acquisition of Statscore SP Z.O.O.	23A	-	6.5
B. Acquisition of Best In Game SRL	23B	-	13.3
		-	19.8

Payment of redemption liabilities and contingent consideration on previous acquisitions

		Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Acquisitions in previous periods			
A. Acquisition of Rarestone Gaming PTY Limited		-	4.1
B. Acquisition of Playtech BGT Sports Limited		-	20.8
C. Other acquisitions		0.8	1.3
		0.8	26.2

NOTE 1 – REPORTING ENTITY

Playtech plc (the “Company”) is a company domiciled in the Isle of Man. The Company was incorporated in British Virgin Islands as an offshore company with limited liability. 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.

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 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 interim financial statements (Notes 7 and 17), 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”).

These are the condensed consolidated interim financial statements (“interim financial statements”) for the six months ended 30 June 2021 comprising the Company and its subsidiaries (together referred as “the Group”).

NOTE 2 – BASIS OF PREPARATION

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with UK adopted IAS 34, “Interim Financial Reporting”, and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2020

("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The last annual financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU).

Subsequent to the United Kingdom's exit from the European Union on 31 December 2020 the Group has transitioned from International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) to UK adopted international accounting standards. The transition has had no material impact on previously reported numbers.

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 September 2021.

Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a global pandemic by the World Health Organisation in March 2020 and since then has had a significant impact on global economies and equity, debt and commodity markets. The Group has considered the impact of COVID-19 and other market volatility in preparing its interim financial statements.

In taking into account the most recent lockdowns in countries where the Group operates, as well as the ongoing vaccine rollout and the possibility of a further wave of lockdowns as Europe goes into winter, management considered the possible impact to the estimates and outcomes in the measurement of the Group's assets and liabilities. In making these considerations, management have 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 vaccine announcements, 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 interim 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 public forecasts and experience from previous downturns;
- 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 interim 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 completed for a period of no less than 12 months from the approval of these interim 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 latest and any potential future lockdowns and COVID-19 vaccine announcements, were also taken into consideration in the Directors' assessment.

Despite the impact on cash flows of COVID-19, the Group continues to hold a strong liquidity position with adjusted gross cash excluding assets held for sale of €410.5 million (31 December 2020: €554.6

million), with the decline explained by the €100.0 million RCF repayment and the repayment of the 2020 gaming tax liability in Italy of €89.6 million, both made in the six months ended 30 June 2021. Whilst there is a probability that we could go into another wave of lockdowns in major markets in which we operate (such as Italy) which would pose several risks to the Group's future trading performance, the Directors are confident of its 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 have been updated for the expected impact of COVID-19 on trading. 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 and where the Group has an option of extending for one year, 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. 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 19 and 20. The RCF covenants have been 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 will return 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 will return to normal level of 4:1 at 31 December 2021 and beyond.

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 12 months from approval of these interim financial statements ("the relevant going concern period"). There can be no assurance that a downside scenario will be avoided if the COVID-19 vaccine is not effective in decreasing the severity of the virus and/or we go into another wave of lockdowns and which would 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 also considering mitigating actions that would be available to the Directors and are within their control. 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 (including salary and capital expenditure reductions and continued suspension of distributions and share buybacks). Under this scenario EBITDA would fall on average by 17% 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 EBITDA required that would 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 the Group would not have sufficient liquidity.

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;
- EBITDA would have to fall by 126% and 78% in the second half of 2021 and the 12 months ending June 2022 respectively compared to the base case;
- In the event that revenues decline to this point to drive the decrease in 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 interim financial statements.

NOTE 3 – NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the interim financial statements of the Group.

NOTE 4 – FUNCTIONAL AND PRESENTATION CURRENCY

These interim 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 5 – CRITICAL JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual events may differ for 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 financial and non-financial assets 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 range 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 being 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.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those in the last annual financial statements, except as described below.

Judgments

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 IFRS5 sets out the 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 17, the Group entered into a sale and purchase agreement for the disposal of the Financial segment. The transaction is conditional on the approval of the disposal by the shareholders at the annual general meeting and the approval of certain regulatory authorities in respect of the change of control. The fair value of the Financial segment determined based on the signed sale and purchase agreement that was announced on 26 May 2021. Refer to Note 17C for further information.

Estimates and assumptions

▪ Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding and non-binding sale agreements, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset. 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 will 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 GCUs with lower headroom, including a sensitivity analysis, are disclosed and further explained in Note 14.

▪ 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 that customer should be impaired. A reasonable movement in the inputs to the ECL calculation does not materially change the ECL to be recognised.

▪ Income taxes

The Group's income tax expense, deferred tax assets and liabilities reflect management's best estimate of current and future taxes to be paid.

The Group is subject to income tax in several jurisdictions and significant judgments and estimates are required in the determination of the income tax expense. Significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

▪ **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

The Group's internal restructuring in January 2021 resulted in the Group being entitled to tax deductible goodwill and intangible assets. A deferred tax asset amounting to €90.3 million is recognised in respect of future tax deductions for goodwill and intangible assets due to a change in the tax base of the Group's intangible assets resulting from the restructuring. This deferred tax asset has been recognised as it is 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 will be utilised giving a tax benefit of €90.3 million. This represents the benefit of the deductions for the next 5 years. In addition, of a total of €78.3 million of deferred tax asset that 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 €8.2 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.

Deferred tax liabilities in the UK

A deferred tax liability may arise for the UK tax resident Group companies which are holders of options to acquire shares in businesses (as included in Note 15E). In this respect, where the option holder has exercised its option to acquire shares and has the intention to sell the shares received, a deferred tax liability should be recognised reflecting the tax that will be due on disposal of the shares acquired under

the option. As the Group has not exercised its options (as outlined at Note 15E) at the balance sheet date, no deferred tax liability has been recognised as at 30 June 2021.

Deferred tax assets in Italy

The Group has recognised a deferred tax asset of €110.9 million in respect of tax losses in the Italy which are available to offset against the future profits of the Italian Group companies. Based on the current forecasts, these losses will be fully utilised over the next 5 years.

The Group reviewed the latest forecasts for the Italian 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, Group management concludes that it is probable that the Italian Group companies will continue to generate taxable income in the future against which the losses can be utilised. 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.

▪ **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 was reduced to zero.

▪ **Sun Bingo agreement**

Following the amendment of the News UK contract in February 2019, which included a 15 year contract extension, the minimum guarantee ("MG") which is payable to 30 June 2021 is recognised as an asset and released over the remaining term of the contract in line with the level of profitability. Management is required to make reliable estimates on the expected future profitability of the contract and therefore the expected schedule of release of the asset over the contract period. In making this assessment management applies reasonable assumptions based on known factors, but sometimes and outside of management's control, these factors may vary. This is reviewed on a regular basis to ensure that the MG asset is still recoverable over the remaining term of the contract and if not, an adjustment is made to the value of the MG in line with the profile of the expected future profits.

• **Measurement of fair values**

A number of the Group's accounting policies require the fair value measurement of the Group's investments and derivative financial assets. The Group has an established control framework with respect to the measurement of fair value.

When measuring the fair value of an asset or a liability, the Group uses market observable data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amount and fair value of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy.

	Carrying amount	Fair value		
	30 June 2021	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Non current assets				
Equity securities (Note 15)	12.1	4.0	-	8.1
Derivative financial assets (Note 15)	343.4	-	-	343.4
	355.5	4.0	-	351.5
Non current liabilities				
Contingent consideration and redemption liability (Note 21)	5.6	-	-	5.6
Current liabilities				
Contingent consideration and redemption liability (Note 21)	1.5	-	-	1.5

Further information about the assumptions made in measuring the fair value of derivative financial assets is included in Note 15E.

NOTE 6 – 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:

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

The Group-wide profit measures are Adjusted EBITDA and Adjusted Profit (see Note 9).

