May 2020

Playtech plc 2020 AGM – response to proxy voting advisory recommendations

Significant progress made in approach to remuneration following extensive shareholder engagement

Shareholders advised to vote in favour of all resolutions

Introduction

Ahead of its AGM on 20 May 2020, Playtech notes that the proxy advisory bodies have recommended that shareholders vote in favour of most of the proposed resolutions.

However certain proxy advisory bodies have recommended voting against Playtech's remuneration report and, consequently, voting against the re-election of Ian Penrose as Chair of the Remuneration Committee.

Playtech has made significant progress in developing its corporate governance practices, including major improvements to the way in which the Company approaches remuneration. This is the result of the extensive shareholder consultation programme Playtech has undertaken to listen and reflect the views of its shareholders. This progress, and the efforts made by the Remuneration Committee under the leadership of Ian Penrose, is not adequately reflected in the reports of certain proxy advisory bodies.

Playtech would also like to note that the recommendations against the re-election of Ian Penrose are solely as a consequence of Ian being Chair of the Remuneration Committee and not for any other reason. It is Playtech's view that, in addition to helping the Company to make good progress on its approach to remuneration, Ian brings a depth of skills and experience that are of significant value to the Company and its stakeholders.

Playtech has delivered significant progress in its remuneration practices. It also recognises that there is more that can be done. The changes made will deliver the foundations for further progress and Playtech will continue to engage with shareholders on these matters. Therefore, Playtech strongly believes that shareholders should vote in favour of all resolutions proposed at the upcoming AGM.

Overview of the progress made

Playtech has made significant progress in the way in which the Company approaches remuneration, working hard to incorporate the views of shareholders into its remuneration policies. These efforts resulted in the latest Remuneration Policy being approved by shareholders at the 2019 AGM.

Since 2018 Playtech has conducted high levels of shareholder engagement centred around its remuneration policies and corporate governance practices. In addition to ongoing ad hoc engagement, the Company conducted five large scale engagement programmes on key issues, resulting in better alignment between the interests of shareholders and the Company.

A key achievement of the Remuneration Committee was resolving the issue of CEO remuneration. This was a legacy issue, which was important to address given the range of views held by shareholders. In 2019, a one-off award for the CEO was approved at an EGM. Although it received some votes against, the award received the support of the majority of our shareholders who recognised that it materially improves the alignment of interest between shareholders and the CEO.

Overview of the concerns of certain proxy advisory bodies

The main concerns of certain proxy advisory bodies regarding Playtech's remuneration report can broadly be summarised as:

(1) a perceived lack of progress or change in Playtech's approach towards remuneration;

(2) a perceived lack of engagement with shareholders regarding remuneration; and

(3) the one-off CEO award that was approved by shareholders at an EGM in December 2019 but received a large vote against.

Playtech wishes to specifically address each of the concerns highlighted in the Proxy advisory reports below.

(1) A perceived lack of progress or change in Playtech's approach towards remuneration

Playtech response: Since 2018 Playtech has made significant progress in developing its corporate governance practices, including major improvements to the way the Company approaches remuneration. The Remuneration Committee, led by Ian Penrose, has worked extremely hard to incorporate the views of shareholders and ensure that these are reflected in the Company's remuneration policies and practices. Following an extensive shareholder consultation programme, a new policy was approved by shareholders at the 2019 AGM.

The Committee is confident that this policy, and more importantly how it is operated in practice, ensures that the level of pay Executive Directors receive is aligned with the long-term interests of shareholders. The revised policy was designed to incorporate investor guidelines and the UK Corporate Governance Code. In particular, we introduced a post-vesting holding period to vested PSP awards and a post-cessation shareholding requirement, as well as broadening the existing malus and clawback provisions to include reputational damage and corporate failure events and aligning pension provision for incoming Executive Directors with the workforce in the jurisdiction in which they are based.

With the majority of shareholders voting in support of the current policy at the 2019 AGM the Committee believes that this reflects good progress and is grateful for shareholders' support. We also recognise that a significant number of shareholders voted against the proposals and we have therefore continued to engage with shareholders on remuneration related matters. We are firmly committed to a continued focus on good corporate governance and remuneration practices.

The improvement in governance and practices is further demonstrated in the context of the ongoing COVID-19 pandemic. Specifically, the implementation of 20% salary cuts from 1 April 2020 for all Executive and Non-Executive Directors. In addition, the Executive's bonuses for 2020, if any, will reflect the impact of the pandemic on the financial performance of the business for the year, and are currently expected to be significantly below those of 2019. If, in view of the prevailing market conditions, it is decided that cash needs to be conserved any such bonus may be payable increasingly in shares. Furthermore, we have postponed the granting of 2020 LTIP awards. If the granting is subsequently made, the level of grant will be scaled back to reflect the level of the Company's share price.

(2) A perceived lack of engagement with shareholders regarding remuneration

Playtech response: Led by Ian Penrose, the Remuneration Committee has worked extremely hard to incorporate the views of shareholders and ensure that these are reflected in the Company's remuneration policies and practices.

Extensive consultations were held with shareholders: (1) following Mr. Penrose's appointment as Chair of Remuneration in 2018; (2) ahead of the 2019 AGM; (3) following the 2019 AGM; (4) ahead of the EGM in December 2019; and (5) in April 2020 regarding Chairman succession. As part of these processes, shareholders holding in excess of 50% of the Company's share capital were consulted.

The Company believes that its response to past shareholder concerns and votes against has been notable as demonstrated by the progress at the 2019 AGM. We would like to clarify that the points detailed by certain proxy advisors relate, in large part, to a past issue concerning a one-off award for our CEO, which was originally proposed to shareholders in 2017, and has been resolved by the Remuneration Committee through the EGM in December 2019. This issue predated the current Remuneration Committee and came about for very specific reasons which were driven by shareholders.

The Company strongly believes that the recommendation of certain proxy advisory bodies against the re-election of Ian Penrose, which has been driven by the above-mentioned issue, does not reflect the practices of the Remuneration Committee and is therefore not appropriate.

(3) The one-off CEO award that was approved by shareholders at an EGM in December 2019 but received a large vote against

Playtech response: This issue was inherited by the existing Committee and Ian Penrose due to past circumstances and should therefore not dictate the assessment of the performance and Mr. Penrose's reappointment.

An award for the Company's CEO was originally voted down by shareholders in 2017 and this issue was inherited by Ian Penrose when he took over as Chair of the Remuneration Committee in 2018. Several of Playtech's largest shareholders requested that the Company revisit this award in 2019. Ian Penrose engaged in extensive consultation with shareholders holding over 50% of the

Company's share capital to ensure a full understanding of views on this topic and to achieve an outcome that was in the best interests of our shareholders. This award received the requisite level of support at the EGM in December 2019.

It is also important to note that this award has been designed to reward only exceptional performance. Based on our current share price, the scheme would only vest in part if the Company's share price increases by 160%, and in full if it were to increase by 600%. Investors made clear that they would want our CEO to be fairly rewarded with shares in the event of such performance.

Conclusion

Playtech has delivered significant progress on its remuneration practices and will continue to engage proactively with shareholders. It recognises that there is more progress to be made, but the changes introduced will deliver the foundations for this. A vote against the remuneration report and / or Ian Penrose would not recognise this progress and the commitments made going forward and as such Playtech strongly believes that shareholders should vote in favour of all resolutions at the upcoming AGM.