

Playtech is the leading technology company in the gambling industry, with a focus on regulated and regulating markets. Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is focused on bringing innovative products and data-driven technology to licensees and end customers.

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Financial highlights

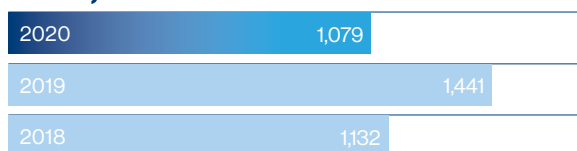
Resilient financial performance

Strong operating cash flow and share price performance despite pandemic headwinds.

Financial highlights

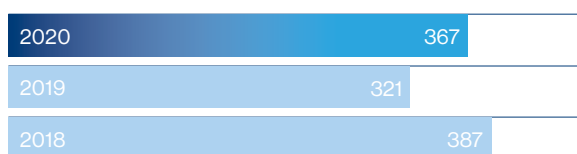
Revenue

€1,079m



Operating cash flow

€367m

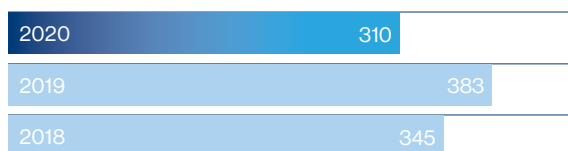


Share price chart



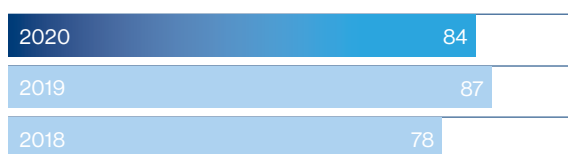
Adjusted EBITDA (incl. Finalto)

€310m



Regulated revenue

84%



“We entered the crisis with a strong balance sheet. Decisive management action at the outset of the pandemic to control costs and preserve cash ensured we remain in a solid financial position.”

Andrew Smith
Chief Financial Officer

Achieving strategic milestones

Business expansion

First steps of US expansion strategy

Having been granted regulatory approval to operate in New Jersey, a major milestone for the Group, in Q3 2020 Playtech launched its award-winning casino content in New Jersey with long-term strategic partner bet365. The Company launched its casino software across the gaming network of BetMGM, the joint venture between MGM Resorts International and Entain plc (formerly GVC), for the first time, where it will serve BetMGM Casino, Borgata Online and PartyCasino NJ.

New structured agreements in LatAm

Playtech continued to expand its presence in Latin America with new structured agreements signed in Guatemala (Tenlot), Costa Rica (Red Cross) and Panama (Caliente). Playtech has a track record of developing newly regulated online markets as shown by the successful structured agreement with Caliente in Mexico. Launching with Wplay and signing structured agreements in three further geographies are significant steps in Playtech's growth in Latin America.

Extended B2B agreements

In 2020 Playtech announced the extension of its long-term agreements with online gambling giants Mansion and Betfred for another five years and four years, respectively. Further, the Company announced a five-year extension with Rank Group to exclusively provide its Bingo platform in addition to games content, bringing a number of Rank's key product verticals to Playtech.

Technology leadership

Playtech Live launches immersive gameshow

Playtech's Live division launched a ground-breaking, immersive concept with Adventures Beyond Wonderland, a gameshow featuring a revolving studio and augmented reality, which was exclusively released on Entain brands in the UK and across other markets.

Snaitech number 1 in Italy

Snaitech maintained its position as the market leader for sports betting in Italy in 2020 having achieved the number one position in the prior year. Despite the challenges of lockdowns and sporting cancellations, Snaitech performed impressively across online driven by its leading technology and brand strength and was the market leader in H2 across online betting and gaming.

Omni-channel launch with Wplay

In Q4 2020 Playtech launched its industry-leading Information Management Solution (IMS) with one of Colombia's leading operators, Wplay, to deliver a data-driven, omni-channel platform.

Building a better business

Launch of Sustainable Success strategy

In 2020, Playtech launched its Sustainable Success strategy to consolidate its position as a global leader in safer products, data analytics and player engagement solutions. The strategy aims to build a safer, more sustainable entertainment industry for the benefit of all stakeholders and Playtech made a commitment to invest £5 million into initiatives that boost safer gambling behaviours.

New collaboration with RGC

September 2020 saw Playtech announce a new collaboration with the Responsible Gambling Council (RGC), the international leader in problem gambling prevention, awareness and research. The relationship aims to strengthen industry insights to inform and advance safer gambling, mental health and digital wellbeing. This collaboration is one of the first examinations of safer gambling alongside digital wellbeing.

Success at the Gambling Compliance Awards

Playtech's compliance team was named Compliance Team of the Year at the VIXIO Gambling Compliance Global Regulatory Awards in recognition of its diligent support and guidance to employees and customers alike.

Company overview

Our purpose

At Playtech we create technology that changes the way people experience gambling entertainment

A global business

Playtech was established at the outset of the online gambling industry and its 20 years of experience and investment in technology have resulted in unparalleled knowledge and expertise.

Playtech's global scale and distribution capabilities with over 170 licensees operating in over 30 regulated markets and with offices in 24 countries, mean we are ideally positioned to capture opportunities in newly regulating markets and high-growth markets with low online penetration.

Our investment case

Playtech is the leading technology provider to the global gambling industry, with high operating margins and high cash generation.

This strong financial profile creates the ability to further extend our leading market position by investing in R&D, targeted strategic M&A, and generating value and returns for shareholders.

● [Read more about Playtech's investment case on pages 10 and 11](#)

How we do this

Scale and distribution

Retail and online software across over 170 licensees in more than 30 regulated markets.

Data

Data-driven tools and analysis to develop intelligent platform tools to improve customer experience.

Sustainable Success

Growing our business in a way that has a positive impact on our people, our communities, the environment and our industry.

Innovation and disruption

Delivering new ways for end customers to experience content and services, such as being the pioneer of omni-channel gaming.

Regulated jurisdictions

>30

Countries with offices

24

Employees

c.6,400

Our operations



B2B

Providing technology to gambling operators globally through a revenue share model.

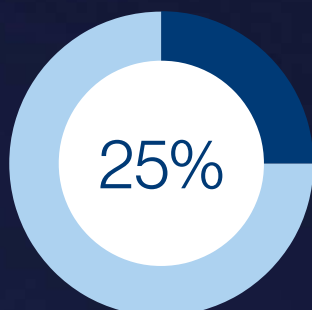
Revenue

€495m

EBITDA

€126m

EBITDA margin



B2C

Operating directly as an operator in select markets and generating revenues from online gambling, gaming machines and retail betting.

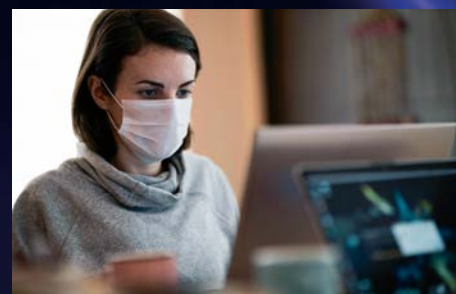
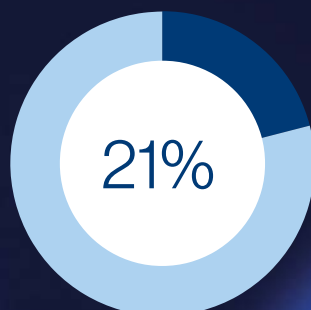
Revenue

€596m

EBITDA

€128m

EBITDA margin



Financials

The Financials division of Playtech, providing trading, platform and liquidity technology and services to brokers and end customers.

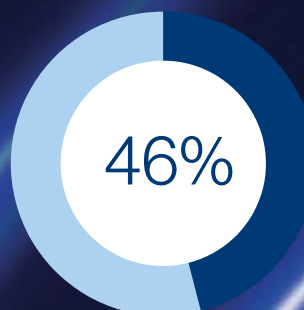
Revenue

€122m

EBITDA

€56m

EBITDA margin



Chairman's statement

Successfully navigating unprecedented times



Claire Milne
Interim Chairman

In May 2020, the Board asked me to take the role of Interim Chairman. The Group's process of appointing a permanent Chairman was severely disrupted by the COVID-19 pandemic, and the Board tasked me with bringing stability and continuity to the Company at a time of unprecedented challenge and change. It has been an enormous privilege to be the Interim Chairman of Playtech over the past 12 months and I thank the Board and the Playtech team for their support, assistance, hard work and dedication.

On 3 March 2021, the Company announced that following an extensive process, Brian Mattingley had been selected as Non-Executive Chairman. Brian brings significant online gambling sector experience and a track record of delivering high levels of stakeholder engagement in highly regulated and fast-growing industries. Brian will take up the role from 1 June 2021 and the Board and I look forward to working with him to deliver the next phase of Playtech's growth.

During my time as Chairman, the Board and I worked with the management team to focus the Company's efforts in three key areas. Firstly, to ensure that we did everything we could to protect our people and their livelihoods in the face of the immediate challenges of the pandemic, and to ensure our customers were well looked after. Secondly, to ensure that Playtech achieved its strategic goals to secure future growth opportunities, particularly in the US and Latin America. And finally, to continue Playtech's corporate growth with the launch of Sustainable Success, our commitment to grow Playtech in a way that benefits our people, our communities, the environment and our industry – following the events of 2020, this is now more important than ever.

Performance and COVID-19

Playtech enjoyed a strong start to the year before the onset of the COVID-19 pandemic. In the face of an unprecedented trading environment the Board is proud to report that Playtech delivered a resilient financial performance, delivering against our strategic priorities, whilst also laying the foundations for future growth. Swift action to enact our business continuity plans and strong engagement with employees and licensees allowed Playtech to continue to deliver its software and services whilst being agile enough to work with partners to launch new projects. Although parts of our business remain adversely affected by the restrictions imposed by the pandemic, the diversity and strength of Playtech's business model in 2020 can give stakeholders confidence in our resilience in the face of any continuing restrictions from the COVID-19 pandemic.

Central to our strong performance during 2020 was the continued professionalism and commitment of our people. Our number one priority during this crisis has been the health and wellbeing of Playtech's employees – we have worked to protect and support them through our swift move to remote working and our global employee wellbeing programme. The Board has been continually impressed and inspired by our people's compassion – not only supporting each

other but also working to support their local communities during 2020. As a global business, Playtech has offices in many locations impacted by the crisis. Playtech and its people offered their skills, charitable budgets, assets and technology to support local communities, charities and not-for-profit organisations, and licensees to help reduce the impact of COVID-19.

In order to support our communities and the industry to help address the long-term challenges of the pandemic, in 2020 the Board approved a £3 million COVID-19 Recovery and Resilience Fund. The Fund aims to assist non-profit and social enterprise organisations delivering mental health and wellbeing services in Playtech's end markets and local communities. The Fund will prioritise support for organisations delivering programmes to people affected by gambling related harm, domestic abuse, and unemployment as well as at-risk groups such as young people, frontline healthcare workers and first responders. The Fund will be managed and distributed by the Charity Aid Foundation (CAF).

Strategic progress

The scale of our technology and breadth of our product offering has continued to deliver strategic progress in key markets. In 2020 Playtech entered the US market with a transactional waiver in New Jersey in H1 and has since launched with bet365 and Entain. This was followed by regulatory approval in Michigan in December and a strategic multi-state agreement with Parx Casino and the Greenwood companies in early 2021. This was delivered alongside continued growth in Latin America with Caliente in Mexico, new structured agreements in Guatemala, Costa Rica and Panama as well as the launch of Wplay in Colombia.

Further strategic progress was made in 2020 in disposing of non-core assets and focusing the business on executing on its strategic position as a leader in gambling technology. In early 2021 Playtech completed the disposal of its remaining Casual and Social Gaming assets and remains in discussions regarding the sale of Finalto.

Sustainable Success and Stakeholder Advisory Panel

Over the last 12 months, Playtech has worked with academics, charities and thought leaders in the gambling sector to make Sustainable Success a roadmap for Playtech utilising our scale, reach and data capabilities to build a sustainable, successful, and safer gambling entertainment industry for the benefit of all stakeholders. A key pillar of Sustainable Success is our commitment to invest £5 million from 2020 to 2025 to promote healthy online lives, digital resilience and to reduce digital gambling-related harm by engaging with a wide range of organisations to explore opportunities for collaboration, research, and interventions.

During the year, in addition to strengthening our approach to sustainability, we continued to focus on our stakeholders, making them an integral part of what we do – from working ever closer with our licensees, to engaging with our people to help them support our communities.



[Read more about Sustainable Success on page 16](#)

To continue to strengthen our stakeholder engagement into 2021, Playtech launched its first Stakeholder Advisory Panel. Throughout 2021, the Playtech Chairman and CEO will host a series of panels with thought leaders, policy and sustainability experts from inside and outside the sector to inform and challenge how we approach sustainability and safer gambling.

During 2020, Playtech shareholders approved the amendment of the Company's articles to facilitate the migration of the Company's tax residency to the United Kingdom from the Isle of Man. This allows Playtech to hold Board and General meetings in the UK and helps to facilitate greater shareholder and broader stakeholder engagement with the Company and the Board.

Shareholder returns

As part of the management team's actions to preserve cash across the business, the Board suspended shareholder distributions in March 2020 due to the uncertainty relating to COVID-19. The share repurchase programme announced at the FY 2019 results was postponed with immediate effect with approximately €10 million of the €40 million buyback having been completed. In addition, the 2019 final dividend was not proposed at the AGM. Together these measures allowed the Company to preserve over €65 million of cash outflows during the year and have helped to ensure that Playtech ended 2020 in a strong financial position.

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.

Claire Milne
Interim Chairman
10 March 2021

Protecting stakeholders and our business

As COVID-19 continues to impact the global economy, Playtech continues to make significant efforts to mitigate the effects of the outbreak on our colleagues and partners.

Our three areas of focus are as follows:

- **Protect our people:** Our people are our biggest asset. Our number one priority during this crisis has been the health and wellbeing of Playtech's employees. From moving to remote working to our global employee wellbeing programme, #StrongerTogether, we are looking to do everything we can to protect our people.
- **Protect our business:** Given the uncertainty in the global economy, we believe companies have a duty to employ responsible and strict approaches to fiscal management in order to do all they can to protect employees' livelihoods and ensure the long-term success of the Group.
- **Helping others:** We are constantly looking at how Playtech can contribute to helping fight the impact of the crisis. It is important all companies play their part in helping society during this difficult time, from simply helping to stop the spread of the virus by working remotely, to providing our tech to charity partners and supporting our local communities and partners across the globe.

Protecting our people and our business

Below we have summarised some of the initiatives in place in our key focus areas:

Business continuity

An important part of protecting our people and protecting our business has been our ability to work remotely and continue to deliver a high quality and reliable service to our licensees.