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the gaming segments, as allocation would be arbitrary.

Six months ended 30 June 2021

	Core B2B €'m	Asia B2B €'m	Total B2B €'m	B2C – continuing operations €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – Discontinued operations €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
Revenue	223.4	43.8	267.2	196.6	(6.4)	457.4	31.9	-	31.9	489.3
Adjusted EBITDA			72.1	52.0	-	124.1	(0.1)	-	(0.1)	124.0
Adjusted Profit attributable to the owners of the Company			14.7	39.9	-	54.6	4.0	-	4.0	58.6
Total assets			1,675.7	1,141.5		2,817.2	480.1	-	480.1	3,297.3
Total liabilities			838.7	818.7		1,657.4	317.9	-	317.9	1,975.3

Six months ended 30 June 2020

	Core B2B €'m	Asia B2B €'m	Total B2B €'m	B2C – continuing operations €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
Revenue	188.5	41.2	229.7	253.4	(6.4)	476.7	87.3	6.6	93.9	570.6
Adjusted EBITDA			63.2	46.3	-	109.5	52.8	0.5	53.3	162.8
Adjusted Profit/(loss) attributable to the owners of the Company			6.0	(2.6)	-	3.4	40.9	0.4	41.3	44.7
Total assets			1,299.9	1,307.5	-	2,607.4	761.1	2.8	763.9	3,371.3
Total liabilities			979.3	878.2	-	1,857.5	299.8	2.4	302.2	2,159.7

NOTE 7 – DISCONTINUED OPERATION

As explained in Note 17, 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. As a result, the comparative financial information for the Financial segment have been transferred to discontinued operations.

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

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	-	-	6.6	6.6
Distribution costs before depreciation and amortisation	-	-	(6.1)	(6.1)
Administrative expenses before depreciation and amortisation	-	-	(0.2)	-
EBITDA	-	-	0.3	0.5
Depreciation and amortisation	-	-	(0.1)	(0.1)
Finance income	-	-	0.1	0.1
Profit on disposal of discontinued operations (Note 17B)	7.6	-	0.6	-
Profit before taxation	7.6	-	0.9	0.5
Income tax expense	-	-	(0.1)	(0.1)
Profit from discontinued operations, net of tax	7.6	-	0.8	0.4

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

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	31.9	31.9	87.3	87.3
Distribution costs before depreciation and amortisation	(25.5)	(25.4)	(25.0)	(24.6)
Administrative expenses before depreciation and amortisation	(4.6)	(4.3)	(15.9)	(9.8)
Impairment of financial assets	(2.3)	(2.3)	(0.1)	(0.1)
EBITDA	(0.5)	(0.1)	46.3	52.8
Depreciation and amortisation	-	-	(14.7)	(6.2)
Reversal of impairment of asset held for sale	2.0	-	-	-
Finance income	5.9	5.9	0.2	0.2
Finance costs	(0.4)	(0.4)	(2.1)	(2.1)
Profit before taxation	7.0	5.4	29.7	44.7
Income tax expense	(1.4)	(1.4)	(3.0)	(3.8)
Profit from discontinued operations, net of tax	5.6	4.0	26.7	40.9
Total profit from discontinued operations, net of tax	13.2	4.0	27.5	41.3

Earnings per share from discontinued operations

Basic (cents)	4.4	1.4	9.3	13.9
Diluted (cents)	4.2	1.2	9.0	13.4

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

	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Operating	(25.2)	94.8
Investing	(2.8)	(3.4)
Financing	(1.5)	(1.1)
Net cash (outflow)/inflow	(29.5)	90.3

The net cash flows incurred by the Casual and Social Gaming Business in both periods presented are not significant.

NOTE 8 – 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 segmental 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 and timing of transfer of performance obligations

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 in the last annual financial statements.

Six months ended 30 June 2021

Primary Geographic Markets	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Italy	15.8	157.9	(3.5)	170.2	0.4	-	0.4	170.6
United Kingdom	59.8	30.1	(1.9)	88.0	11.6	-	11.6	99.6
Mexico	40.9	-	-	40.9	0.1	-	0.1	41.0
Philippines	38.0	-	-	38.0	-	-	-	38.0
Malta	27.6	-	-	27.6	0.2	-	0.2	27.8
Gibraltar	13.2	-	-	13.2	-	-	-	13.2
Spain	10.7	-	-	10.7	0.4	-	0.4	11.1
Germany	0.8	8.3	(0.8)	8.3	2.4	-	2.4	10.7
Greece	8.0	-	-	8.0	0.7	-	0.7	8.7
Poland	6.3	-	-	6.3	0.1	-	0.1	6.4
Curacao	5.7	-	-	5.7	0.1	-	0.1	5.8
Colombia	4.3	-	-	4.3	-	-	-	4.3
Switzerland	2.8	-	-	2.8	0.2	-	0.2	3.0
Norway	2.8	-	-	2.8	0.2	-	0.2	3.0
Romania	2.8	-	-	2.8	-	-	-	2.8
Other	27.7	0.3	(0.2)	27.8	15.5	-	15.5	43.3
	267.2	196.6	(6.4)	457.4	31.9	-	31.9	489.3

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Product type	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
B2B	267.2	-	(6.4)	260.8	-	-	-	260.8
Snaitech	-	157.9	-	157.9	-	-	-	157.9
Sun Bingo	-	30.2	-	30.2	-	-	-	30.2
B2C Sport and other B2C	-	8.5	-	8.5	-	-	-	8.5
Total B2C	-	196.6	-	196.6	-	-	-	196.6
Financial	-	-	-	-	31.9	-	31.9	31.9
	267.2	196.6	(6.4)	457.4	31.9	-	31.9	489.3

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Timing of transfer of performance obligations	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
At the satisfaction of the performance obligation	264.4	196.6	(6.4)	454.6	31.9	-	31.9	486.5
Hardware sale (at the point of transaction)	2.4	-	-	2.4	-	-	-	2.4
Over time	0.4	-	-	0.4	-	-	-	0.4
	267.2	196.6	(6.4)	457.4	31.9	-	31.9	489.3

Six months ended 30 June 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	12.5	216.1	(3.1)	225.5	1.8	-	1.8	227.3
United Kingdom	66.3	28.8	(1.9)	93.2	55.4	-	55.4	148.6
Philippines	35.6	-	-	35.6	-	-	-	35.6
Malta	26.8	-	-	26.8	0.5	-	0.5	27.3
Mexico	20.9	-	-	20.9	0.3	-	0.3	21.2
Spain	11.5	-	-	11.5	0.7	-	0.7	12.2

Germany	1.0	7.0	(1.0)	7.0	1.7	-	1.7	8.7
Gibraltar	7.0	-	-	7.0	-	-	-	7.0
Greece	6.4	-	-	6.4	0.5	-	0.5	6.9
Cyprus	0.5	-	-	0.5	5.7	-	5.7	6.2
United Arab Emirates	-	-	-	-	6.0	-	6.0	6.0
Curacao	5.2	-	-	5.2	-	-	-	5.2
Finland	3.4	-	-	3.4	-	-	-	3.4
Norway	2.9	-	-	2.9	0.1	-	0.1	3.0
Austria	1.4	1.5	(0.4)	2.5	0.1	-	0.1	2.6
Others	28.3	-	-	28.3	14.5	6.6	21.1	49.4
	229.7	253.4	(6.4)	476.7	87.3	6.6	93.9	570.6

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Product type	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
B2B	229.7	-	(6.4)	223.3	-	-	-	223.3
Snaitech	-	215.5	-	215.5	-	-	-	215.5
Sun Bingo	-	28.1	-	28.1	-	-	-	28.1
B2C Sport and other B2C	-	9.8	-	9.8	-	6.6	6.6	16.4
Total B2C	-	253.4	-	253.4	-	6.6	6.6	260.0

Financial	-	-	-	-	87.3	-	87.3	87.3
	229.7	253.4	(6.4)	476.7	87.3	6.6	93.9	570.6

	B2B	B2C	Intercompany	Total Gaming – continuing operations	Financial – discontinued operations	B2C – discontinued operations	Total discontinued operations	Total
Timing of transfer of performance obligations	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
At the satisfaction of the performance obligation	228.4	253.4	(6.4)	475.4	87.3	6.6	93.9	569.3
Hardware sale (at the point of transaction)	0.3	-	-	0.3	-	-	-	0.3
Over time	1.0	-	-	1.0	-	-	-	1.0
	229.7	253.4	(6.4)	476.7	87.3	6.6	93.9	570.6

There were no changes in the Group's valuation processes and the vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months.

The Group's contract liabilities, in other words deferred income, primarily include advance payment for hardware and services, which are typically used in 12 months, and also include the set-up fees paid by the licensee at the beginning of the contract. The fees cover the whole period of the contract, with an average period of 36 months. The revenue is recognised monthly until the end of the contract. These are included in deferred income and total €8.4 million (30 June 2020: €6.8 million, 31 December 2020: €11.8 million).

NOTE 9 – 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.

As these are not a defined performance measure in 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 give a full reconciliation between adjusted and actual results:

Six months ended 30 June 2021

	Note	Revenue €'m	Administrative and distribution expenses and impairment of financial assets €'m	EBITDA from continuing operations €'m	Profit from continuing operations attributable to the owners of the Company €'m	Total profit attributable to the owners of the Company €'m
Reported as actual		457.4	347.6	109.8	401.9	415.1
Employee stock option expenses ¹		-	(7.0)	7.0	7.0	7.4
Professional fees ²		-	(2.2)	2.2	2.2	2.2
Additional consideration for put/call option ³		-	(0.9)	0.9	0.9	0.9
Movement in contingent consideration and redemption liability (finance costs row) ⁴		-	-	-	1.3	1.3
Charitable donation ⁵		-	(1.9)	1.9	1.9	1.9
Settlement of legal matters ⁶		-	(2.3)	2.3	2.3	2.3
Fair value change of equity investments ⁷	15D	-	-	-	(0.8)	(0.8)
Fair value change of derivative financial assets ⁸	15E	-	-	-	(299.9)	(299.9)
Amortisation of intangible assets on acquisitions		-	-	-	18.9	18.9
Impairment of tangible and intangible assets	10	-	-	-	15.1	15.1
Reversal of impairment of asset held for sale	17C	-	-	-	-	(2.0)
Deferred tax on acquisitions (tax expense row)		-	-	-	(5.9)	(5.9)
Deferred tax ⁹ (tax expense row)	12	-	-	-	(90.3)	(90.3)
Profit on disposal of discontinued operations	17B	-	-	-	-	(7.6)
Adjusted measure		457.4	333.3	124.1	54.6	58.6
Constant currency impact		0.4	-	0.4	1.8	(7.0)
Adjusted result on constant currency basis		457.8	333.3	124.5	56.4	51.6
Adjusted result related to acquisitions on constant currency basis		(1.2)	(1.4)	0.2	0.3	0.3
Underlying adjusted result on constant currency basis		456.6	331.9	124.7	56.7	51.9

1 Employee stock option expenses relate to non cash expenses of the Group.

2 Professional fees related to acquisition, asset held for sale and internal reorganisations are not considered ongoing costs of operations and therefore have been added back to Adjusted EBITDA.

3 Fair value change in the put/call option for the acquisition of Statscore. Costs which directly related to acquisitions are not considered ongoing costs of operations and therefore have been added back to Adjusted EBITDA.

4 Finance costs on contingent consideration and redemption liability and changes in the fair value of contingent consideration payable related to prior year acquisitions. Costs which directly related to acquisitions are outside the normal course of business and therefore have been added back to Adjusted EBITDA.

5 In 2020 the Board approved a £3 million COVID-19 Recovery and Resilience Fund. On this, £1.9 million was spent in the period ended 30 June 2021.

6 Settlement of one off legal disputes which is not considered a recurring cost.

7 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.

8 Fair value change of derivative financial assets are excluded from the results as they relate to unrealised profit/loss.

9 The recognition of €90.3 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 12 for further detail.

Six months ended 30 June 2020

	Note	Revenue €'m	Administrative and distribution expenses and impairment of financial assets €'m	EBITDA from continuing operations €'m	Profit from continuing operations attributable to the owners of the Company €'m	Total profit attributable to the owners of the Company €'m
Reported as actual		476.7	384.9	91.8	(22.1)	5.3
Employee stock option expenses ¹		-	(7.1)	7.1	7.1	10.7
Professional fees ²		-	(1.7)	1.7	1.7	3.6
Additional consideration for put/call option ³		-	(4.5)	4.5	4.5	4.5
Movement in contingent consideration and redemption liability ⁴		-	(1.2)	1.2	4.1	4.1
Charitable donation ⁵		-	(3.2)	3.2	3.2	3.2
Provision of other receivables ⁶		-	-	-	-	1.2
Fair value change of equity investments ⁷	15D	-	-	-	(0.4)	(0.4)
Amortisation of intangible assets on acquisitions ⁸		-	-	-	19.5	28.0
Impairment of property, plant and equipment and intangible assets		-	-	-	7.2	7.2
Fair value change on acquisition of associate	15B	-	-	-	(6.5)	(6.5)
Deferred tax on acquisitions		-	-	-	(5.8)	(6.6)
Tax on disposal of asset classified as held for sale		-	-	-	4.4	4.4
Profit on disposal of asset classified as held for sale	17A	-	-	-	(13.4)	(13.4)
Profit on disposal of discontinued operations	17B	-	-	-	-	(0.6)
Adjusted measure		476.7	367.2	109.5	3.5	44.7
Constant currency impact		-	-	-	1.6	3.1
Adjusted result on constant currency basis		476.7	367.2	109.5	5.1	47.8
Adjusted result related to acquisitions on constant currency basis		(0.8)	(1.0)	0.2	0.3	0.3
Underlying adjusted result on constant currency basis		475.9	366.2	109.7	5.4	48.1

1 Employee stock option expenses relate to non cash expenses of the Group.

2 Professional fees related to acquisition, asset held for sale and internal reorganisations are not considered ongoing costs of operations and therefore have been added back to Adjusted EBITDA.

3 Fair value change in the put/call option for the acquisition of Playtech BGT Sports. Costs which directly related to acquisitions are not considered ongoing costs of operations and therefore have been added back to Adjusted EBITDA.

4 Finance costs on contingent consideration and redemption liability and changes in the fair value of contingent consideration payable related to prior year acquisitions. Costs which directly related to acquisitions are outside the normal course of business and therefore have been added back to Adjusted EBITDA.

5 Following the conclusion of the UKGC investigation, the Board of Directors agreed to make charitable contribution to the value of £3.5 million, in lieu of regulatory settlement. On this pledge, €3.2 million was paid in the current financial period.

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

7 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.

NOTE 10 – IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Impairment of tangible assets	12.5	0.6
Impairment of intangible assets	2.6	6.6
	<u>15.1</u>	<u>7.2</u>

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 17A.

Impairment of intangible assets for H1 2021 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 of intangible assets for H1 2020 of €6.6 million, an amount of €5.4 million relates to the impairment of the Sports B2C CGU.