Earlier in the year when the crisis started to impact many of our end markets and geographies, we moved to ensure that there was sufficient capacity in our technology, management, staffing and oversight to maintain a compliant and robust service to our licensees – whilst also helping to protect our people by enabling them to work from home.

Stronger Together – employee wellbeing

We have launched our global #StrongerTogether campaign designed to look after the wellbeing of our people during this challenging time. This campaign, which is being delivered through our in-house learning platform, Playtech Academy, includes:

- Providing positive psychology seminars
- Five ways to wellbeing initiative
- Virtual learning programmes and "up-skilling" employees

Our mental health champions are all trained in mental health first aid and continue to provide support.

Safer gambling – supporting licensees, the industry and players

Playtech recognises that at this unprecedented time the industry needs to provide an increased level of safer gambling player engagement and data analysis, in order to support and protect new online customers or anyone experiencing increased vulnerability or high-risk behaviour patterns.

- As a result, Playtech has made its safer gambling engagement tools and data analytics technology, including BetBuddy, available to all operators across the industry for free during the crisis
- The BetBuddy solution, which is integrated with Playtech's IMS and Engagement Centre, offers tremendous opportunities for licensees to interact with players who are showing increased signs of risk

"This is one of the toughest times many of us will face, in both our personal and professional lives, and our thoughts are with all those affected by this crisis. The human impact, from direct health risks to the mental health impact of isolation, as well as the effect on our business and our industry will be felt for years to come."

"We will continue to encourage and inspire our people to support their local communities and those working on the front line, whilst doing all we can to protect them and their families."

"I want to take this opportunity to send a message of thanks to all our employees at Playtech. Many of our partners and licensees have contacted us to praise the continued high level of service they are receiving from Playtech and this is thanks to our amazing people. The management team and I have been inspired by their continued professionalism and commitment. Moreover, we have been overwhelmed by their capacity to support not only the business but more importantly each other."



Mor Weizer
CEO

- Game design – Playtech was instrumental in the industry, adopting new measures to increase protection for online slot players. We will continue to lead research and pilots to establish and raise standards on safer game design, working with the Betting and Gaming Council to agree timeframes for implementation
- We are using our social media channels to regularly signpost and promote information about charities and organisations which are providing phone and online support for those seeking advice about gambling-related harm as well as mental health and wellbeing
- Across our B2B and B2C business we are reviewing advertising and operational procedures and are strengthening safeguards to account for the changing environment and risks

Helping others during the crisis

As a global business, Playtech has offices in many locations impacted by the crisis. Playtech is offering its skills, charitable budgets, assets and technology to support our local communities, charity and not-for-profit organisations and licensees to help minimise the impact of COVID-19.

Below are some examples of the work carried out in our local offices to help our local communities:

Providing Playtech technology

- Global: Playtech is providing the technology, online training and software from our in-house learning platform, Playtech Academy, to charities and non-profit organisations. These include those working on safer gambling research, education and mental health issues, to allow them to deliver their content and services remotely during and beyond this crisis
- Cyprus: Playtech developers are volunteering to build an eHealth Monitoring system for the Cyprus Health Department – creating a dedicated COVID-19 database for health workers in Cyprus

Access to educational software and services

- Global: Playtech donated licenses for educational software it holds to teachers, education institutions and other not-for-profit organisations to enable remote learning for students
- Italy: Snaitech has developed a programme for employees to provide e-learning sessions to its charity partners including the Special Olympics, Fondazione Piatti and Fondazione Rava

- Estonia: Playtech has donated funds and hardware to provide computers to low-income families in Estonia so that they can continue to “attend” school remotely
- Bulgaria: By donating 18 Playtech-owned laptops it has helped local teachers and families with children who had very limited or no access to a computer at home, to connect and continue to learn whilst schools are closed



Support for front-line workers, healthcare institutions and the vulnerable

Across a number of our markets, our teams are making donations to help healthcare institutions secure much needed medical equipment, such as ventilators:

- Italy: Snaitech, through its iZilove Foundation, donated 2,500 medical masks to Papa Giovanni XXIII hospital in Bergamo
- Estonia: Playtech has donated computers and hardware to The Estonian Society of Family Doctors in order to allow it to continue to provide medical services remotely during the crisis
- Cyprus: Playtech has been donating time and funds to Friendship Circle Charity Organisation for the support of families in need during the COVID-19 crisis
- Gibraltar: Playtech supported The Care Agency with their ‘Meal on Wheels’ initiative. They delivered daily meals to the elderly and most vulnerable members of the community over the festive season
- UK: Playtech and Hands On London recently teamed up to help the elderly and isolated people to reconnect with familiar faces and combat loneliness. The programme allows people to reconnect, be creative and learn new skills in a social and friendly environment, whilst lifting the spirits of those most isolated and unable to leave their homes



- Latvia: Our teams in Latvia are working with a local charity to provide local medical staff with free meals delivered directly to the medical facilities while also making donations to local hospitals
- Ukraine: Playtech donated medical equipment to Kiev’s Regional Children’s Hospital intensive care unit. With many companies donating only to adult hospitals, Playtech Ukraine discovered that there was little attention being focused on the children’s hospital which was lacking in necessary medical machines. A representative from Kiev’s Regional Children Hospital reported on Playtech’s donated machines, stating that “During June 2020 until December 2020, 2106 children were treated, 63 of which were COVID-19 Positive and 50 of which were connected to the breathing machine”

At this difficult time we will continue to show our gratitude and support for everyone working on the front line in all our communities across the world – whilst doing everything we can at Playtech to protect our people and their loved ones.

Our investment case

Leading the market

Playtech is the leading technology provider to the global gambling industry, with high operating margins and high cash generation. Its flexible business model and comprehensive technology offering can serve any operator in any market. The Company's strong financial profile creates the ability to further extend our leading market position by investing in R&D, targeted strategic M&A, and generating value for shareholders.

Our strengths

Unparalleled scale in the gambling industry

Playtech was established at the outset of the online gambling industry and its more than 20 years of experience and investment in technology have resulted in unparalleled knowledge and expertise. Playtech's global scale and distribution capabilities, with over 170 licensees, operating in over 30 regulated markets and with offices in 24 countries, mean it is ideally positioned to provide its technology to operators in new regulated and regulating markets (including the US, Latin America, Central and Eastern Europe and Scandinavia).

Regulated markets

>30

► Read more about Playtech's Business Model on pages 18 and 19

Leading B2B technology

Playtech's comprehensive B2B technology offering covers the entire gambling value chain, with all products available to be integrated into our leading proprietary IMS platform. In recent years Playtech has broken down the IMS into components, allowing it to be a one-stop shop for complete technology solutions to the gambling industry or to address the bespoke needs of specific operators. This evolution of our B2B offering has allowed the Company to significantly increase its addressable market.

Given its scale, the data that Playtech leverages enables it to improve product design, develop cutting edge safer gambling tools and support regulatory requirements of operators in various jurisdictions. Together this intelligence and insight leads to a safer gambling environment, an improved customer experience, as well as improved value for end users through its data-driven Campaign Managers and intelligent bonus engines.

► Read more about Technology Expertise on pages 32 to 36

Driving innovation

Playtech's leading B2B technology offering has been driven by a history of innovation. Playtech has consistently invested in R&D to deliver its technological innovation and industry-leading products to the gambling industry. Innovations from Playtech include being the pioneer of omni-channel technology and content integration in the gambling industry. The flexibility and agility of our products give licensees the ability to continue to enjoy the benefits of our investments in the future, on a bundled or customised basis according to client preferences and segment, creating significant long-term growth value.

Playtech's scale allows it to consistently invest in R&D and product-related investment at higher levels than its peers. In the last five years Playtech has made over €500 million of R&D and product-related investments, which is significantly more than its peers, and ensures all Playtech customers will benefit from cutting edge technology indefinitely.

► Read more about Innovation on pages 37 and 38

Our sector/position

Demand for technology in the gambling sector is accelerating as regulation opens new markets

New jurisdictions globally are introducing regulation to allow gambling, which drives the need for technology in order for operators to capture the market opportunity. Playtech is ideally positioned to work with operators to develop new markets with its leading technology offering including safer gambling tools, its experience operating in over 30 regulated markets globally and its flexible business model. Playtech expects to work with the established local players to enable their businesses to expand as their markets regulate and to support established international operators to enter new markets such as the US and Latin America.

➤ Read more about our markets on pages 12 and 13

Our business model

Comprehensive and flexible offering to support any operator in any market

Regulation can differ significantly between jurisdictions, whereby in certain markets any local or international operator can apply for a licence while other markets are restrictive, and licences may be limited to existing land-based operators or government monopolies. Playtech's flexible B2B technology offering positions it well to partner with operators under any regulatory scenario.

In the majority of markets, Playtech's preferred business model will be to operate on a B2B basis (including structured agreements in some markets) providing its technology to local and/or international operators. In a few select markets Playtech may operate directly as a B2C provider, or under a white label agreement with a local brand.

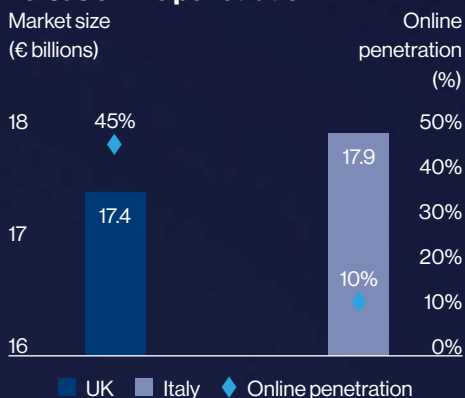
➤ Read more about our business model on pages 18 and 19

Leader in the highly attractive Italian market

Playtech's Italian B2C business, Snaitech, is the market leader in the highly attractive Italian online market. Italy is the largest gambling market in Europe, with a total GGR of €13 billion in 2020 and €18 billion in 2019, before the impact of the pandemic. However, the online segment in Italy remains less developed, with online penetration at only 21% in 2020 (versus 59% in UK). Snaitech's leading brand and retail presence in Italy, combined with Playtech's technology expertise, make it ideally positioned to capture this market opportunity.

➤ Read more about Snaitech on pages 41 to 43

Pre-pandemic market size versus online penetration



Our impressive financial track record

Playtech has an impressive financial track record, having grown revenue and adjusted EBITDA at a compound annual growth rate (CAGR) of 25% and 16% respectively since 2007. In the last five years Playtech has generated over €1.6 billion in operating cash flows and in the last ten years has returned over €1 billion to shareholders through dividends and share repurchases.

Playtech's growth historically has been driven by continued development and expansion of its product offering to address the needs of new markets. As markets continue to regulate and the global market therefore continues to expand, Playtech is confident its leading technology and pipeline of opportunities will support continued growth in the future.

Operating cash flow in last five years

>€1.6bn

Total shareholder returns in last ten years

>€1bn

Focus on sustainability

Playtech is committed to helping build a safer, more sustainable entertainment industry for the benefit of all stakeholders and in 2020 launched Sustainable Success, its five-year sustainable and responsible business strategy.

A key focus for Playtech is to cement its position as an industry leader in safer products, data analytics and player engagement solutions. Playtech is investing into initiatives that boost digital resilience and safer gambling behaviours.

➤ Read more about sustainability on pages 46 to 69



Trends in our markets

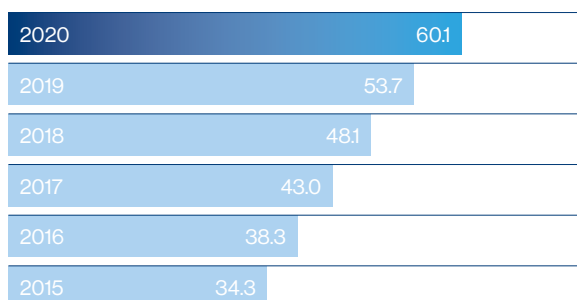
Industry positioned for significant growth

Global online market

The 2020 global online gambling market was estimated at €60 billion gross gaming revenue (GGR). The market is estimated to have grown 12% in 2020 compared to 2019 and has seen growth at a CAGR of 12% over the past five years. One of the drivers was the growth in mobile, which represented 42% of online gambling in 2020, up from 39% in 2019. Another driver was regulation of new markets, which is discussed below. Playtech's global presence, particularly in regulated markets, has allowed it to capitalise on market growth and the Company's scale and online expertise leave it well positioned to continue taking market share in the future.

Global online market

€60.1 bn



Source: H2GC.

Driven by product innovation, the growth of mobile gambling and US regulation of sports betting and iGaming, the global online gambling market is projected to grow at a CAGR of 10% between 2020 and 2023 boosted by growth predicted in the US (27%), Latin America (19%) and Europe (9%).

Mobile as a percentage of global online gambling is forecasted to grow from 42% in 2020 to 46% by 2023.

10%

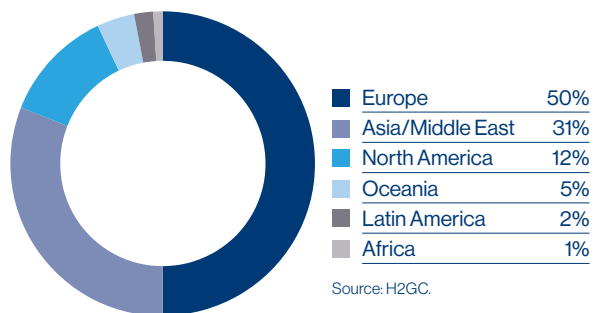
forecast CAGR of global online gambling market between 2020 and 2023

H2GC data (January 2021).

Online market

The European online gambling market is the largest globally, making up 50% of the global online market, and has grown at a CAGR of 12% between 2015 and 2020. The European market represented over 60% of Playtech's B2B gambling revenues, driven by the UK which is discussed below.

Online gambling market



Source: H2GC.

The North American online market, which includes the US, Canada and Mexico, grew 32% in 2020 and made up 12% of the global online market, up from its 11% share in 2019. This was driven by the US online market, which (excluding lotteries) grew 45% in 2020 driven by growth in online casino of 97%. Following the repeal of PASPA in 2018, the US market is expected to experience significant growth in the coming years and is discussed in more detail below.

Latin America makes up only 2% of the global online market. Despite its relative infancy in size compared to other geographies, it is a high growth market which is expected to grow at a CAGR of 19% between 2020 and 2023 according to H2 Gambling Capital (H2GC) estimates (excluding lotteries).

Retail market

While online markets represent significant growth opportunities in many geographies, the global retail market is much more mature with an estimated CAGR of only 2% between 2016 and 2019. In 2020, the retail market globally is estimated to have contracted 30%, largely driven by retail locations in many countries being closed or otherwise impacted by lockdown measures imposed by various governments in response to the COVID-19 pandemic for large parts of the year.