NOTE 11 – FINANCING INCOME AND COSTS

	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
A. Finance income		
Interest received	0.4	0.7
	<u>0.4</u>	<u>0.7</u>
B. Finance costs		
Interest on bonds	(18.2)	(18.3)
Interest expense on lease liability	(2.6)	(2.8)
Interest on loans and borrowings and other	(3.2)	(2.2)
Bank facility fees	(0.7)	(1.2)
Bank charges	(6.1)	(4.1)
Movement in contingent consideration and redemption liability	(1.3)	(3.0)
Net foreign exchange loss	(1.7)	(1.5)
	<u>(33.8)</u>	<u>(33.1)</u>
Net financing costs	(33.4)	(32.4)

NOTE 12 – INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Income tax expense for the current period	4.2	4.9
Income tax relating to prior periods	2.1	0.1
Withholding tax	0.1	0.1
Deferred tax	(130.2)	(2.1)
	<u>(123.8)</u>	<u>3.0</u>

The Group implemented an internal restructuring in January 2021, which resulted in Playtech plc migrating its tax residency to the United Kingdom and the Group's key operating entity transferring its business to a company resident in the UK where the headline rate is currently 19%.

The Group's adjusted current effective tax rate for H1 2021 is 23% (H1 2020:55%). The current period's tax charge on Adjusted Profit from continuing operations was higher than the UK statutory rate of 19% due to the Group generating tax losses during the period. Whilst a deferred tax asset has been recognised in respect of losses in certain territories, the tax credit is not reflected in the cash tax effective tax rate. The H1 2020 tax charge on Adjusted Profit from continuing operations is higher than H1 2021 due to the Group generating tax losses during the period in certain territories which cannot be offset against taxable profits arising in different territories. The benefit of the tax losses which are available to utilise in future periods is not reflected in the cash tax effective tax rate.

The reported current effective tax rate for H1 is 2021 is 2% (H1 2020: 0%) as this reflects fair value movements of €299.9 million on derivative assets which are not taxable. A deferred tax charge may arise for some option holder to acquire shares in businesses but only to the extent that the option has been exercised and the Group has the intention to sell the shares received (as included at Note 5 and 15E). As the Group has not exercised its options at the balance sheet date, no deferred tax liability has been recognised.

The Group's internal restructuring resulted in the Group being entitled to tax deductible goodwill and intangible assets. A deferred tax asset amounting to €90.3 million was 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 Group's intangible assets). This amount has been excluded from Adjusted Profit 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. As such, this restructuring is not expected to have a significant impact on the Group's adjusted effective tax rate.

In addition, there is a deferred tax credit of €39.9 million of which €34.0 million relates to the recognition of a deferred tax asset on the recognition of the benefit of tax losses arising in Italy and the UK available to use against taxable profits in future periods and €5.9 million which relates to the reversal of deferred tax liabilities in respect of acquisitions.

The deferred tax asset and liability are measured at the 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 Bill 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 13 – EARNINGS PER SHARE

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

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit attributable to owners of the Company	415.1	58.6	5.4	44.8
Basic (cents)	139.3	19.7	1.8	15.0
Diluted (cents)	132.2	18.6	1.8	14.6

	Actual €'m	Six months ended 30 June 2021 Adjusted €'m	Actual €'m	Six months ended 30 June 2020 Adjusted €'m
Profit/(Loss) attributable to owners of the Company from continuing operations	401.9	54.6	(22.1)	3.5
Basic (cents)	134.9	18.3	(7.4)	1.2
Diluted (cents)	128.0	17.4	(7.4)	1.1

	Actual Number	Six months ended 30 June 2021 Adjusted Number	Actual Number	Six months ended 30 June 2020 Adjusted Number
<i>Denominator – basic</i>				
Weighted average number of equity shares	297,920,422	297,920,422	297,458,669	297,458,669
<i>Denominator – diluted</i>				
Weighted average number of equity shares	297,920,422	297,920,422	297,458,669	297,458,669
Weighted average number of share options	16,086,406	16,086,406	10,043,676	10,043,676
Weighted average number of shares	314,006,828	314,006,828	307,502,345	307,502,345

The calculation of diluted EPS has been based on the above profit attributable to the owners of the Company and weighted-average number of ordinary shares outstanding after adjusting 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 7.

NOTE 14 – INTANGIBLE ASSETS

	At 30 June 2021 €'m	At 30 June 2020 €'m
Net book value of intangible assets at 1 January	1,097.2	1,499.3
Additions	27.8	45.8
Additions through business combinations	-	21.4
Impairment (Note 10)	(2.6)	(6.6)
Amortisation charge for the period	(54.4)	(73.9)
Foreign exchange movements	-	(0.2)
Net book value of intangible assets at 30 June	1,068.0	1,485.8

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”) (30 June 2020: sixteen, 31 December 2020: fifteen).

Management reviews CGUs for impairment bi-annually, or on the occurrence of an impairment indicator. As a consequence of the COVID-19 pandemic, some revenue streams have experienced significant reductions due to closure of the retail betting shops. Even though partial recovery has been

achieved, the effects of the virus and the constant COVID-19 waves has extended the closures with intermittent lockdowns during the first half of 2021. 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 updated for COVID-19 impact on 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.

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

The Bingo Retail CGU, with net assets of €19.1 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 1% to 31% over the 2-5 year forecast period, 2% long term growth rate and a post tax discount rate of 14.8%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 68.5% i.e., reaching a post-tax discount rate of 24.9%. Same case applies, if the revenue growth was lower by 15.8% when compared to the forecasted average 5-year growth.

The recoverable amount of the Eyecon CGU, with net assets of €30.2 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 4% to 8% over the 2-5 year forecast period, 2% long term growth rate and a post tax discount rate of 12.8%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 64.4% i.e., reaching a post-tax discount rate of 21%. Same case applies, if the revenue growth was lower by 6.8% when compared to the forecasted average 5-year growth.

The recoverable amount of the Quickspin CGU, with net assets of €61.3 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 5% to 6.9% over the 2-5 year forecast period, 2% long term growth rate and a post tax discount rate of 10.8%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 30.6% i.e., reaching a post-tax discount rate of 14.2%. Same case applies, if the revenue growth was lower by 3.5% when compared to the forecasted average 5-year growth.

The Statscore CGU with net assets of €13.4 million has been deemed as a sensitive CGU due to the startup activities of the unit and first year 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 18% to 56% over the 2-5 year forecast period, 2% long term growth rate and a post tax discount rate of 18.2%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 32.7% i.e., reaching a post-tax discount rate of 24.2%. Same case applies, if the revenue growth was lower by 2.8% when compared to the forecasted average 5-year growth.

NOTE 15 – INVESTMENTS AND DERIVATIVE FINANCIAL ASSETS

Introduction

As at 31 December 2020 and 30 June 2020 the Group had four different investment categories, being investments in joint ventures, investment in associates, investment in structured agreements and other investments (A-D in the below table respectively).

As at 30 June 2021, the Group only had investments in associates and other investments, with the investments in structured agreements being transferred entirely to a new category called derivative financial assets (E in the table below). The reasons for this transfer are further explained in Note 15E.

The derivative financial assets category includes a number of call options which are embedded in certain agreements in Latin America that have been fair valued in the period ended 30 June 2021 and therefore reclassified following a change in the underlying conditions and renegotiation of terms or those

requiring upward adjustment. External, independent valuers performed the valuations of the call options.

	30 June 2021	30 June 2020	30 December 2020
	€'m	€'m	€'m
A. Investment in joint ventures	-	22.4	-
B. Investment in associates	1.6	12.2	1.5
C. Investment in structured agreements	-	16.8	39.2
D. Other investments	10.5	7.4	9.7
Total investments	12.1	58.8	50.4
E. Derivative financial assets	343.4	-	-
	355.5	58.8	50.4

The tables below summarise the movement from 31 December 2020 to 30 June 2021 for both investments and derivative financial assets. The recognition and valuation methodologies for each category are then explained in each of the relevant sections below:

Investments

	€'m
Total investment value at 31 December 2020	50.4
B. Movement in investment in associate:	
Share of profit (Alfea S.p.a)	0.1
C. Movement in investment in structured agreements	
Wplay reclassification to derivative financial assets	(22.4)
Caliplay reclassification to derivative financial assets	(16.8)
D. Movement in other investments	
Change in fair value of listed securities	0.8
Total investment value at 30 June 2021	12.1

Derivative financial assets

	€'m	€'m
Total derivative financial asset value at 31 December 2020		-
Caliplay call option		
Fair value of call option	285.0	
Total Caliplay call option		285.0
Wplay call option		
Reclassification of Wplay from investments in structured agreements	22.4	
Increase to fair value	26.7	
Total Wplay call option		49.1
Other call options		
Tenbet (Costa Rica)	3.2	
Onjoc (Panama)	1.8	
Galera/Ocean 88 Holdings (Brazil)	4.3	
Total other call options		9.3
Total derivative financial assets value at 30 June 2021		343.4

A. Investment in joint ventures

The agreement with Wplay was accounted for as a joint venture at inception (\$25.0 million (€22.4 million)) due to the terms in place giving the Group joint control. During 2020, the contract was renegotiated resulting in Playtech's control being reassessed as significant influence and the interest was reclassified as an investment in structured agreements as at 31 December 2020. Refer to Note 15C.

B. Investment in equity accounted associates

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 H2 2020, the Group disposed of the shares in BGO for a total consideration of €1. The Group does not consider any additional consideration will be payable, as part of an exit sale event to a third party investor prior to 30 September 2025. 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.

Investment in Statscore

During H1 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 period ended 30 June 2020.

Investment in Alfea S.p.a

At 30 June 2021 the Group's value of the Investment in Alfea S.p.a was €1.6 million (31 December 2020: €1.5 million). The Group has equity shares in Alfea S.p.a since June 2018. Share of profit of €0.1 million is recognised in the consolidated statement of comprehensive income for the six months ended 30 June 2021.

Movements in the carrying value of the investment during the period are as follows:

	€'m
Investment in associates at 1 January 2020	13.1
Share of profit	0.6
Fair value change on step-acquisition of associate	6.5
Subsidiary acquired in steps	(8.0)
Investment in associates at 30 June 2020	12.2
Disposal during the year	(8.9)
Share of profit	0.4
Transfer to asset classified as held for sale (Note 17D)	(2.2)
Investment in associates at 31 December 2020	1.5
Share of profit	0.1
Investment in associates at 30 June 2021	1.6

C. Investment in structured agreements

Wplay

In 2019, the Group entered into long term agreements with Aquila Global Group SAS ("Wplay"), which is a leading gaming and betting brand in Colombia (the "Wplay structured/framework agreement").

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 Playtech's control being reassessed as significant influence and the interest was reclassified as an investment in structured agreements. The Group has a call option to acquire a 49.9% equity holding in the Wplay business and, in 2021, the parties agreed to defer the Group's ability to exercise this option until on or after August 2022 (previously August 2021). 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 profit share received for such services.

The payments made to Wplay in 2019 were considered as payments advanced under the terms of the original framework agreement. The amendments to the framework in 2021 confirmed that these are the full and final payments for the option. The amount of €22.4 million paid to date for the option was transferred to derivative financial assets and formed part of the call option fair value in the current period. Refer to Note 15E.

Caliplay

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 (“Akalli”), the 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 (the “Caliplay Structured Agreement”).

Playtech has no equity holding in Caliplay or Akalli and is currently providing services to Caliplay including technical and general strategic support services for which it receives remuneration (including a profit share related fee). Playtech has an option to acquire a 49% equity holding in Caliplay upon exercise of the option. If the call option is exercised by Playtech, the Group would no longer provide such services and as such would no longer be entitled to receive the profit share related fee received for such services. For 45 days after the finalisation of Caliplay’s 2021 accounts, Caliente also has an option to redeem Playtech’s profit share related fee or buy the 49% stake in Caliplay back from Playtech (if the Playtech call option has been exercised at that time). There is no additional exercise price payable above the cumulative payments already made by Playtech.

The agreement with Caliplay was accounted for as a structured agreement at inception due to the call option in place which was considered as a protective right and not as part of the assessment of control and significant influence up until 2020. In 2021, an amended agreement was signed with Caliplay which included a number of principally technical amendments. Refer to Note 15E.

Movements in the carrying value of the investment during the period are as follows:

	€'m
Investment in structured agreements at 1 January 2020/30 June 2020	16.8
Reclassification from joint ventures (Note 15A)	22.4
Investment in structured agreements at 31 December 2020	39.2
Transfer to derivative financial assets (Note 15E)	(39.2)
Investment in structured agreements at 30 June 2021	-

D. Other investments

Listed investments

The Group has shares in listed securities and the fair values of these equity shares are determined by reference to published price quotations in an active market. For the period ended 30 June 2021, the fair value of listed securities increased by €0.8 million. The fair value of the shareholding in the listed investments as at 30 June 2021 is €4.0 million (31 December 2020: €3.2 million).

LATAM Equity holding Investments

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. Tenlot Guatemala’s betting and gaming business will be operated by its subsidiary (“Super Sports S.A.”).

The Group has acquired a 10% equity holding in Tenlot Guatemala for a total consideration of \$5.0 million (€4.4 million) in 2020. 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 profit share received for such services. There are no conditions attached to the exercise of the option and therefore with a resulting 90% shareholding, this constitutes control. As such, the Group has consolidated Super Sports S.A.. Refer to Note 15E for the Tenlot Guatemala call option details.

The 10% equity holding in Tenlot Guatemala is accounted at fair value through profit and loss under IFRS9.

The fair value of the equity holding as at 30 June 2021 is \$5.2 million (€4.4 million) with no movement in fair value in the period.

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").

Tenbet, another member of the Tenlot Group, operates online bingo games and casino side games. The Group has no equity holding in Tenbet but has an option to acquire 81% equity holding in Tenbet upon exercise of the option. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the profit share received for such services. The option can be exercised at any time from the end of 18 months of Tenbet going live. The option is not yet exercisable. Playtech also holds a put option to sell its equity holding to Tenlot Group at nominal value at any time. Under the existing agreements, the Group has provided Tenbet with a credit facility of €1.0 million out of which €0.4 million had been drawn down as at 30 June 2021 (31 December 2020: €0.1 million). Refer to Note 15E for the Tenbet call option details.

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 30 June 2021 is \$2.5 million (€2.1 million).

Valuation details of LATAM Equity holding investments

There were no significant fair value movements in the period ended 30 June 2021 for Tentech CR S.A. and Tenlot Guatemala equity investments. The fair value of Tentech CR S.A. is therefore estimated at \$2.5 million and Tenlot Guatemala at \$5.2 million (€2.1 million and €4.4 million respectively) as at 30 June 2021. Refer to Note 15E for the valuation of the LATAM Call options.

Movements in the carrying value of the investment during the period are as follows:

	€'m
Other investments at 1 January 2020	1.1
Additions during the year	5.9
Fair value change	0.4
Other investments as at 30 June 2020	7.4
Fair value change	0.2
Additions during the year	2.1
Other investments as at 31 December 2020	9.7
Fair value change	0.8
Other investments as at 30 June 2021	10.5

E. Derivatives

The Group has certain call options over equity in companies in Latin America and these have been fair valued as at 30 June 2021. These include the following:

1. Caliplay (Mexico)
2. Wplay (Colombia)
3. LATAM Call options (Panama, Guatemala, Costa Rica)
4. Galera/Ocean 88 Holdings (Brazil)

As mentioned above, the framework agreements with Caliplay and Wplay were previously accounted as investments in structured agreements (€16.8 million being the initial payments made to Caliplay through September Holdings B.V., the holder of 49% of equity in Caliplay and the payments of €22.4 million made to Wplay).

Given the growth in Latin America, especially in Mexico (Caliplay) and Colombia (Wplay), the value of the options has exponentially increased and, coupled with the aforementioned changes to the framework agreements and amendments to certain exercise conditions, these options have been fair valued.