The retail landscape had already begun to look different across geographies prior to the impacts of COVID-19. When stripping out the pandemic, the European market is expected to grow in the coming years driven by newly regulating markets, despite its largest markets, such as the UK and Italy, at mature stages and experiencing increasing regulation.

Latin America, conversely, is still seen as a growth market with more countries likely to regulate and grow in the way Mexico and Colombia have in recent years.

The North American retail market makes up 36% of the global pie, having grown from making up 31% in 2019. One of the drivers has been regulation in the US, with the legalisation of retail sportsbooks in several US states since PASPA was repealed in 2018.



Photo by: Mario Pampel/Postproduction

Regulation

Regulation is a key driver of growth across the global market. Regulation across the sector varies in every country, from markets where gambling is prohibited (black markets), to markets where governments are yet to legislate for online products (grey markets), to fully regulated markets and government-owned monopolies. Playtech does not operate and does not allow its software to be used in black markets.

Governments across the world continue to introduce regulation, which in turn leads to further markets where gambling can be tracked, made safer and taxed by governments. In recent years numerous markets have regulated in Europe, such as Sweden and Switzerland. The repeal of the federal ban on sports betting in the US is another example of a government following this trend, while sports betting legislation has been passed in Brazil and is expected to be implemented in the coming years. This trend presents Playtech with a significant opportunity as it continues to focus on regulated markets.

Geographic focus

US

The US online market (excluding lotteries) has grown at a CAGR of 21% in the last three years and is expected to grow at a CAGR of 27% between 2020 and 2023, with online betting CAGR estimated at 33% and online gaming at 24% according to H2GC. The market is regulating state by state, with 22 states now offering sports betting and six offering a form of online gaming. Following the legalisation and launch of retail sportsbooks in several states, the retail sports betting market is expected to grow at a CAGR of 59% between 2020 and 2023 according to H2GC.

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$19 billion in gross gaming revenue (GGR) by 2023, with the iGaming market estimated to reach \$5.4 billion.

Playtech has an exciting part to play in this high-growth market, having made significant progress by receiving licenses in New Jersey and Michigan and launching with bet365 and Entain in New Jersey, with further licence applications underway and further deals in the pipeline.

\$24bn

forecasted US market size

● Read more about Playtech's US market opportunity on pages 20 and 21

Latin America

The Latin American online market saw growth slow to single digits in 2020, with the drastic fall attributable to the impacts of the pandemic on spending capacity in the region. However, the market is expected to recover strongly with double-digit growth expected over each of the next three years, at a CAGR of 19%, albeit from a lower base.

Following the success of its business in Mexico in recent years and the recent entry into Colombia, Playtech is well positioned to capitalise on the high growth potential in Latin America in the coming years having signed structured agreements in Guatemala, Costa Rica and Panama in 2020.

19%

estimated CAGR for next three years in LatAm

Italy

Italy is the second largest overall gambling market in Europe and the largest until the pandemic-driven retail decline in 2020, with an underpenetrated online channel. In 2019 only 10% of the total Italian market (GGR) was online, presenting a significant long-term growth opportunity. In 2020 online is estimated to have represented 21% of the total market, albeit amplified by government-imposed retail closures in response to the COVID-19 pandemic at various points in the year. However, a substantial proportion of this shift could become permanent if Italy follows the digital trends of other geographies. The online market in Italy grew at a CAGR of 17% in the last five years and the Playtech Group is, through Snaitech, perfectly positioned to capitalise on the shift towards online.

UK

The largest regulated online market globally is the UK, which is estimated to have grown at a CAGR of 8% in the last five years and 10% in 2020 compared to 2019. The market, which has evolved from being 36% online in 2015 to 45% in 2019, was 59% online in 2020, albeit amplified by the shutdown of retail activity during the COVID-19 pandemic lockdown.

A strategy for sustainable growth

Our strategic priorities

In a rapidly evolving sector Playtech has a clear strategy to succeed in the coming years.



1

Drive growth in newly regulated markets including US and LatAm

Regulated and regulating markets will be the main source of income and present the highest growth opportunities in the gambling industry going forward. Playtech's growth in these new regulated markets will be driven through new licensee or partnership agreements as well as expanding into these markets with existing customers.

While growth opportunities exist in regulating markets globally, Playtech believes that the US and Latin America are especially attractive and will drive the Company's growth in the years ahead.

Examples of this strategy in action are Playtech's strategic agreements with the Greenwood companies in the US, Caliente in Mexico and Wplay in Colombia.

2

Diversify through new partnerships and business models

Due to its flexible technology, comprehensive product and service offering, land-based capabilities, and ability to offer a full turnkey solution, Playtech can enter new markets via a number of different business models and partnership arrangements depending on the conditions in each regulated or regulating market. These business models include comprehensive structured agreements, product, technology and software licensing or through its flexible and modular SaaS offering.

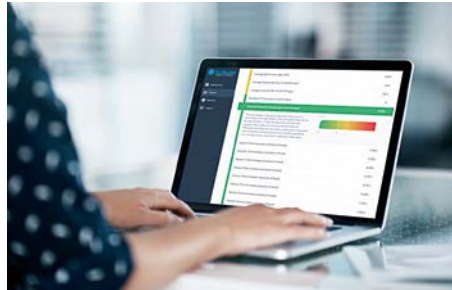
Examples of this strategy in action are Playtech's recently launched SaaS offering, which has secured over 150 new brands since its launch in 2019, as well as the new agreements and models deployed to capture the opportunity in Latin America with partners such as Caliente, Wplay and Tenlot Group.



3 Drive innovation to remain technology provider of choice

Playtech has been at the forefront of innovation in the industry and is focused on continuing this going forward. Playtech has spent in excess of €500 million on R&D in the last five years in order to improve end-user experience and overall customer value by continually developing the IMS platform and by producing industry leading and engaging content (including new games and integrated content). Playtech will continue to invest in R&D to remain a major source of innovation in the industry by further developing its technology platform and delivering innovative ways for end-users to experience content.

The Group has a data-driven approach to innovation. It collects non-personal data across its global licensee base in order to determine the prevalent trends and growth areas and tailor solutions accordingly. This enables Playtech to provide intelligent services and add new capabilities to the IMS platform to improve the experience and reward end-users while maintaining a safer gambling environment.



4 Commitment to sustainability

Playtech is committed to helping build a safer, more sustainable entertainment industry for the benefit of all stakeholders and in 2020 launched Sustainable Success, its five-year sustainable and responsible business strategy. As part of the strategy, Playtech is investing into initiatives that boost digital resilience and safer gambling behaviours. A key pillar of Playtech's corporate strategy is to cement its position as a global leader in safer products, data analytics and player engagement solutions.

To support this, a key commitment of Sustainable Success is to increase the uptake of safer gambling tools and solutions. Alongside powering safer gambling tools, a key commitment of Sustainable Success is for Playtech to partner with global leaders on the shared societal challenges presented by digital and online life.



5 M&A to focus on core businesses

Playtech's strategic focus is on its Core B2B and B2C Gambling divisions and will use M&A to enhance its Core businesses through acquisitions or to divest non-core assets.

Playtech has grown historically through a combination of organic development and acquisitions. While organic development has been the priority throughout 2020, Playtech continues to consider acquiring businesses (or their assets) that possess technologies, products and distribution capabilities which will strategically complement or enhance the Group's existing businesses. In delivering this strategy, Playtech is committed to a prudent and disciplined approach to acquisitions.

Playtech is also focused on simplifying its corporate structure to enhance its focus on its core businesses and may use M&A to help deliver this by disposing non-core assets. Examples of this strategy in action are the disposal of its Casual and Social Gaming assets in 2020 and early 2021 and the ongoing talks to dispose of Finalto, which has been classified as a discontinued operation.

A guide to Sustainable Success

At Playtech, we are committed to growing our business in a way that has a positive impact on our people, our communities, the environment and our industry.

Sustainable Success is how we are bringing the principles of sustainability and responsible business into everything we do. It is about raising standards for Playtech and the whole of the gambling sector.

Sustainable Success is built around our commitments to powering safer gambling, promoting integrity and inclusivity, and partnering on shared societal challenges.

By bringing our passion for innovation to this ambition, we are determined to be a leader in the digital entertainment industry.

A global framework powered by local action

Sustainable Success builds on Playtech's strong tradition of responsible business practices. We are now at a size and scale, however, where we need to co-ordinate our activities through a global framework.

Sustainable Success will help us act strategically to align our culture and values with our plans and ambitions, and to focus our attention, energy and resources.

At the heart of Sustainable Success are three commitments:

- Powering safer gambling solutions
- Promoting integrity and an inclusive culture
- Partnering on shared societal challenges

We have set goals for each of these commitment areas and will report on our progress year on year (and celebrate our successes).



1. Powering safer gambling solutions

The biggest impact we have on society relates to our gambling technology. That is why our first commitment is about powering safer gambling solutions. This is already a vital area for us, but will only become more important in the years ahead as we work to:

- Increase uptake of safer gambling technology, tools and solutions
- Harness investment in R&D to advance the next generation of safer solutions
- Strengthen operational safer gambling standards and technology – both B2B and B2C

The launch of Playtech Protect in 2020 was a signal of our commitment to be at the forefront of innovation, bringing our safer gambling technology, tools and services and research under one digital roof.

In the years ahead we want to have an even greater impact on the regulatory environment and fuel greater levels of industry collaboration.



2. Promoting integrity and an inclusive culture

At Playtech, our behaviour is governed by our values of integrity, innovation, excellence and performance. By making a commitment to promoting integrity and an inclusive culture, we are working to enshrine our values in everything we do. Over the next five years, we will focus on:

- Promoting integrity and reducing compliance risk
- Reducing our carbon footprint by 40% by 2025
- Supporting employee wellbeing
- Working to reduce the gender pay gap and achieve year-on-year improvements in diversity and inclusion

The source of Playtech's success has always been the fact that we have the best people in the industry. By making Playtech's culture truly inclusive, we want to continue attracting and retaining talented people to develop their skills and careers at Playtech.



3. Partnering on shared societal challenges

Our third commitment is partnering on shared societal challenges. Quite simply, if we want to have a positive impact, we cannot do it alone. This is why we are working with expert partners to drive:

- Healthier online lives and digital resilience
- Increasing employee participation in local volunteering projects
- Research, education and training to prevent gambling-related harm

To support these areas, we have made an initial pledge of £5 million over the next five years to fund partners who are working to help people live healthier online lives and adopt digital wellbeing and resilience.

➤ [Read more about Sustainable Success on page 48](#)

Our business model

Positioned to capture every opportunity

Our core strengths

Unparalleled scale

Playtech's global scale, extensive experience and expertise in regulated markets, and leading technology is unparalleled in the industry today.

Leading technology

Our full-service solution, which includes every product vertical integrated into our leading proprietary IMS platform, sets us apart from our competitors across the gambling value chain.

At the forefront of industry innovation

Our long history of investing in R&D to drive innovation has seen us pioneer omni-channel technology and the integration of our industry-leading content. The wealth of data we capture daily will enable further intelligence-driven investment.

Commitment to sustainability and safer gambling

We are focused on building a safe, sustainable industry for the benefit of all our stakeholders. This includes furthering Playtech's position as a global leader in safer products, data analytics and player engagement solutions.

Strong financial track record

Our proven track record of revenue growth, Adjusted EBITDA growth and cash generation provides us with a strong base from which to reinvest and grow the business.

R&D investment

Playtech annually invests around 20% of B2B revenue in R&D, significantly more than its peers, to ensure all Playtech customers will benefit from cutting edge technology which promotes entertainment in a safe gambling environment indefinitely.

● Read more about our leading technology on pages 32 to 36

What we do

Our core strengths position us to capture any market opportunity in our industry, through:

B2B

Providing technology to gambling operators globally through a revenue share model. Comprehensive offering covers the end-to-end gambling value chain, including the design, development and distribution across every gambling vertical integrated with Playtech's leading IMS platform.

Structured agreements

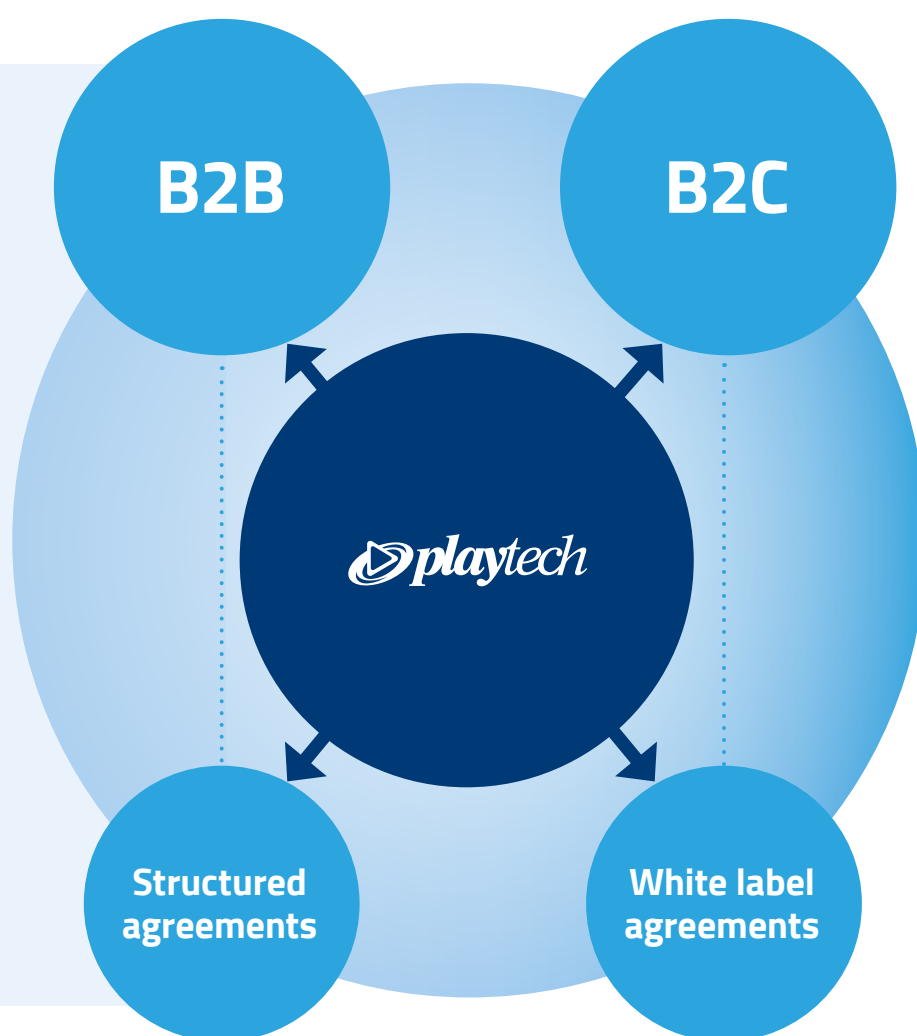
An extension of Playtech's B2B technology offering in which it partners with local heroes with a strong retail brand and presence to drive sales but without the technological expertise to succeed online.