Playtech's valuations of each of the options is derived from a discounted cash flow in the first instance and then contains a number of assumptions and estimates, including the likelihood of each of the call options being exercised, and with a number of different scenarios as to timing of exercise and Playtech's likely percentage shareholding, as well as taking into account the maturity curve of each business. The value that could be realised should the option be exercised in the future could be materially higher than the resulting fair value of the options recognised as at 30 June 2021.

1. Caliplay

Playtech is currently providing services to Caliplay including technical and general strategic support services for which it receives remuneration (including a profit share related fee). Playtech has an option to acquire a 49% equity holding in Caliplay upon exercise of the option. If the call option is exercised by Playtech, the Group would no longer be entitled to receive the profit share related fee or be required to provide the related services. For 45 days after the finalisation of Caliplay's 2021 accounts, Caliente also has an option to redeem Playtech's profit share related fee or buy the 49% stake in Caliplay back from Playtech (if the Playtech call option has been exercised at that time). In 2021, an amended agreement was signed with Caliplay which included a number of principally technical amendments. This included an additional right for Playtech whereby if Caliplay changes its ownership structure, the Group can elect to exercise its option directly into a 49% equity stake in the new structure (subject to any dilution as part of any change). As with the call option, if this right is exercised, the Group would no longer be entitled to receive the profit share related fee or be required to provide the related services.

September Holdings B.V.

September Holdings B.V. is a fully owned subsidiary of Caliente that also has 49% shareholding in Caliplay and a loan payable of €16.8 million to a Playtech subsidiary.

In the event of exercising the option, Playtech granted Caliente a put option to sell to Playtech all of Caliente's shares in September Holdings B.V. (constituting 100% of September's share capital) for the par value of the shares. Prior to the exercise of the put option by Caliente, Caliente will buy back all of September Holdings B.V.'s shares in Caliplay resulting in September Holdings B.V. losing all access to value in the company.

Playtech has therefore fully offset the balance of €16.8 million in September Holdings B.V. against the overall fair value movement of the call option.

Valuation of the call option

The Group has assessed the fair value of the call option as at 30 June 2021. The fair value of the call option in the non-listed equity investment has been estimated using a DCF approach with a market exit multiple assumption. The valuation required management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, timing of a potential exit, level of shareholding received on exercise, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value.

To arrive at the fair value estimate of the call option, the Group has applied an appropriate discount rate given the nature of the business and variables apparent, as well as different scenario probabilities on the future holding period of the call option between 1-8 years.

The fair value of the call option on the above basis amounts to \$338.5 million (€285.0 million) as at 30 June 2021. Management has also applied an estimated equity holding in Caliplay after any potential dilution.

The difference of €285.0 million and the previous carrying value of the structured agreement totaling €16.8 million has been recognised in the consolidated statement of comprehensive income at 30 June 2021.

Sensitivity analysis

The assumptions and judgements made in the valuation of the call option as at 30 June 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 35% will result to a fair value of the option within the range of \$279.0 million - \$512.6 million;
- In applying a range of exercise dates of the option with various probabilities over the 1-8 year exercise period, the fair value would be within the range of \$268.5 million – \$387.9 million; and
- If the equity holding is diluted within the range of 35% and 49% the fair value of the option would be in the range of \$303.0 million – \$424.2 million.

2. *Wplay*

The Group has no equity holding in Wplay but has an option to acquire 49.9% equity holding in the Wplay business upon exercise of the option. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the profit share received for such services.

The option was originally exercisable on or after August 2021, and in July 2021, it was extended for one more year (i.e., it is exercisable at any time from 22 August 2022). The amendments to the framework in 2021 also confirmed that the advanced payments made of €22.4 million were full and final payments for the option. The amount of €22.4 million paid to date for the option was transferred to derivative financial assets and formed part of the call option fair value in the current period.

There is therefore no additional exercise price payable above the cumulative payments already made by Playtech as part of the agreement. 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 million is payable on certain performance milestones in future periods. No other financial support has been provided and no further commitment to provide financial support exists.

The assessed fair value of the call option at 30 June 2021 is \$58.3 million (€49.1 million). The Group valued the call option using a DCF approach with a market exit multiple assumption. The Group has then applied an appropriate discount rate and different scenario probabilities on the future holding period of the option over a 1-8 year period.

The difference between the value at 31 December 2020 (€22.4 million) and the value at 30 June 2021 (€49.1 million) of €26.7 million has been recognised in the consolidated statement of comprehensive income.

Sensitivity analysis

A different discount rate within the range of 20% to 30% will result in a fair value of the option within the range of \$58.3million - \$86.8 million. In applying the different scenario probabilities on the exercise date of the option between 1-8 years period, the fair value of the option is within the range of \$47.5 million – \$58.3 million.

3. *LATAM Call options (Panama, Guatemala, Costa Rica)*

Panama

In June 2020, the Group entered into an agreement with Onjoc in Panama. The Group has no equity holding in Onjoc but has an option to acquire a 50% equity holding in Onjoc. Playtech provides services to Onjoc and receives remuneration (including 50% profit share). If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the profit share received for such services. The option can be exercised any time subject to Onjoc having \$15 million of GGR over a consecutive 12 month period.

On the basis that this option is not currently exercisable, Playtech does not consider it to be a current substantive right and therefore does not currently have joint control over Onjoc.

The call option is accounted for as a derivative held at fair value under IFRS 9. Playtech assessed the fair value of the call option by taking into consideration the likelihood of the option becoming exercisable and any timing restrictions that could impact its fair value.

The fair value of the call option as at 30 June 2021 is \$2.2 million (€1.8 million).

Guatemala

In addition to the 10% equity holding in Tenlot Guatemala and the 10% equity holding in Super Sports S.A.; the Group has an option to acquire an additional 80% equity holding in Super Sports S.A. Playtech provides certain services to Super Sports S.A. in return for 85% of Super Sports S.A. profit share. If the option is exercised, the Group would no longer provide those services and, as such, would no longer be entitled to the profit share received for such services. The option can be exercised any time by Playtech.

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

- 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.

Playtech assessed the fair value of the call option by considering the likelihood of the option becoming exercisable and any timing restrictions that could impact its fair value. The fair value of the call option as at 30 June 2021 is \$1.1 million (€0.9 million). Upon consolidation of Super Sport S.A., the 10% equity holding in Super Sport S.A. and the call option to acquire 80% of the investee are eliminated on the Group consolidated balance sheet.

Costa Rica

In addition to the 6% equity holding in Tentech CR S.A, the Group has an option to acquire 81% equity holding in Tenbet. Playtech provides certain services to Tenbet in return for 91% of Tenbet's profit share. If the option is exercised, the Group would no longer provide those services and, as such, would no longer be entitled to the profit share received for such services. The option can be exercised at any time from the end of 18 months of Tenbet going live.

The call option is accounted as a derivative held at fair value under IFRS 9. Playtech assessed the fair value of the call option, by considering the likelihood of the option becoming exercisable and any timing restrictions that could impact its fair value.

The fair value of the call option in Tentech CR S.A as at 30 June 2021 is \$3.9 million (€3.2 million).

Valuation of LATAM Call options (*Panama, Guatemala, Costa Rica*)

The Group valued the call options using a Monte Carlo simulation. The expected value of the call options has been discounted based on an estimated required return which is a typical target return for an early-stage business. The Group also adjusted the total expected value to reflect the timing, price and execution risk.

The fair value of the call options in Onjoc, Super Sports S.A and Tenbet as at 30 June 2021 are \$2.2 million (€1.8 million), \$1.1 million (€0.9 million) and \$3.9 million (€3.2 million) respectively. As a result, €5.0 million has been recognised in the consolidated statement of comprehensive income at 30 June 2021 as the call option in Super Sports S.A is eliminated on consolidation.