B2C

Leveraging Playtech's proprietary technology while operating directly as an operator in select markets and generating revenues from online gambling, gaming machines and retail betting.

White label agreements

Utilising Playtech's proprietary technology and capabilities to create value by running a B2C operation on behalf of a notable media or operator brand.



Value created

For customers

Total number of sports bets

c.400m

Amount invested in cash R&D including safer gambling initiatives

c.€150m

Number of poker tournaments on our networks

c.45m

For society and employees

Jobs (i.e. number of employees)

c.6,400

Number of charities and community organisations we supported

>100

For shareholders

Operating cash flow

c.€367m

First steps in US expansion

A significant long-term opportunity across Playtech's full product suite.

“This is a highly strategic market for Playtech. We see significant demand for the full breadth of our product offering, demonstrated by our agreements with bet365, Entain and the landmark deal with Parx Casino. This is just the beginning for Playtech in the US.”



Mor Weizer
Chief Executive Officer

Since the repeal of PASPA in 2018, numerous states including New Jersey, Colorado, Michigan, Pennsylvania, Iowa and most recently Virginia have approved legislation to legalise sports betting. Many of these markets have already launched, with others expected to launch soon.

More than 22 states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in the coming years. While fewer states currently allow iGaming, which was not subject to PASPA and is allowed at the discretion of individual states, it appears to be gaining momentum with additional states allowing or considering regulating.

\$19bn

Estimated US sports betting market size (GGR) by 2023

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$19 billion in gross gaming revenue (GGR) by 2023, with the iGaming market estimated to reach \$5.4 billion.

New Jersey

Having been granted regulatory approval by the New Jersey Division of Gaming Enforcement (DGE) to provide its online casino product to the New Jersey market, Playtech entered the US market and went live with bet365 and Entain in 2020. Over time, Playtech will increase its products on offer to include Sports, platform and Live Casino in line with state-by-state regulations.

Michigan and beyond

Playtech has also received a provisional iGaming license in Michigan and is underway with the licensing process in several additional US states. The Company has a strong pipeline of opportunities with potential new customers as well as existing customers in various states and will continue to increase its strategic investment in the US market.

\$5.4bn

Estimated US iGaming market size (GGR) by 2023

“We have launched our iGaming product in New Jersey and over time will extend this to include Sports, platform, and Live Casino and we will continue to expand into further states as they regulate. We are very excited about the long-term opportunity.”

Parx Casino

Playtech has signed strategic agreements with various subsidiaries of Greenwood Racing Inc., referred to as the "Greenwood companies", which own and operate the Parx Casino in Bensalem, Pennsylvania. The agreements include the licensing of Playtech products to the Greenwood companies in the states of Michigan, Indiana, New Jersey and Pennsylvania, commencing with the launch of online casino in Michigan on Playtech's IMS Platform and Player Account Management (PAM).

Parx Casino is the leading casino and racetrack operator in Pennsylvania. The Greenwood companies also operate online sports betting and casino in Pennsylvania, online casino and retail sports betting in New Jersey and retail sports betting in Michigan.

To read more about the US market dynamics and regulatory backdrop, please refer to pages 13 and 44 respectively.



“This strategic partnership with the Greenwood companies represents a major milestone for Playtech and we are excited to work with them to help achieve their growth plans in the coming years, starting in Michigan. The US is a highly strategic market and this multi-state, multi-product agreement highlights the demand for the full breadth of our product offering.”



Shimon Akad
Chief Operating Officer

Stakeholder engagement

Engaging with our stakeholders

Playtech's success is built upon maintaining strong relationships with stakeholders.

Introduction

As a technology leader and trusted service provider in the gambling industry, Playtech's success is built upon maintaining strong relationships and trust with its stakeholders. Collaboration has been essential to the Group's success and is fundamental to how Playtech thinks about and delivers its commercial strategy as well as its social responsibilities. The pandemic's unprecedented impact on our workforce, business, industry, customers, business partners and society at large, has further reinforced the importance of ensuring that we fulfil our obligations to stakeholders impacted by our business.

As an Isle of Man registered company, we are not bound by the Companies Act 2006. However, we seek to adhere to best practice and as such, guided by section 172, our Directors seek to act in a way that promotes the success of the Company for the benefit of its members as a whole. The following section outlines how the Directors take into account their obligations under Section 172(1) (a) to (f) of the Companies Act 2006. Playtech's approach to stakeholder engagement is summarised in this section as well as noted through this report.

Our approach

The Board utilises a range of channels to understand and consider stakeholder concerns when taking strategic decisions about the business and to communicate the Company's strategy, values and purpose to those stakeholders. These channels comprise of:

- Direct engagement with stakeholders;
- Use of communications channels including social media, digital media, internal company channels, and participation conferences and 1-1 meetings;
- Utilisation of Playtech's proprietary employee training and learning platform;
- Regular Board updates from key functional leaders responsible for engaging with key external stakeholders;
- Relevant functional reports and updates to the Remuneration, Audit and Risk & Compliance Board Committee;
- Regular Board updates from the COO and HR on employee issues;
- Briefings with functional leaders about emerging and/or live stakeholder issues;
- Briefings on issues raised through the Speak Up/Whistleblowing hotline; and
- Direct participation of the Risk & Compliance Committee Chair in the Company's Global Community Investment Committee.

The Director of Investor Relations, Director of Corporate Affairs, Chief Operating Officer, and the Chief Compliance Officer are standing attendees at Board meetings and regularly update the Board on investor, regulatory, policy, employee and commercial stakeholder views and perspectives. In addition, the Risk & Compliance Committee of the Board is specifically tasked with reviewing and considering developments on wider social responsibility issues and expectations along with evolving political, regulatory and compliance developments.

The following provides an overview of our stakeholders, the topics raised and considered, and how the Board assessed their interests when considering decisions during the year.

Colleagues

Summary of issues and interests

The unprecedented impact of the pandemic was the primary area of focus amongst our workforce in 2020. Key issues in focus during the year were workplace health and safety (including employee support for remote working), mental health and wellbeing, job security, learning and development and the future of work. In addition, diversity, inclusion, and equity continued to be topics of interest amongst our colleagues.

How we engaged and key considerations:

The Board engages with the Chief Operating Officer (COO) and Global Head of Human Resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline, wellbeing and diversity and inclusion. The COO is a standing attendee at the Board meetings. In addition, the Company has established a Speak Up hotline, which enables employees to raise concerns confidentially and independently of management. Any concerns raised are reported into the General Counsel and Chief Compliance Officer for discussion and consideration by the Risk and Compliance Board Committee.



In 2020, the health, safety and wellbeing of our employees has been of utmost importance for the Board and Executive leadership team.

Throughout the global pandemic, the executive leadership and crisis management team worked together with HR and local country operations teams to understand the local developments, impacts and issues on the business and workforce, continuously monitor developments as well as coordinate plans for remote working and return to office protocols.



Playtech commenced and has continued with a global wellbeing support programme called Stronger Together. The campaign, delivered through our global learning and development platform, Playtech Academy, focused and continued to focus on providing positive psychology seminars and workshops, wellbeing initiatives and remote learning and skills development programmes.

As a precautionary measure, in the early stages of the pandemic Playtech accessed approximately £6 million in government support schemes in the UK and other markets. This was to ensure the Group could protect jobs given the prevailing uncertainty over the severity of the impact on the business from the pandemic. Despite the impact of the restrictions on parts of our business and given the overall resilient performance over the course of 2020, this support is currently in the process of being repaid and therefore excluded from our results for 2020.

For more information on how we responded to the pandemic, please see pages 8 and 9.



Diversity and inclusion also continued to be a priority issue. We made progress in implementing our global D&I strategy, focusing this year on taking steps to reduce the gender pay gap and increase female representation at senior levels.

Shareholders and investors

Summary of issues and interests

- Pandemic response
- US market strategy
- Non-core asset disposals
- Corporate governance
- Sustainability including safer gambling

How we engaged and key considerations

The Board is committed to having a continuing, constructive dialogue with its current and prospective shareholders and ensuring it is aware of their views regarding the Company on issues including strategy, governance and sustainability. The Chairman regularly engages with major shareholders and other members of the Board meet with shareholders as requested. The Director of Investor Relations attends all Board meetings and provides regular reports, issues of concern to investors and analysts' views and opinions. Whenever required, the Executive Directors and the Chairman communicate with the Company's brokers, Goodbody and Jefferies, to confirm shareholder sentiment and consult on governance issues.

In 2020, the Company continued to work through its well-established investor relations (IR) processes, which supports a structured programme of communications with existing and future investors and analysts. The Executive Directors and members of the IR team participated in a number of investor events, attended industry conferences and regularly meet or are in contact with existing and prospective institutional investors from around the world, ensuring that Group performance and strategy are effectively communicated, within regulatory constraints.

Stakeholder engagement continued

Licensees and customers

Summary of issues and interests

- Business and operational continuity during the pandemic
- Competitive pricing
- Service reliability and scalability
- Solutions and support to meet and anticipate regulatory developments – including safer gambling
- Innovation across content, products and platform

How we engaged and key considerations during the year

The Board received regular updates on commercial developments, joint ventures, licensee relationships and business development from the COO and VP of Business Development. In 2020, the key priority was to ensure high levels of business continuity with a focus on reliability and minimal service disruption.

Our ability to innovate our content, product and platform in an agile manner is also a key expectation from our licensees. Playtech continues to support existing licensees with new technologies that support greater flexibility in running their businesses as well as improved ability to meet evolving regulatory and market needs. In addition, Playtech Academy provides learning support for our licensees, providing them with accessible and versatile training content and services. For more information on Academy, please see page 40. Playtech also continues to meet current and future licensee needs and interests related to the evolving regulatory environment and the focus on safer gambling. In 2020, the Company launched Playtech Protect, a new business unit dedicated to supporting licensees with safer gambling solutions. For more information on safer gambling, please see pages 50 to 56.

Suppliers and technology partners

Summary of issues and interests

- Impact of the pandemic and Brexit on supply chain continuity
- Consistent and regular communication and engagement
- On-time payments
- New opportunities to support smaller licensees with technology support

How we engaged and key considerations during the year

Suppliers

The central procurement team leads on setting the strategic direction and engagement with our suppliers. The team uses several mechanisms for engaging with suppliers including:

- Periodic supplier briefings
- Monthly meetings
- Performance reviews
- Joint forecasting of opportunities
- Management of supply chain disruptions

During the year, Playtech worked with its suppliers to address the challenges associated with the pandemic including supply chain continuity, and ensuring access and supply of key infrastructure hardware. With respect to Brexit, we engaged with our suppliers on the changes and requirements related to shipping and invoicing as well as the establishment of UK and non-UK distribution hubs. During the year, Playtech also initiated action to improve payment processes for its suppliers and partners.

Technology partners

The Innovation and Consultancy team is the primary function responsible for engaging and forging partnerships with third party technology partners. The Board has directed Playtech to partner selectively with those that are leaders in their own field and share Playtech's standards and values.

As part of our strategy, Playtech has onboarded a number of specialist partners to our Software as a Service (SaaS) Partner programme, which is designed to support our licensees with innovative technology solutions to support them as they compete, grow and thrive in a changing regulatory landscape. In 2020, our engagement with SaaS partners increased and we saw an upsurge in interest from potential partners.

For more information, please refer to page 38.



Regulators and policymakers

Summary of issues and interests

Regulation continues to be a fast-growing force across our existing and future markets. In mature, regulated markets such as the UK, Italy, and Spain, concerns about the pandemic prompted calls and action to further restrict and monitor the behaviour and impact of the sector on consumer protection and safer gambling. Advertising, affordability, product safety and public health issues continue to be areas of regulatory and political focus, particularly in markets such as the UK, where the regulatory and legislative framework is undergoing review in 2021. New jurisdictions globally are introducing regulation to allow online gambling which drives the need for technology in order for operators to capture the market opportunity.

How we engaged and key considerations during the year

The Board continues to monitor and engage on regulatory and policy issues via the Chief Compliance Officer and the regulatory affairs function and Chief Policy Officer have primary (delegated) responsibility for engaging with regulators and policymakers and providing the Board with regular updates on developments. The Company continues to actively promote regulation in existing, future and emerging markets through one-on-one engagements as well as participation in industry trade bodies, including the Betting and Gaming Council (BGC), to monitor and engage with policymakers and regulators on current and emerging developments.

Throughout 2020, the Board received ongoing updates on the review of the UK Gambling Act, regulatory developments in the US and the headwinds of more stringent safer gambling regulations across Europe.

For more information, please refer to the Regulation section on pages 44 and 45.

Society and communities

Summary of issues and interests

Safer gambling – spanning product safety, mental health, ethics and technology – remains a key concern for consumers, opinion formers, policy makers and regulators. Playtech recognises that the 'always on' digital culture is raising important questions about wellbeing, safer gambling, and mental health. The pandemic amplified existing societal concerns over these issues. The pandemic also created an urgent need for financial and non-financial support for charitable organisations delivering critical services for those affected by gambling related harm, as well as frontline services in the communities where Playtech operates.

How we engaged and key considerations during the year

The Board is provided with an update on societal issues, insights and developments by the Compliance, Regulatory Affairs and Sustainability and Corporate Affairs functions. In 2020, the Board tabled sustainability during two formal meetings where sustainability and ESG topics were considered. The Board formally reviewed its sustainability strategy in August and agreed to formally review its sustainability strategy bi-annually.



The Board also received a formal update on trends and developments related to sustainability and ESG in July 2020. These formal updates are informed by regular stakeholder engagement activities, stakeholder materiality analysis and research initiated by the functions.

For more information, please go to the Sustainability section on pages 46 to 69.

Key strategic decisions made by the Board during the year

- Pandemic response
- Migration of tax residency to the UK
- Company-wide salary reductions
- Executive remuneration
- Disposal of non-core assets
- Appointment of new Interim Chairman
- Policy developments and updates – including the new work from home policy

Stakeholder engagement in 2021

The Board recognises that the industry has changed rapidly and that now, more than ever, is an important moment to pause and ask the question: what will sustainable success mean for our business and the sector going forward?

To gain a better appreciation of those changing expectations and improve Playtech's ability to respond, we intend to establish a Stakeholder Advisory Panel. This Panel will be chaired by Playtech's Chair and supplement Playtech's existing mechanism for engaging with stakeholders and help advance its sustainability strategy as well as help us raise standards for responsible business practices within the sector.

The Stakeholder Advisory Panel will bring together external topic experts with senior internal decision makers to sense check, challenge and provide direction against key non-financial topics, such as the overall responsible business strategy, safer gambling, and digital health and wellbeing as well as the diversity and inclusion agenda.

Chief Executive Officer's review

Significant strategic progress

“Playtech made excellent progress in the highly strategic US market and continued to build on its position in Latin America.”



Mor Weizer
Chief Executive Officer

Against a challenging backdrop, Playtech delivered a resilient financial performance in 2020 with swift management actions limiting the impact of COVID-19 restrictions on Adjusted EBITDA. More importantly, Playtech continued to make significant strategic progress, which positions the Group strongly to benefit from the recovery and to capture the exciting market opportunity.

Overview

Playtech made excellent progress in the highly strategic US market, launching with bet365 and Entain in 2020. The scope for further progress is significant, and the Group recently announced agreements with the Greenwood companies to license Playtech products in four states.

Alongside this, Playtech has continued to build on its position in Latin America. Caliente continues to go from strength to strength, and the Group added new structured agreements in Guatemala, Costa Rica and Panama. Playtech also added more than 100 new brands to its SaaS offering in 2020.

Snaitech has continued to outperform in Italy despite the retail closures in 2020 as a result of the pandemic. Snai achieved the number one market share position in Italy across online and retail sports betting (measured by GGR) and grew its overall online revenue by 58% in 2020.

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. Key to this approach is Sustainable Success, Playtech's new ESG strategy launched in 2020, which aims to consolidate its position as a global leader in safer products, data analytics and player engagement solutions and build a safe and sustainable gambling industry.

The simplification of Playtech is also progressing. Casual Gaming has been disposed and the Finalto sale process is advanced. Once this process is completed, Playtech will be a simpler business, focused on the attractive markets of Core B2B Gambling and B2C Gambling.

Response to COVID-19

As COVID-19 impacted the global economy throughout 2020, Playtech made considerable efforts to mitigate the effects of the outbreak on its staff, its partners and its business. Management took decisive action to ensure the health and wellbeing of its employees and to preserve cash flow, while continuing to provide customers with Playtech's leading technology.

Playtech enacted its business continuity plan in the early stages of the pandemic, with all of its offices moving to remote working during March to protect employees' health and safety. Playtech managed this transition while largely maintaining productivity levels and delivery deadlines. Other actions taken included the deferral or cancellation of capital expenditure, strict working capital management, suspension of shareholder distributions, reduced working hours in certain locations, reduced office and maintenance costs, and the renegotiation of timing of cash outflows including contingent consideration payments due in 2020.

Certain parts of Playtech's business, particularly those with a retail focus, were severely affected by the pandemic in 2020, and some continue to be impacted into 2021. As a result of the actions taken and the outstanding response from its people, Playtech demonstrated strong operational resilience during the period. In addition to delivering a robust performance, the Company made significant strategic and operational progress by adding new brands, expanding existing relationships and entering new markets.

At the end of the year the Board took the decision to commission a £3 million Resilience & Recovery Fund to help address and alleviate some of the long term impacts of the COVID-19 pandemic on its communities and the industry as a whole. The Fund has been established to assist and support organisations delivering mental health and wellbeing services around the world, so that people can benefit from accessible and affordable support from these vital programmes.

Core B2B Gambling

The strategic focus of Playtech's Core B2B Gambling business continues to be on higher margin regulated opportunities with Casino, Live Casino and Sports being of greatest focus. Playtech continues to support existing licensees with new technologies and tools and provide them with greater flexibility in their operations. Playtech

intends to continue accessing opportunities, including attracting new customers in both existing regulated markets and newly regulated markets, as well as through new structured agreements and joint ventures depending on commercial suitability and market dynamics.

Overall, Core B2B Gambling revenues declined 6% in the period compared to 2019, as the impact of retail closures and the cancellation or postponement of sporting events had a significant negative impact on revenue in the retail parts of this business, outweighing the significant growth seen in the online business. Excluding Sports, the online portion of Core B2B Gambling grew 30% at constant currency compared to 2019 driven by strong results from the Casino (including Live), Bingo and Poker online businesses. Despite the pandemic, operational momentum continued across B2B Gambling in 2020 with new customer wins, new launches with existing customers and further product enhancements.

US

The US is a highly strategic market for Playtech and creates a significant long-term opportunity across its full product suite. In 2020, Playtech made significant progress in the US as it was granted licences to operate in New Jersey and Michigan and launched in New Jersey with bet365 and Entain. Playtech will continue to increase its strategic investment in the US market. The Group has started the licensing process in additional US states and has a strong pipeline of opportunities with both potential new customers as well as existing ones in other markets.

In early 2021 Playtech signed strategic agreements with various subsidiaries of Greenwood Racing Inc. which own and operate the Parx Casino in Pennsylvania. The agreements include licensing of Playtech products to the Greenwood companies in the states of Michigan, Indiana, New Jersey and Pennsylvania, commencing with the launch of online casino in Michigan on Playtech's IMS Platform and Player Account Management (PAM).

Casino

Playtech's online Casino business had a very strong 2020. Activity increased due to the growth in recent customer additions, including Swiss Casino, the expansion with existing customers, including Caliente, bet365 and Fortuna, as well as overall increased activity levels in light of government lockdown restrictions in various countries. The lack of sporting events also led customers to look for alternative forms of leisure.

Playtech signed over 100 new brands in 2020 (compared with over 50 in 2019), including Betsson, Stoiximan and Kindred. Playtech continued to roll out its products to further Entain brands and geographies. Playtech also launched bet365 in Greece, Spain and Bulgaria, as well as Fortuna in Slovakia, and went live with Svenska Spel in Sweden.

Among various new product developments, Playtech developed the Player Engagement Hub; an in-game widget that updates players on features, such as leaderboards, and will also contain in-built safer gambling functionality to inform players, in real-time, about the potential dangers at various stages of gameplay. Leaderboards is the first feature to be delivered within the Player Engagement Hub. As with future features, this development is an out-of-the-box tool that will reduce the technical burden for licensees, and in turn, accelerate customers' go-to-market timeframes.

Further product developments included the roll-out of Age of The Gods: Norse, an extension of the highly successful suite of games which now includes advanced jackpot functionality.

Chief Executive Officer's review continued

“The Live Casino business continued its strong momentum in 2020. The business continued to add new customers, expand with existing customers, and deliver innovation while dealing with the challenges posed by the COVID-19 pandemic.”

Core B2B Gambling continued Live Casino

The Live Casino business continued its strong momentum in 2020. The business continued to add new customers, expand partnerships with existing customers and deliver innovation, while dealing with the challenges posed by the COVID-19 pandemic.

During 2020, Playtech's Live Casino business added a number of new customers, including Totalizator Sportowy, BetConstruct and Svenska Spel. Its progress with existing customers included PokerStars expanding into new territories, such as Denmark and Sweden, and significantly increasing its number of tables with Playtech. Playtech completed key strategic partnership product launches with a series of games, such as Majority Rules Speed Blackjack with Entain, Spin & Win Roulette with Flutter Entertainment, and Cash Back Blackjack with Stoiximan. The business also delivered a variety of new dedicated tables, including Quantum Roulette in Italian for Snaitech, and a series of promotional-led

tables and dedicated tables in Spain with Codere, Sportium, Betfred and Entain.

Playtech's key focus in regulated markets saw the launch of Quantum Roulette in Spain, providing the first multiplier-based Roulette game in that market, whilst launching the first live variant of Sette e Mezzo in Italy, which specifically supports partners with a traditional Italian-based Blackjack game.

Playtech took extensive measures to ensure minimal disruption to its Live Casino facilities during the pandemic, whilst also prioritising the safety of employees. As a result, Playtech's largest Live Casino facility in Riga has remained open throughout the pandemic. The Manila facility has been closed at various times due to the Philippines government's strict lockdown measures; however, Playtech has been able to shift all traffic to its other facilities. Playtech has additional contingency plans should further disruptions arise in the future.

Playtech's ability to offer seamless integration to its facilities within days led to a new agreement with one of the most significant providers of Live Casino in Asia. As a result, not only did Playtech's Live Casino business experience exceptional organic growth during the period, it was also able to take on significant additional traffic from this Asian provider's extensive distribution channel.

In addition to its existing product pipeline, Playtech delivered Auto Table and Live Streamer, two products which allowed customers to continue delivering games and services, and enabled dealers to continue hosting games from remote locations during the pandemic. Further innovation included the development of fixed odds games, known as 'Live Betslip Games', to add value to sportsbook users during a period with limited sporting events. Playtech also developed its first ever Live Bingo game.



Sustainability Strategy 2020–2025

In 2020, Playtech launched its sustainability strategy - Sustainable Success. This is the Company's strategy for bringing the principles of sustainability and responsible business into everything it does. Details on Playtech's commitments can be found on page 46 onwards.

➔ [Read about our sustainability strategy from pages 46 to 69](#)

“Caliente continues to go from strength to strength, and the Group added new structured agreements in Guatemala, Costa Rica and Panama.”

Sports

Playtech's Sports business started 2020 strongly in January and February while also benefiting from favourable sporting results. However, it was significantly impacted by various government restrictions put in place in March as a result of the COVID-19 pandemic that led to retail closures and the cancellation or postponement of the majority of major sporting events. The B2B Sports business began to recover towards the end of H1 and in early H2 as sporting events resumed and retail locations reopened. The business was again impacted by government enforced retail closures towards the end of 2020 and into 2021.

Bingo and Poker

The Bingo and Poker businesses enjoyed a strong 2020 with strong growth compared to 2019. The pandemic created a significant increase in activity driven by an increase in players' leisure time due to the government lockdown measures in many jurisdictions at various times during 2020.

Playtech's Poker network added 19 new brands in 2020, including several following the closure of the Microgaming Poker Network, most of which are new to Playtech.

Core B2C Gambling

Snaitech

Snaitech revenue was down 37% in 2020 compared to 2019, while Adjusted EBITDA was down only 19%, highlighting the resilience of its business model. Snaitech had a very strong start to 2020 through January and February, also benefitting from favourable sporting results. However, following the decree from the Italian Government issued on 8 March 2020, all betting shops, arcades and bingo halls across Italy were forced to close as a result of the COVID-19 pandemic. Snaitech was further impacted by the postponement of most sporting events and competitions globally. During, this period

Snaitech continued to generate revenues from its online gaming business, with online betting severely impacted by the lack of sporting events. While Snaitech lost significant revenue from retail closures and the lack of sport, it managed to remain broadly breakeven on an EBITDA level even during the peak of the pandemic. This was largely due to the strong performance of online gaming and Snaitech's low fixed cost base franchise operating model, as well as action taken by the business to reduce costs.

Retail shops began to reopen in June with the introduction of appropriate safety measures such as plexiglass screens and social distancing rules. The return of football and other sporting events acted as a significant boost as activity levels started to normalise towards the end of H1 and into H2. Snaitech had a very strong period from July through October when the business was once again impacted by government enforced retail closures from late October through the end of 2020 and into 2021. However, sporting events largely continued throughout H2 and Snaitech remained positive on an EBITDA basis in this period, despite the impact of retail closures from late October through the end of the year.

Snaitech achieved the number one market share position in the Italian sports betting market (retail and online combined measured by GGR) in 2020, showing its operational and brand strength.

B2C (ex-Snaitech)

Playtech's White label business (predominantly Sun Bingo) saw a strong performance in 2020, with heightened volumes of activity versus 2019 leading to revenue growth of 10% at constant currency in the year.

HPYBET was impacted by government lockdown restrictions during parts of 2020 and by the cancellation and postponement of sporting events during H1. Its retail locations in Germany and Austria were closed at various points during

2020 and into 2021 and the business incurred fixed costs owing to it being a mix between an owned and franchise model. The closures have led to a €41.2 million impairment of the business.

Asia

Playtech's revenue in Asia declined 28% as the business was negatively impacted in 2020 by government restrictions imposed in the region in response to the COVID-19 pandemic. The business has also been impacted by restrictions on payment processing which, while not targeted towards the gambling industry, has nonetheless negatively impacted the business.

During 2020, Playtech added a new distributor alongside its existing distributor to add more flexibility in the region going forward and also benefited in the period from a contract with a leading provider of Live Casino in the region.

Finalto (previously TradeTech Group)

In early 2021, Playtech rebranded its Financials Division, previously TradeTech Group, to Finalto. Playtech remains in discussion regarding the intended sale of this business and it has now been classified as a discontinued operation with an impairment recognised as discussed below.

Finalto had a very strong performance in 2020 as it benefited from increases in market volatility and trading volumes, particularly in H1. This resulted in Finalto's revenues growing 80% versus 2019. Market activity began to normalise towards the end of the first half and this trend largely continued throughout the remainder of 2020. This led to a modest performance from Finalto in H2 compared to H1.

Chief Executive Officer's review continued

“Sustainable Success aims to deliver change to help build a safer, more sustainable entertainment industry for the benefit of all stakeholders.”

Group simplification

Playtech is in the process of simplifying the group to focus on its core gambling businesses. This process led to the Casual and Social Gaming business being classified as a discontinued operation in 2019. The sale of certain loss-making assets of this business was completed in 2020 for USD 1 million and the remainder of the business was disposed of in early 2021 for approximately USD 10 million.

Playtech remains in discussions regarding the intended sale of Finalto and the business is now considered a discontinued operation. The Group remains committed to executing its simplification strategy in order to focus on its core businesses and in doing so, has recognised an impairment charge of €221.3 million in relation to Finalto.

Safer gambling and sustainability

In 2020 Playtech launched Sustainable Success: its commitment to grow its business in a way that benefits its people, its communities, the environment, and the industry. Sustainable Success aims to deliver change to help build a safer, more sustainable entertainment industry for the benefit of all stakeholders and Playtech has commitment to invest £5 million into initiatives that boost digital resilience and safer gambling behaviours. A key pillar of Playtech's corporate strategy is to cement its position as the industry leader in safer products, data analytics and player engagement solutions. To support this, a key commitment of Sustainable Success is to increase the uptake of safer gambling tools and solutions. During 2020, Playtech launched Playtech Protect, a unified brand for all its safer gambling products, research, innovation and thought leadership. As well as offering Playtech's leading safer gambling tools and services, such as IMS, BetBuddy and Player Journey, Playtech Protect also utilises the scale

of Playtech's technology by bringing compliance solutions from outside the industry to Playtech's licensees. Playtech Protect simplifies the integration, meaning licensees only have to integrate with Playtech to access these additional services. Through Playtech Protect the Company is continuing to share its research, data analytics expertise and insights with a wide range of stakeholders including trade bodies, research organisations and academics.

As part of its commitment to power and promote safer gambling tools, Playtech offered all its Playtech Protect services, including BetBuddy, for free to its licensees during the COVID-19 pandemic. Throughout the pandemic, Playtech continued supporting its licensees and partners to ensure that pre-COVID-19 safer gambling commitments and industry codes of conduct were met and operating effectively, to further safeguard consumers during the crisis.