Sensitivity analysis

In order to fair value the call options in Onjoc, Super Sports S.A and Tenbet, management has determined and applied an appropriate discount rate and different scenario probabilities on the future holding period of option over a 1-8 year period.

For Onjoc, a discount rate within the range of 30% to 50% will result in a fair value of the option in the range of \$1.2million - \$3.2 million. In applying a range of exercise dates of the option with various

probabilities being considered over the 1-8 year period, the fair value would be within the range of \$2.2 million – \$6.0 million.

For Super Sports S.A., a discount rate within the range of 30% to 50% will result in a fair value of the option in the range of \$0.4 million - \$2.0 million. In applying a range of exercise dates of the option with various probabilities being considered over the 1-8 year period, the fair value would be within the range of \$1.1 million – \$4.1 million.

For Tenbet, a discount rate within the range of 30% to 50% will result in a fair value of the option in the range of \$3.0 million - \$4.5 million. In applying a range of exercise dates of the option with various probabilities being considered over the 1-8 year period, the fair value would be within the range of \$3.9 million – \$6.6 million.

4. Galera/Ocean 88 Holdings (Brazil)

On 4 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 will launch, offer and operate online and mobile sports betting and gaming (poker, casino etc.) in Brazil under a foreign regulatory license and then under the local regulatory license, when it will become available, to expand the offering to other gaming and gambling products and services as may be covered at any future time by the applicable regulatory license.

The Group's total investment in Galera is \$5.0 million (€4.3 million) as at 30 June 2021, which was the consideration for the option to subscribe and purchase from Galera Group an amount of shares equal 40% in Galera Group at nominal price. Of this, \$2.0 million (€1.7million) was paid as at 30 June 2021 and \$3.0 million (€2.6 million) was paid post period end. 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 30 June 2021, Galera Group utilised \$1.8 million (€1.5 million). The option can be exercised at any time, but only after obtaining regulatory consent to have shares in the company. The option cannot yet be exercised.

The call option is accounted for as a derivative held at fair value under IFRS 9. Playtech assessed the fair value of the financial asset to be the same as the amount paid for the option, being €4.3 million as at 30 June 2021.

Gameco LLC

In 2021, the Group entered into an agreement with Gameco LLC ('Gameco') and as at 30 June 2021, the Group has given an interest bearing loan of \$4.0 million (€3.3 million) to Gameco, which is convertible to warrants. Gameco is a video game gambling platform approved by the regulator in the United States. GameCo's patented video game gambling proprietary arcade-style cabinets allows a player's skills to affect the payout and winnings, while maintaining the same casino-based economics as slots.

The Group can convert the loan instrument into warrants at any time upon the consent of US Regulators. The Group in return will receive warrants from Gameco that can be exchanged into Class B shares in the company. Upon exercise of warrants, the Group would hold 10.51% of the shares of Gameco.

The Group recorded the loan and the warrant as a single financial asset included in other non-current assets as at 30 June 2021 and assessed its fair value to be the same as the amount given to Gameco, \$4.0 million (€3.3 million).

Movements in the carrying value of the derivatives during the period are as follows:

	€'m
Derivative financial assets as at 31 December 2020	-
Transfer from structured agreements (Note 15C)	39.2
Additions during the year	4.3
Fair value change	299.9
Derivative financial assets as at 30 June 2021	343.4

NOTE 16 – DEFERRED TAX

The movement on the deferred tax is as shown below:

	€'m
As at 1 January 2021	(71.9)
Origination and reversal of temporary differences (Note 12)	130.2
Foreign exchange movements	0.8
As at 30 June 2021	59.1
Split as:	
Deferred tax liability on acquisitions	65.6
Deferred tax liability	6.7
Deferred tax asset (set off with deferred tax liability)	(29.0)
Deferred tax liability	43.3
Deferred tax asset	102.4

Deferred tax assets and liabilities are offset only when there is a legal enforceable right of offset, in accordance with IAS 12.

On 30 June 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 5 for the assessment performed on the recognition of deferred tax in the period.

NOTE 17 – ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2021	30 June 2020	30 December 2020
	€'m	€'m	€'m
A. Property, plant and equipment	20.0	27.0	-
B. Casuals CGU	-	2.8	0.9
C. Financial CGU	480.1	-	465.8
D. Investment in associates	-	-	2.2
	500.1	29.8	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 million was received on the sign off of the preliminary agreement in 2019. As a result of this transaction, the Group realised a profit of €13.4 million in the consolidated statement of comprehensive income for the period ended 30 June 2020.

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 this transaction, the Group realised a profit of €8.7 million in the consolidated statement of comprehensive income for the year ended 31 December 2020.

During the period ended 30 June 2021, the Group entered into a binding agreement for the disposal of a real estate area in Milan. 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 selling 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. 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 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 period ended 30 June 2020, included within the total profit from discontinued operations (refer to Note 7).

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 period ended 30 June 2021, included within the total profit from discontinued operations (refer to Note 7).

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 US\$210.0 million, comprising an initial US\$185.0 million of which US\$15.0 million is deferred up to two years from the completion of the transaction, together with a further US\$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. Expected selling costs amount to \$4.7 million.

As at 30 June 2021, the carrying value is lower than the fair value less expected selling costs, based on this transaction. In this respect, a reversal of impairment loss in respect of intangible assets of \$2.4 million (€2.0 million) was recognised in the statement of comprehensive income, included in discontinued operations (Note 7). 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 as at 30 June 2021, are as follows:

	€'m
Assets	
Property, plant and equipment	3.1
Right of use assets	4.9
Intangible assets	79.8
Trade and other receivables	11.7
Cash and cash equivalents	380.6
Assets classified as held for sale	<u>480.1</u>
Liabilities	
Deferred tax liability	6.4
Trade payables	2.1
Client deposits	132.2
Client funds	162.0

Income tax payable	3.2
Lease liability	5.5
Other payables	6.5
Liabilities directly associated with the asset classified as held for sale	317.9

D. In H2 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.

NOTE 18 – SHAREHOLDERS’ EQUITY

A. Share Capital

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

	Number of Shares	
	30 June 2021	30 June 2020
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.

As at 1 January 2021, the Company's total number of ordinary shares in issue was 299,328,354 (excluding treasury shares), and the Company held a total of 9,965,889 ordinary shares in treasury.

On 25 February 2021, the Company transferred 7,028,339 shares held by the Company in treasury to the Employee Benefit Trust. As a result of this transaction, the total number of shares held in Treasury is 2,937,550, the total number of ordinary shares in issue remains the same at 309,294,243.

B. Employee Benefit Trust

During 2013 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total of €48.5 million. During the period ended 30 June 2021, 545,406 shares (six months to 30 June 2020: 113,992 shares) were issued to executive management after meeting the performance/service conditions at a cost of €4.6 million (Six months to 30 June 2020: €1.0 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 €20.0 million.

As at 30 June 2021, a balance of 8,207,472 shares (30 June 2020: 1,841,444 shares) remains in the Trust with a cost of €29.8 million (30 June 2020: €15.2 million).

C. Share options

During the period, 577,028 share options were exercised (Six months to 30 June 2020: 121,970).

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 interests	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 19 – 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 which the Group has an option to extend for an additional year. 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 €214.3 million (30 June 2020: €307.3 million, 31 December 2020: €308.9 million).

The Group took a prudent and disciplined approach to its banking relationships and proactively approached its lenders and agreed to relax the covenants on 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 will return to previous levels of 3x Net Debt/Adjusted EBITDA and 4x Adjusted EBITDA/Interest from the 31 December 2021 test onwards.