Sustainable Success is also designed to support and further Playtech's core values and unique family culture. How the Company has responded and continues to respond to the human challenges of COVID-19 is a clear testament to that strong culture. As a global business, Playtech has offices in many locations significantly impacted by the crisis. Playtech is offering its skills, charitable budgets, assets, and technology to support its local communities, charity and not-for-profit organisations as well as licensees to help minimise the impact of COVID-19.

Alongside powering safer gambling tools, a key commitment of Sustainable Success is for Playtech to partner with global leaders on the shared societal challenges presented by digital and online life. In September 2020 Playtech announced a new collaboration with the Responsible Gambling Council (RGC), the

international leader in problem gambling prevention, awareness, and research. Playtech will use its expertise and experience to help the RGC examine the links between mental health, digital wellbeing and problem gambling using a combination of thought leadership, research, and evaluation.

Mor Weizer
Chief Executive Officer
10 March 2021

Our awards

An outstanding year of recognition

In a year where industry awards were adapted to an unfamiliar landscape, Playtech continued to be recognised for excellence and innovation; not only for technology and content, but also individual, team and community achievements.



Multi-channel and international recognition at the EGR B2B Awards

Although the ceremony was held virtually this year, the EGR B2B Awards remained a key date in the industry calendar, with Playtech continuing a long run of success at the event. The success of Playtech's omni-channel strategy was recognised with the coveted Multi-Channel Supplier award, while for the fourth year in a row, the company was honoured as Bingo Supplier of the Year. In a resurgent year for the Poker vertical, Playtech was recognised as Poker Supplier of the Year.

Elsewhere, Playtech received its first international EGR award, triumphing in the Casino Platform Provider category at the EGR Nordics Awards.



Playtech's record-breaking HOT 50 run continues

As of 2020, Playtech holds the record for the most entries in the Gaming Intelligence HOT 50, celebrating the industry's most talented, innovative and inspiring people. Honoured in the 2020 awards, and joining a long list of Playtech alumni, were Chief Compliance Officer Ian Ince and BetBuddy CEO Simo Dragicevic. Both were recognised for their commitment and innovative work in responsible gambling; highlighted by Gaming Intelligence as the key challenge shaping the industry's future.



Best New Game Award from WhichBingo

In its 20th anniversary year, the WhichBingo Awards, dedicated to honouring the leading operators and technology providers in the online Bingo industry, awarded Playtech the Best New Bingo Game accolade for The Voice UK Bingo – exclusively developed for Buzz Bingo.



Financial and Compliance award success

Playtech's wider innovation outside of product was recognised this year at two key awards events. The company's Compliance team was named Compliance Team of the Year at the VIXIO Gambling Compliance Global Regulatory Awards in recognition of its diligent support and guidance to employees and customers alike. Elsewhere, Playtech's Investor Relations team was highly commended for its digital annual report in the Best Online Report: FTSE 250 category at the cross-industry Corporate & Financial Awards.



Recognition for female leaders at Playtech

In the absence of the full Women in Gaming Diversity Awards this year due to global restrictions, Clever Duck Media released its list of the Gaming Industry's Influential Women for 2020, with Playtech's Commercial Director Lucy Owen amongst 26 women recognised for their contribution. Elsewhere, UK HR Director Sophie Yaxley was honoured at the WomenTech Global Network Awards in the HR Program of the Year category, reflecting her successful delivery of Playtech's global wellbeing programme.



Community innovation and wellbeing honours

In its inaugural year, the Industry Community Awards selected Playtech as the winner of its Innovation Award, rewarding the company's efforts to adapt and support the wider industry community in this most challenging of years. Elsewhere, Playtech's commitment to promoting a culture of health and wellbeing in the workplace was recognised by Gibraltar charity GibSams with a Wellbeing at Work Award.

Our diversified technology

Playtech ONE

Through Playtech ONE, our proprietary technology solution, Playtech has pioneered omni-channel gambling technology, which provides an integrated platform across online and retail gambling channels and a seamless customer experience.

Playtech ONE enables the Group to deliver data-driven marketing expertise, single wallet functionality, sophisticated client relationship management (CRM) and safer gambling solutions on a single platform across all product verticals and across retail and online. Playtech's core B2B business is leveraging its Playtech ONE technology stack by partnering with operators and brands to deliver a seamless gambling experience to the end customer. As Playtech's technology is present at every point of the gambling value chain, from front end to back end, Playtech is able to directly deploy its products and services on behalf of brands through white-label agreements, through joint ventures or by investing directly as a B2C brand in some markets.

Principles of Playtech ONE

- One single Player Account Management (PAM) platform – IMS – for full player lifecycle visibility and management from a centralised point
- Any product available across any distribution channel – online or retail
- A seamless player journey across any product or vertical
- One single CRM, marketing automation platform and wallet
- One single customer view for data analysis
- Services and capabilities available across any platform and any product

Omni-channel solution launched with Wplay

In Q4 2020, Playtech extended its agreement with one of the leading retail brands in Colombia, Wplay, to implement IMS across all products for the company's retail and online operations. Optimised for added speed and improved navigation, it enables more bets in less time, with data-driven personalisation of user preferences regarding sports, markets and events.

Designed to deliver full compliance with the territory's latest regulations and adaptability for long-term growth, the move gives Wplay the most complete and advanced product and services offering in Colombia – one of Latin America's strongest and most innovative markets.



Expanding our addressable market

Over recent years Playtech has evolved its technology in order to expand its addressable market and create a significant growth opportunity.

Identifying untapped opportunities

Ongoing progress with our technology has delivered a simpler, more agile route to market. This has increased the distribution of our products to capture the entire B2B value chain. Having identified a previously untapped market for Playtech, this unaddressed portion of the market will now deliver additional sources of revenue and has extended our reach far beyond the scope of Tier 1 licensees, joint venture partners and local heroes.

As communicated in 2019, Playtech identified that there are over 1,000 operating brands that previously utilised no Playtech products or services. This market is made up of gaming operators of different sizes across the world.

>1,000

incremental sites now addressable

Extending our offering

Playtech's historical approach of selling its entire IMS platform remains an essential part of its offering in newly regulated markets given the scale of some multi-product and multi-channel Tier 1 operators and local heroes. This approach has enabled us to achieve our current position as the leading provider of products and services in the industry. However, we have broken down our IMS platform capabilities into a set of services that are easily identifiable with well-defined integrations.

Playtech's IMS platform is the result of 20 years of unparalleled scale, innovation and development. This recent launch of our software is the next stage of that development and is delivering a more agile distribution of our technology – ultimately making the data-driven capabilities in IMS more modular and allowing more operators to access the capabilities they need, including additional platform tools and products. This represents a significant barrier to entry for any other B2B provider or B2C operator trying to replicate our services-driven technology proposition.

By using the latest API integration technology, this modular approach reduces integration time from three to six months to a potential three to six weeks with a fraction of the integration costs and ongoing costs. This creates a more attractive commercial opportunity for licensees and Playtech alike, with a higher margin opportunity for Playtech.

Playtech has not replaced its existing model, but has simply extended its reach to new opportunities irrespective of their size. Some large-scale licensees will always require an integration that involves dedicated server infrastructure and the entire IMS. However, by delivering a more agile solution we are now able to extend our reach to additional operators and allow them to deploy our technology in a quicker and cheaper way. This will increase our cross-sell capabilities with our licensees.

Accessing new opportunities

By evolving our technology, we have extended our offering to allow us to deliver a solution to any licensee in any market. This has delivered a further diversification of our client base beyond Tier 1 operators and local heroes and provides Playtech a significant future growth opportunity. This strategy successfully delivered more than 50 new brands in 2019 and more than 100 further new brands in 2020 across the world.

We are extending our reach to new customers and accelerating the process throughout 2021 in a phased development plan which will see us continue to increase the number of licensees to ensure we maximise the opportunity in the coming years.

>150

new brands added since extension of offering launched

Our diversified technology continued

Playtech’s technology stack allows operators to distribute and configure industry-leading products through any channel. Through Playtech’s award-winning player management platform (IMS), operators can design and deliver an engaging and safe experience underpinned by insights from our data-driven business intelligence services.

Platform and data-driven services

IMS platform

Playtech’s Information Management Solution (IMS) is the power behind Playtech’s products, providing all the tools necessary to successfully run and manage every aspect of a licensee’s business.

IMS enables licensees to access all elements of Playtech’s unique omni-channel capabilities allowing players to seamlessly transition across games and platforms via a single account and

single wallet, while providing operators with simple third-party integration and full visibility and control of the entire player lifecycle. IMS unifies Playtech products across all channels, including retail, presenting operators with a single account overview and allowing them to streamline and optimise marketing spend, maximise cross-sell and conversion potential, leverage player loyalty and value and increase revenues by automating key aspects of the player journey. In 2020 the platform benefited from a number of updates including a new user experience and interface, marketing automation developments, reporting visualisations and improved security features to name a few.

Open platform: Services

Playtech partners with software leaders from outside the gambling industry, utilising its scalable technology to integrate new partners and bring new capabilities and services to the gambling industry as part of the Playtech platform offering.

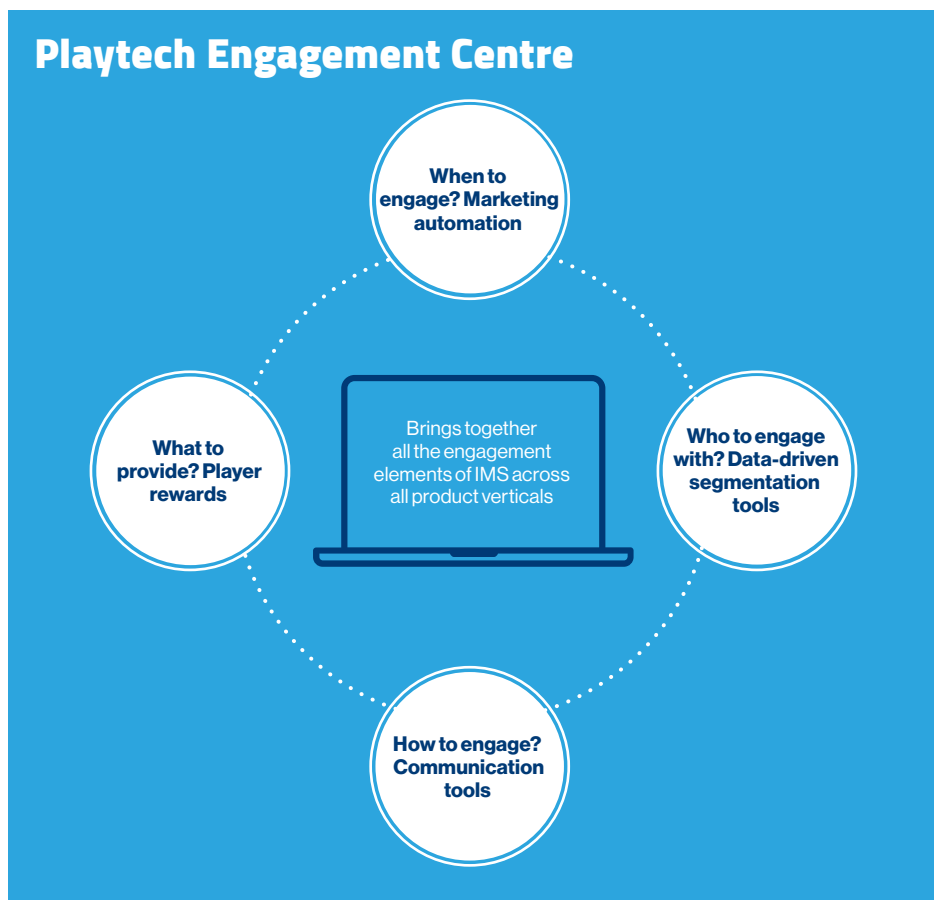
Playtech offers its licensees services from the world of e-commerce, risk management, performance optimisation and fraud management.

Business intelligence

Business intelligence technology (BIT) provides new and existing licensees with superior innovation for their next stage of growth. Playtech’s unique data-driven business intelligence marketing technology, exclusive to Playtech, significantly enhances licensee revenues by improving player experience and increasing lifetime value.

BIT revolves around a series of game-changing features:

- BI platform – complete operational overview
- Key metrics – enable day-to-day and high level decisions by comparing key metrics against competitors
- Data-driven marketing tools – the power of personalisation
- Automation and personalisation – automates and personalises every aspect of the player journey
- Playtech analytics – real-time decision making
- Real-time tracking and reporting to maximise player value and brand profitability
- Playtech optimiser – Omni-channel personalisation
- Coin/chip deposit limits
- Optimisation – real-time, easy-to-use personalisation and optimisation engine, powering our entire offering across all channels





Playtech expands Fire Blaze™ Jackpots brand and introduces Power Zones™ suite

Since launching in 2019, the Playtech Fire Blaze™ Jackpots suite from our Rarestone studio, designed around the compelling “Hold and Respin” feature, has proven a major success, developing a strong following and brand recognition amongst players. To build upon its high player loyalty and retention value, the Fire Blaze™ brand has been expanded to introduce two new variants – Mega Fire Blaze™ and Fire Blaze™ Golden. Both variants expand on the appeal of the Hold and Respin mechanic, with Mega Fire Blaze™ introducing an expanding game grid, and Fire Blaze™ Golden featuring prizes that repay on every respin.

The introduction of Mega Fire Blaze™ and Fire Blaze™ Golden is designed to increase the reach and versatility of the brand, offering a fresh angle to appeal to more seasoned players. The original format games are being rebranded as Fire Blaze Classics, giving each variant a distinct identity under one umbrella brand. Additionally, the brand is now being extended beyond slots with the launch of Mega Fire Blaze™ Roulette, designed to translate the player loyalty into cross-sell success, as has already proved effective with suites such as Age of the Gods™ and Kingdoms Rise™.

A major new launch for Playtech in 2020 was the Power Zones™ suite, developed by the Ash studio and launching with Stallion Strike™ and Legend of Hydra™. Aimed at experienced players, the games feature expanding symbols that link together to form a Power Zone™, transforming all the symbols within the zone into the same type. The launch, backed by a streamed tournament hosted by Flutter Entertainment, continues Playtech’s strategy of building feature-led content and brands to aid player retention.

Product verticals

Casino

Playtech offers one of the industry’s most extensive casino game portfolios, delivering over 800 innovative in-house and premium branded titles, including original content such as Age of the Gods™, the Fire Blaze™ series and the Power Zones™ suite, as well as a range of exclusive film, sport and entertainment tie-ins, including Hollywood brands MGM, Universal and Paramount. With seven distinct global studios developing content under the Playtech umbrella, we can offer an extensive selection of games to suit a range of demands. Innovations such as Powerplay jackpots – a jackpot suite including established titles, combining a progressive “mega jackpot” with capped and timed jackpots – provide powerful marketing tools to boost player interest and increase the overall value of a range of content. In-game engagement tools such as Leaderboards and Mystery Parcel empower licensees to increase player engagement through gamification.