As at 31 June 2021, 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 20 – BONDS

	2018 Bond €'m	2019 Bond €'m	Total €'m
As at 1 January 2020	525.0	346.2	871.2
Notional interest on bonds	0.7	0.3	1.0
As at 30 June 2020	525.7	346.5	872.2
Notional interest on bonds	0.6	0.3	0.9
As at 31 December 2020	526.3	346.8	873.1
Notional interest on bonds	0.7	0.3	1.0
As at 30 June 2021	527.0	347.1	874.1

2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes (‘2018 Bond’) due 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 liability component of the bond at 30 June 2021 was €538.3 million (30 June 2020: €525.0 million, 31 December 2020: €539.0 million).

2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes ('2019 Bond') due 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 liability component of the bond at 30 June 2021 was €360.3 million (30 June 2020: €347.0 million, 31 December 2021: €363.0 million).

As at 30 June 2021, the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/Interest ratio, for the combined 2018 and 2019 Bonds.

NOTE 21 –CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY

	30 June 2021	30 June 2020
	€'m	€'m
Non-current contingent consideration consists:		
Interest in Aquila Global Group SAS ("Wplay")	-	4.0
Other acquisitions	-	0.8
	<u>-</u>	<u>4.8</u>
Non-current redemption liability consists:		
Acquisition of Statscore SP Z.O.O.	5.6	3.7
	<u>5.6</u>	<u>3.7</u>
Total non-current contingent consideration and redemption liability	<u>5.6</u>	<u>8.5</u>
Current contingent consideration consists:		
Acquisition of Playtech BGT Sports Limited	-	20.8
Interest in Aquila Global Group SAS ("Wplay")	0.8	16.0
Other acquisitions	0.7	2.0
	<u>1.5</u>	<u>38.8</u>
Total current contingent consideration and redemption liability	<u>1.5</u>	<u>38.8</u>

During 2020, the Group exercised its option to acquire the remaining 10% of Playtech BGT Sports Limited for a total consideration of €41.6 million all settled by 31 December 2020. This included settlement of previous contingent consideration liabilities and other contractual amounts due.

The maximum contingent consideration and redemption liability payable is as follows:

	30 June 2021	30 June 2020
	€'m	€'m
Acquisition of Eyecon Limited	23.3	24.7
Acquisition of HPYBET Austria GmbH	15.0	15.0
Acquisition of Statscore SP Z.O.O	15.0	15.0
Interest in Aquila Global Group SAS ("Wplay")	0.9	21.3
Other acquisitions	6.8	8.3
	<u>61.0</u>	<u>84.3</u>

NOTE 22 – PROVISIONS FOR RISKS AND CHARGES

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 1 January 2020	11.1	2.4	6.0	19.5
Provisions made during the period	0.1	-	0.4	0.5
Provisions used during the period	(1.1)	-	(1.0)	(2.1)
Provisions reversed during the period	(0.5)	-	(0.7)	(1.2)
Balance at 30 June 2020	9.6	2.4	4.7	16.7
Provisions made during the period	1.4	2.0	0.3	3.7
Provisions used during the period	(0.3)	-	(0.2)	(0.5)
Provisions reversed during the period	(0.4)	-	(1.4)	(1.8)
Balance at 31 December 2020	10.3	4.4	3.4	18.1
Provisions made during the period	0.1	-	0.2	0.3
Provisions used during the period	(0.5)	-	-	(0.5)
Provisions reversed during the period	(0.3)	-	-	(0.3)
Balance at 30 June 2021	9.6	4.4	3.6	17.6

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 differing 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 arise 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 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 have 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. A potential legal claim has arisen in respect of a previous acquisition which may result in a settlement. As a result, an immaterial provision has been recorded. The amount has not been separately disclosed as to do so is considered to be prejudicial to the position of the Group.

All provisions have been reviewed and estimated by the Group's Board of Directors on the basis of the information available at the date of preparation of these financial statements and, if considered required, supported by updated legal opinions from independent professionals.

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 23 – ACQUISITIONS IN PREVIOUS PERIOD

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 15). 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 period ended 30 June 2020. The remaining 15% of the shares are held by the founder. The Group holds a call option to purchase the remaining 15% and the founder has an irrecoverable put option to require the Group to purchase the 15% subject to certain conditions.

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 24 – 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.

The joint ventures, structured agreements and associates are related parties of the Group by virtue of the Group's significant influence over those arrangements.

During the six months ended 30 June, the Group companies entered into the following transactions with related parties who are not members of the Group:

	Six months ended 30 June 2021 €'m	Six months ended 30 June 2020 €'m
Revenue		
Associates and joint ventures	-	2.1
Structured agreements/derivative investments	43.7	22.3
	43.7	24.4
Share of profit from joint ventures	-	0.1
Share of profit from associates	0.1	0.6

The following are the balances with related parties at period end:

	30 June 2021 €'m	30 June 2020 €'m
Associates	-	3.3
Total non-current related parties receivable	-	3.3
Associates and joint ventures	-	1.3
Structured agreements/derivative investments	10.8	6.1
Total current related parties receivable	10.8	7.4

NOTE 25 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Financing liabilities including accrued interest	Non-cash items				At 30 June 2021 €'m
	At 1 January 2021 €'m	Financing cash flows €'m	Acquisition of subsidiary €'m	Other changes €'m	
Loans and borrowings (Note 19)	309.2	(103.0)	-	8.3	214.5
2018 Bond (Note 20)	530.8	(9.9)	-	10.5	531.4
2019 Bond (Note 20)	351.5	(7.4)	-	7.7	351.8
Contingent consideration and redemption liability (Note 21)	9.7	(4.9)	-	2.3	7.1
Lease liability	88.3	(13.8)	-	6.7	81.2
Total	1,289.5	(139.0)	-	35.5	1,186.0

Financing liabilities including accrued interest	Non-cash items				At 30 June 2020 €'m
	At 1 January 2020 €'m	Financing cash flows €'m	Acquisition of subsidiary €'m	Other changes €'m	
Loans and borrowings (Note 19)	65.1	243.3	-	(0.9)	307.5
2018 Bond (Note 20)	529.4	(9.9)	-	10.6	530.1
2019 Bond (Note 20)	350.9	(7.4)	-	7.7	351.2
Contingent consideration and redemption liability (Note 21)	61.1	(26.2)	4.8	7.6	47.3
Lease liability	90.8	(14.1)	0.2	8.6	85.5
Total	1,097.3	185.7	5.0	33.6	1,321.6

Loans and borrowings and bonds include the principal and interest payable which is part of other payables.

NOTE 26 – CONTINGENT LIABILITIES

As part of the Board's ongoing compliance processes, it continues to monitor legal and regulatory developments and their potential impact on the Group, including, where appropriate, taking specific expert advice.

The Group is involved in proceedings before civil and administrative courts, and other legal or potential legal actions relating to its business, including certain matters relating 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 matters were subject to 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.

For a certain potential claim relating to a previous acquisition where no proceedings have commenced, the Group has a reasonable expectation based on the facts and circumstances (including having considered independent legal advice) that no liability will arise; should a liability arise (which may be offset by a reimbursement) it is currently not possible to accurately estimate this. In addition there can be no certainty as to the timing of any such liability arising, and this has therefore been disclosed as a contingent liability. The potential reimbursement has not been recognised as a contingent asset.

The Group is subject to corporate income tax in jurisdictions in which its companies are incorporated and registered, as well as gaming taxes in certain licensed territories. Judgment is required to interpret international tax laws relating to ecommerce in order to identify and value provisions in relation to corporate income taxes. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment which continues to evolve, including the corporate tax rates in jurisdictions where the Group has significant assets or people presence.

The Group is basing its tax provisions and gaming taxes on current (and enacted but not yet implemented) tax rules and practices, together with advice received, where necessary, from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and updates its tax liabilities accordingly. However, due to different interpretations and evolving practice there is a risk that additional liabilities could arise.

Management is not aware of any other contingencies that may have a significant impact on the financial position of the Group.