Original and branded games titles

>800



Live

Playtech’s Live Casino platform and products are designed to provide the most authentic, omni-channel gaming experience supported by a new user interface and experience, and a cutting edge platform that uses the latest business intelligence data-driven technology. Our extensive live product offering, operated by native-speaking dealers, includes all the casino classics, such as Blackjack, Baccarat and Roulette, in addition to innovative new variants, including Unlimited Blackjack, Quantum Blackjack, Live Slots, Prestige Roulette, Football Roulette and Adventures Beyond Wonderland, plus popular Playtech brands such as Age of the Gods™ Roulette.

Sports

Playtech Sports’ vision is to create a fully integrated, omni-channel, best-in-class sports betting technology solution by drawing on the overall Group expertise and capabilities, together with a tailored, managed service proposition to suit any bespoke customer requirements. 2020 has seen the launch of four major new licensees on the Playtech Digital Sportsbook, including Casino.com in June – the first UK licensee on the Playtech platform.



Bingo

Playtech delivers an omni-channel bingo solution, allowing players to enjoy the same seamless experience across any platform, on any device, including retail, all through a single wallet and a single account. Our UK bingo network consists of more than 100 brands and manages more than 100,000 games daily involving more than 20,000 concurrent players.

Poker

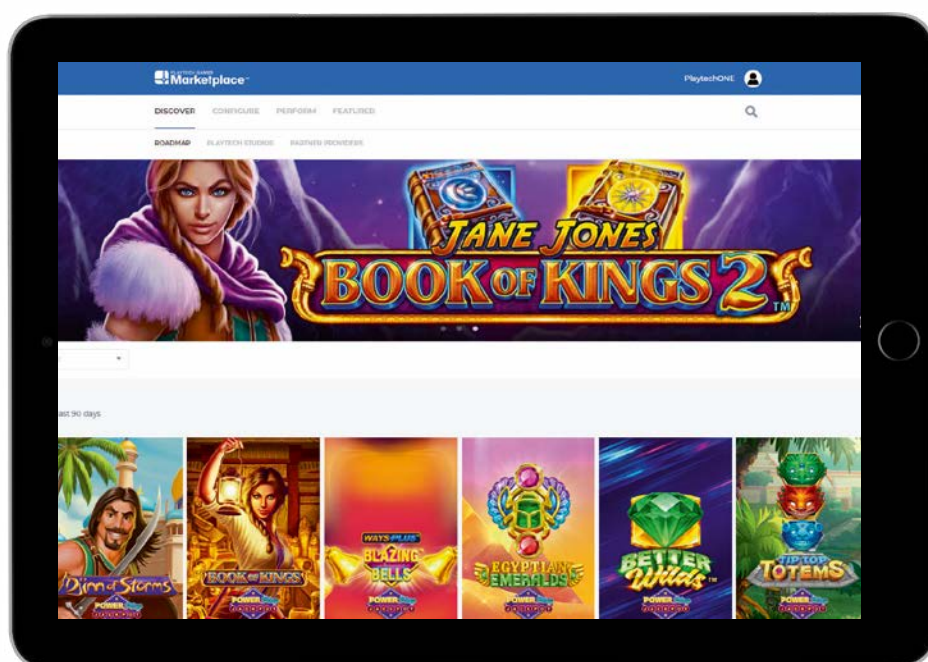
Playtech Poker software is fully compatible with all other Playtech products and services and Playtech’s unique BIT. Fully integrated with our leading IMS player management platform, our Poker solution features everything licensees need to launch their own fully branded, fully customisable poker rooms, with multiple game types and an extensive selection of table stakes and buy-ins.

Following a period of evolution in line with market challenges, Poker has experienced a resurgence during 2020, with major operators including Betsson Group, RedStarPoker, Grosvenor Poker and Coolbet making their debut on the Playtech Poker network.

The infrastructure of the industry

Playtech Games Marketplace

The future of games discovery and distribution.



Playtech Games Marketplace is capable of discovering, configuring and providing intelligence on content, regardless of the technology that the game was built in – giving operators a single content discovery and management tool.

Games Marketplace

Operators can access one of the industry's largest portfolios of games from Playtech and its content partners and use Playtech's data-driven platform services to configure and distribute the games.

Discover, Configure, Perform

Playtech's Games Marketplace is the industry's leading content discovery technology, where licensees can discover and access the portfolios of Playtech and its third-party content partners. The app style format is powered by the data in Playtech's platform and allows users to search for content-based success and popularity by geography, demographics or other KPIs.

- Open platform: more than 3,800 games available in one of the industry's largest open games platforms
- Intelligence and insights: Playtech's data-driven business intelligence tools allow for easy-to-follow stats and analysis on games

“A one-stop shop for operators to discover, design and distribute games.”

• Access Playtech's scale: shop window allows third-party studios to access Playtech's technology and distribution network:

- Games roadmap and promotional sections
- Client area for marketing asset repository

As part of Marketplace, GPAS allows third parties to develop gaming content using a drag-and-drop maths engine to create any type of slots game with any array of features for any type of market or player. Games developed use Playtech architecture.

- Develop omni-channel games in one development cycle
- Data-driven: real-time stats calculation, model sharing and collaboration

Continued dedication to innovation

Playtech continues to innovate across its technology products and infrastructure.

Highlights

In 2020, Playtech continued its dedication to innovation across our technology, content and infrastructure, in line with our strategy to lead industry direction in these areas. Key areas of progress to highlight include the expansion of Player Journey within our Engagement Centre, improved personalisation via our data-driven games grid, innovative new content across Casino and Live Casino, including the industry's first Live Slots game, and the AI-driven Bet Recommender for Sports.

Engagement Centre

Within IMS's Engagement Centre toolset, we commenced the full rollout of Player Journey – a revolutionary tool to help our customers optimise their players' lifecycles. The technology allows licensees to create, implement and evaluate their own journeys, personalised based on data and driven by key communication touchpoints using our In-Game Messaging feature and other key marketing channels. Additionally, we engaged with customers to build "pre-canned" journeys designed to support key challenges and priorities, such as churn reduction and longer-term player retention.

In-Game Messaging gives licensees a powerful tool to communicate with players at their most engaged – via pop-up and "toaster" style notifications. Well-established in Casino, rollout across other verticals continues, creating exciting possibilities from a player retention and conversion perspective. For example, players who enjoy a particular brand, such as Age of the Gods™ (AOTG), can be incentivised in real time with relevant promotions for other games in the series across various verticals (such as a message offering promotional chips for AOTG Poker within a Casino game).

The Engagement Centre is also home to gamification tools such as Leaderboards and the new Mystery Parcel function. Designed to engage players by creating a competitive element to their play, Leaderboards offer a key point of differentiation and an effective way to

offer player incentives and rewards, including bonuses, extra reward points and cash and physical prizes. Already established in Casino, Leaderboards are now being rolled out to Live Casino to build on this success.

Launched earlier this year, the Mystery Parcel widget is designed to boost engagement and add an extra dimension to gameplay. An opt-in promotional tool, the parcel rotates between eligible players, stopping at various points during a configurable period to issue a range of prizes as per licensee settings.

Data and personalisation

The newly rolled-out Personalised Games Grid 2 (PGG2), an updated version of our Netflix-style games recommendations engine which is based on individual player data, has improved the quality and relevance of player recommendations, including highlighting favourites and trending games. Brands using PGG2 have experienced an increase in all major KPIs, for example, a double-digit increase in average income per player and an increase in distinct sessions per player versus control groups.



Games Marketplace

Playtech's Games Marketplace is the industry's leading content discovery technology, where licensees can discover and access more than 3,800 games from Playtech's portfolio of content, third-party content partners and content created or edited in GPAS. For the first time, operators can access the industry's largest portfolio of games from Playtech and its content partners and use Playtech's data-driven platform services to configure and distribute the games.

Playtech Sports

2020 was also a year of continued improvements and developments to the digital sportsbook, most notably the integration of the IMS-based Player Journey and engagement messaging (Playtech Engagement Centre) with Sportsbook. Other key product enhancements include operator-controlled event cards to promote specific sports or events, dynamic price enhancements and events-triggered bonusing, plus a bespoke Virtual Sports offering for Danske Spil, Denmark's national lottery operator.



Photo by: Mario Pampel Postproduction

Highlights continued

Live Casino

A robust schedule of content launches featured a series of industry firsts, including Buffalo Blitz™ Live and Age of the Gods™: God of Storms Live, Live Slots featuring in-game hosting and community spins, designed to create an interactive feel and boost cross-sell opportunities between the Casino and Live verticals. The new Quantum series, featuring Quantum Roulette and Blackjack games, boasts the industry's first multiplier Blackjack game, built on unique maths algorithms, meaning players can win up to 1,000x their stake per round.

Playtech Live's most recent major launch, Adventures Beyond Wonderland, epitomises the strategy to deliver "next level entertainment", with a new format based on a successful slot, combining it with live hosted gameplay and augmented reality for a fully immersive experience.

Elsewhere, Live continues to be a major opportunity for cross-sell, notably through themed and events-based content. The summer 2020 relaunch of Football Roulette saw the introduction of the Let's Play studio, a permanent, dedicated sports-themed environment that will host a wide range of sport-led content throughout the year. A touch-controlled video wall displaying key moments from games, plus Statscore match statistics, is designed to deliver added appeal for Sports customers and create a more immersive experience, in line with the wider Live strategy.



Hindi Roulette



Poker

In a year when Playtech's Poker network grew in a challenging, yet ultimately resurgent, market, key product developments included the launch of time-based and event-based Leaderboards, a new Free Blinds promotional tool and two-level Flight tournaments with an additional prize pot for qualifying players.

Bingo

Playtech Bingo continues to deliver bespoke and exclusive content for major licensees, including The Voice UK Bingo (exclusively developed for Buzz Bingo), Deal or No Deal – The Big Draw (a unique new Live Bingo game, developed by Playtech Live) and a time-triggered jackpot suite for Mecca and Gala Bingo.

IMS for the future...

Continuing to build on the success of the award-winning IMS platform, we have a number of key deliverables that will futureproof our technology for years to come. The system is currently undergoing a complete UX revamp, designed to create a seamless, consistent UI experience across its wide variety of tools within the IMS ecosystem.



Playtech Live Facility, Riga

Academy website

As part of plans to further improve engagement and support of licensees, Playtech is currently developing an externally facing knowledge base for existing and future customers. The new site will allow users to search for digital materials to support day-to-day operations and marketing, easing the burden on f2f interactions and creating a more "on demand" and blended learning experience. As Playtech further expands its footprint across the globe, the Academy website and team will be pivotal in enabling customer onboarding and future growth.

SaaS

Playtech's Software as a Service (SaaS) programme continues to grow, using the capabilities of the Playtech Open Platform (POP) to make selected third-party solutions available to our customers, with direct integration with IMS where applicable. The programme gives Playtech the power to diversify the range of services we offer without additional development and allows our customers to benefit from expertise and rich, complementary functionality provided by specialists in their respective fields.

Playtech's long-term ambition is to continue expanding the programme without compromising on the quality or relevance of partners. The focus for partner selection currently covers six core areas: Compliance and Regulatory, Engagement, Communications, Operational, Affiliation and Retail. With 13 confirmed partners and negotiations ongoing with several more, key signings this year include eKYC and fraud detection specialists TruNarrative – the power behind the industry-leading Affordability UK safer gambling solution – and data-driven email and SMS management experts Purple Square, providers of the Airship platform.

Our content studios

Our studios

Each of Playtech's studios delivers a unique flavour of Casino games, coming together to form the strongest and most varied content offering in the industry.



Origins

Playtech Origins combines vast experience with an ongoing drive for innovation, having created some of the industry's most unique games of the last decade, from classic, long-term top performers such as Buffalo Blitz™ to fresh new concepts such as the Ways Boost series. Using a diverse mix of expert games designers based in-house in studios around the world, including Gibraltar, Estonia, Ukraine, Israel and Bulgaria, it is a pioneer of online gaming content creation.



QuickSpin

QuickSpin is a Swedish game studio that develops innovative video slots for real money online gambling and free-to-play social markets. It was acquired by Playtech in 2016. The aim of its 60-strong team of gaming industry veterans is to cause a market-changing shift in quality and innovation, creating games that they as players would love to play.



Psiclone Games

Psiclone Games is a slot games design studio based in Lichfield, UK, and focuses on the production of unique and engaging high-quality titles. A growing portfolio, covering an increasing range of markets, includes Fairground Fortunes, Bee Frenzy and Sorcerer's Guild of Magic as its expansion continues.



Ash

Ash is a leading London-based games design studio founded in 2002. Operating on a maths-first design paradigm by developing compelling, balanced and unique models, it wraps games such as the new Power Zones™ suite in engaging themes that accentuate the designed feature set.



Vikings

Playtech Vikings' mission is to create the most exciting roadmap possible, with a great mix of games for all player types, bringing years of experience and passion to every project. Vikings' designers have a long tradition of bringing never-before-seen slot features to life and are behind some of the most successful games of the last ten years, including Age of the Gods™: God of Storms™ and Legacy of the Wild™.



Eyecon

Eyecon was founded in Brisbane, Australia, in 1997 and develops slots, Bingo slots and table games for online gambling and free-to-play social markets. It was acquired by Playtech in 2017. With more than 70 titles distributed via its proprietary Remote Gaming Server (RGS), Eyecon games are recognised across many of the major industry platforms and brands.



Rarestone

Rarestone is the newest addition to the Playtech studios family. Founded by veterans of major players in the industry, this Australia-based studio is built on a passion for developing games with global appeal, including the highly successful Fire Blaze™ series. Working on the principle that the best game designers are game players, Rarestone focuses on maths-led development to create titles tailored to seasoned players.

Playtech's award-winning training centre

2020 Learning Technologies Award nominee for Best Training Implementation and Learning Culture.

Established in 2018, Playtech Academy ("Academy") is an accessible, versatile training centre, designed to drive engagement using an active approach to learning. Offering both in-house educational services and learning support for customers, the Academy team brings Playtech employees and licensees a monthly collection of live training events and recorded sessions, to best suit their learning preferences.

Academy is a ground-breaking educational tool for the gambling industry with an average of 20 new activities each month, focusing on key new products, features and developments. 2020 saw the development and final preparations for the launch of our new customer education portal, where customers will be able to search for knowledge resources, with cutting edge video

content, podcasts, articles and live events. Our mission is to transform the gambling industry's learning habits and become the biggest knowledge hub and resource for industry best practices. This new portal will also benefit those who are not licensed with Playtech, who will be able to keep abreast of the latest industry trends and participate in online events.

During 2020, Academy partnered up with several non-profit organisations and charities to support their efforts in moving their operations from classroom-based services to the online channel. Amidst the COVID-19 pandemic, these charities found themselves unprepared for online service delivery. Academy supported them with hosting their online training, creating online tutorials and closely monitoring their transition from a classroom-based operation to a fully online presence.

Academy also supported the business by initiating the Stronger Together campaign for all Playtech employees where they were invited to take part in many online well being sessions including physical and mental health support.

With more than 50 sessions and over 1,000 participants since the start of the pandemic, this campaign quickly became one of the biggest successes Academy has ever seen.

Shimon Akad, COO at Playtech said:

"A huge amount of effort and investment has gone into Academy, so it's fantastic to see this recognised with a nomination at the Learning Technologies Awards. Our mission is to deliver the most innovative products and technology, but in many ways, this is only half of the journey. By providing accessible, intuitive support and training, we can help our customers maximise the benefits of that technology and ensure the widest adoption and ongoing usage rates."



Our B2C division

B2C overview

In the B2C segment of Playtech's Gambling division, the Group utilises its proprietary technology and capabilities to operate either through white label agreements with other organisations or directly as a B2C operator in select markets.

Operations

Our B2C division is comprised primarily of Snaitech in Italy but also includes other B2C businesses such as white label agreements and HPYBET, Playtech's Retail and online Sport B2C business in Austria and Germany.

Snaitech is a leading operator in the Italian betting and gaming market. Back in 2018, the combination brought together Playtech's technology with Snaitech's powerful brand and local expertise in Europe's largest gambling market. It created a fully vertically integrated retail and online Italian gambling business that can control its own technology, from land-based to online. Snaitech's retail betting business operates almost exclusively a franchise model with a low fixed cost base. Snaitech is also a leading operator of retail gaming machines (including AWP's and VLT's).

Playtech's white label business is predominantly focused on its long-term partnership with media group News UK, through which it operates the Sun Bingo brand. HPYBET, Playtech's Retail Sport B2C business, operates betting shops in Austria and Germany.

SNAITECH

B2C benefits

- Showcase for Playtech ONE and proof of concept for the Group's products and services
- Investing in B2C activity gives greater access to end customers
- Catalyst for future technology and product development for the benefit of all partners and stakeholders
- Strategic optionality when devising its approach in regulated and regulating markets

Italian market opportunity and online success

The largest overall gambling market in Europe is Italy, which is 79% land based and only 21% online with potential to continue growing significantly online. Only a year ago, the market was 90% land based and only 10% online, albeit with some of the shift in 2020 attributable to the closure of retail shops owing to the COVID-19 pandemic. Overall, the online market in Italy has grown at a CAGR of 17% in the last five years and the Group is, through Snaitech, perfectly positioned to capitalise on the shift towards online in the years ahead.

Snaitech's online business grew 58% in 2020. Since the introduction of the Italian advertising ban in July 2019, the Group has successfully leveraged Snaitech's brand strength and Playtech's technology expertise to drive Snaitech into becoming the market leader across online betting and gaming in H2 2019 – a feat it achieved again in H2 2020.

Our B2C division continued

Snaitech: Resilient performance despite significant retail closures

In 2020 Snaitech continued to strengthen its market position in Italy.

Snaitech had a robust operational performance in 2020 when considering the significant lockdowns in light of the COVID-19 pandemic and the resulting closures of retail shops and cancellations of sporting events.

Snaitech's total revenues in 2020 decreased by 37% compared to 2019, due to the impact of retail shop closures and the cancellation of sporting events between March and June, as well as further retail closures in November and December, partially offset by very strong growth in online. The online segment continued to perform very well with growth in online revenue of 58% compared to 2019.

While Snaitech's Adjusted EBITDA declined 19% due to the impacts of the pandemic, its impressive growth in online EBITDA saw healthy overall margin expansion.

Online revenue growth

58%

In 2018, the government in Italy approved an advertising ban for all forms of gambling which took effect from 14 July 2019. The Group expected Snaitech to be relatively better positioned than online-only competitors given the strength of its retail brand and presence and this has been seen in 2019 and 2020 since the implementation of the advertising ban. Management believe that, in the longer term, the advertising ban could facilitate market consolidation in the fragmented online market as online-only operators lose their means of advertising.

Snaitech confirmed its position as the leading player in the market across retail and online Sports betting in 2020 and also reached the number 1 position in overall online betting and gaming in H2 2020. Playtech expects Snaitech to continue to benefit from the advertising ban going forward and further strengthen its market position in online.

#1

Snaitech's market position in sports betting (combined online and retail GGR)

Operational strength despite headwinds

Snaitech experienced a very strong start to 2020 through January and February. However, following the decree from the Italian Government issued on 8 March 2020 as a result of the COVID-19 pandemic, all betting shops, arcades and bingo halls across Italy were forced to close. Snaitech was further impacted by the postponement of most sporting events and competitions globally. During this period Snaitech continued to generate revenues from its online business, mostly through online gaming with online betting being severely impacted by the lack of sporting events. While Snaitech lost significant revenue from retail closures and the lack of sport, Snaitech managed to remain broadly breakeven on an EBITDA level even during the peak of the pandemic. This is due to the strong performance of online and Snaitech operating almost exclusively a franchise model with a low fixed cost base. Management used the lockdown period to continue strengthening Snaitech's technology to increase integration between retail and online, providing customers with a safe, multi-channel gaming experience.

Retail shops began to reopen in June with the introduction of appropriate safety measures such as plexiglass screens and social distancing rules. The return of football and other sporting events acted as a significant boost as activity levels started to normalise towards the end of H1 and into H2. Snaitech's performance was very strong from July through October, and while further lockdowns led to retail shop closures in November and December, online continued to perform very well throughout the period. Overall the business navigated the challenges of the pandemic to have a resilient 2020.



Interview with Fabio Schiavolin, Snaitech CEO



Q:

How was 2020 for Snaitech?

I am very proud of our people and our achievements in 2020. Considering the significant challenges we faced due to retail closures for half of the year and the lack of sporting events for parts of 2020, we have delivered a fantastic operational performance in online while managing to remain financially strong and also achieving remarkable cost efficiency. We have continued to increase our market share in the total online betting and gaming market and remained the market leader across combined retail and online betting market. Our online business had incredible growth in 2020 as we leveraged our brand to strengthen our market position.

Q:

How has the COVID-19 pandemic affected Snaitech?

Before the pandemic hit, Snaitech had a very strong start to the year. January and February were excellent months for us. When the government closed all betting shops, arcades and bingo halls in March and sporting events were cancelled, we lost significant revenue from retail and online betting, although our franchise model limited the impact. Our people remained strong and supported each other throughout, and we began to reopen shops in June with appropriate safety measures. We had a great summer with the return of sports, and retail activity returned towards normal levels until further lockdowns were imposed in late October. Our business has remained strong due to our online presence and our people have been fantastic.

Q:

What was presented during Snaitech Sustainability Week?

In October, exactly five years after the formation of Snaitech Group, we hosted the second edition of Snaitech Sustainability Week, an event dedicated to information and awareness on initiatives concerning sustainability which is led by the iZilove Foundation, Snaitech's entity dedicated to social causes. Themed as "A journey five years long", we showcased the most significant moments since 2015 grouped into five sustainability drivers including financial, environmental and social achievements. We presented the 2019 Snaitech Sustainability Report, which discusses "5 years in 5 projects and 25 stories" – our 25 stakeholders' testimonies narrating key projects that have shaped the evolution of Snaitech Group over the last five years. We also launched new formats such as live webinars and Instagram talks to make this event accessible digitally. I personally met the representatives of three non-profit organisations (AMREF Health Africa, Special Olympics Italia and Fondazione Renato Piatti Onlus) to discuss CSR projects carried out through the iZilove Foundation in the last five years. The event was attended digitally by our employees and external stakeholders and was a huge success.

Q:

What has the partnership with Playtech brought to Snaitech?

It has now been more than two excellent years since Snaitech joined the Playtech Group. In 2020 more than ever, the combination of Playtech's online expertise and technology stack along with Snaitech's leading brand and market presence has made us a powerful force in the Italian market and enabled us to continue strengthening our position. Snaitech and Playtech have a long, successful history having worked together since 2006 and we are excited about the years ahead.

Q:

What are you focused on going into 2021 and beyond?

We're focused on continuing to use our strong brand awareness to continue taking online market share, particularly in light of the online advertising ban in Italy, as well as continuing to work closely with our franchisees and deliver the best technology and retail gaming experience in the market. The combination of the experience of management and the culture of innovation will continue to boost our market position in the forthcoming years. Besides, Snaitech has a history of strong ethical values and a commitment to safer gambling and we remain passionate about being a sustainable business and dedicated to our charitable initiatives.

Continually evolving regulatory landscape

Regulation continued to be a major influence on the gambling industry throughout 2020, with new markets opening and regulation in existing markets evolving.

Playtech is committed to raising industry standards and facilitating a fairer, safer and more sustainable sector. The Company continues to actively promote regulation in all markets. Effective regulation should ultimately lead to a safer gambling experience. Starting from increasing the potential longevity of each market by driving responsible decision making and investment in safer gambling by operators, regulatory legislation should improve consumer protection in our business of entertainment. Playtech's commitment to safer gambling and its use of technology and data to support its licensees in this area position the Group well to remain the leading platform in regulated markets.

>30

regulated jurisdictions

Regulated markets we serve in Europe, Latin America and the US remain key to Playtech's continued growth. Playtech's increase in regulated revenue in recent years is a result of its sustained progress against its strategic goals as well as the continuing success of Snaitch in Italy. Playtech continues to expand into new regulated markets, including the US. The Company intends to increase its scale and distribution in these markets by leveraging its range of products and services across the gambling value chain and its global expertise to sign new licensees as well as expand its relationship with existing licensees into further regulated and newly regulating markets.

US

Since the repeal of PASPA in 2018, numerous states including New Jersey, Pennsylvania, Nevada, Indiana, Colorado, Iowa, Mississippi, Washington D.C., Illinois and most recently Virginia 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, 22 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. West Virginia began allowing online casino in 2020, while Michigan launched in early 2021, joining New Jersey, Pennsylvania, and Delaware while Nevada allows online poker only.

● To read more about Playtech in the US market, please refer to pages 20 and 21.

Europe

Regulated markets in Europe represent significant growth opportunities. The Ukrainian regulations launched on 14 July 2020 and looking forward, others will follow. Netherlands and Germany, both top 10 markets in Europe, are likely to reach regulatory resolutions in 2021 with the Netherlands expected to issue licenses and

Germany set to update its expiring inter-state gaming treaty. Playtech is well positioned to enter each of these markets and was awarded a sports betting license in Germany through its B2C division HPYBET in October 2020.

After many years of uncertainty for online casino in Germany, the market provided some regulatory clarity in late 2020 as the 16 Länder (German federal states) confirmed that they have agreed to a transitional Tolerance Policy for the period ahead of the implementation of the Interstate Treaty 2021. The Tolerance Policy effectively brought forward several parts of the Interstate Treaty, namely switching off casino table games (Blackjack and Roulette) until the individual Lander chooses to issue licenses under the Treaty, as well as deposit limits on slots and poker of €1,000 per month, €1 maximum stakes per spin on slots, 5-second minimum duration of slot spins and certain advertising restrictions.



Photo by: Mario Pampal Postproduction

In Italy, one of the Group's largest markets due to the presence of Snaitech, the Government introduced significant restrictions effective since July 2019 on the online advertising of gambling products. Although smaller operators, particularly those who solely operate online, will likely find it more difficult to compete in the market, Snaitech's retail presence and the strength of its brand saw it benefit from the advertising ban in relative terms while it continued to increase its market share online. Further, in light of the COVID-19 pandemic, the Government introduced an additional emergency tax on retail and online sports betting until the end of 2021.

Latin America

Latin America remains a key growth territory for online gaming. Playtech continues to explore deals across Latin America and will look to leverage the success of its relationship with Caliente in Mexico. In H2 2019 Playtech signed a major new agreement with Wplay, one of the leading operators in Colombia, which went live with Playtech technology in 2020. Playtech also signed agreements in Guatemala, Costa Rica and Panama in 2020 as it continued to extend its presence in the region. Playtech recently received a licence in the province of Buenos Aires in Argentina.

Sports betting legislation has been passed in Brazil, which is expected to be implemented in the next few years. Given the population and its access to the mobile channel, this could be an interesting opportunity in the future. Further jurisdictions such as Peru and individual provinces of Argentina should also provide opportunities for Playtech in the coming years.

UK

The UK remains a key regulated market for Playtech with 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 in order to review the current gambling laws in the UK. After an initial 16-week call for evidence, the Government will assess the evidence presented, alongside other data, with the aim of setting out conclusions and any proposals for reform in a white paper next year. Playtech is curating data and evidence relating to the call and will be submitting in line with the Government's request.



During 2020 Playtech pledged to make a £3.5 million payment to charities in lieu of a regulatory settlement following an investigation into one of its former B2C operations. The Gambling Commission investigation focused on regulatory failings which occurred between May 2015 and September 2017 in a subsidiary that operated two B2C brands in the UK, namely Titan.co.uk and Winner.co.uk. Titan.co.uk closed in August 2018 and Winner.co.uk closed in June 2019. This was part of a strategic decision to focus on the Group's B2B activities in the UK and was taken in advance of the UKGC's investigation.

Following a fresh review of the UKGC investigation led by interim Chairman Claire Milne, the Board took the decision to voluntarily make charitable donations of £3.5 million and send the message to all Playtech's stakeholders that this event in a former operation was not representative of Playtech's high standards or where the Company sits today.

Game Design

Given Playtech's status as a strategic technology partner to major operators worldwide, it is uniquely positioned to champion innovation in product safety and game design. This is an area of growing interest amongst regulators, politicians and society at large.

Playtech was invited to co-lead the UK Gambling Commission (UKGC) and Betting and Gaming Council's industry efforts to develop the industry's first code of conduct on safer game design. The code, published in September 2020, addresses player safety by ensuring that safer gambling principles are fully incorporated into the design of online games before they enter the market.

The resulting Game Design Code of Conduct includes principles as well as commitments to act on specific features such as limits on slot spin speeds and bans on certain features to discourage intensive play. Following extensive consultation, the measures outlined in the Code were agreed by all members of the Betting & Gaming Council, with some requirements being implemented immediately and others in 2021. The Code is intended to be a living document, evolving as the research base and understanding around game design continues to develop.

Playtech is committed to playing a major role in pioneering this important research agenda by providing sound empirical data and insights. In the years ahead, the Group hopes to spur greater levels of industry collaboration. In the UK, the regulator is currently consulting on whether to include the Code measures in its own License Conditions and Codes of Practice (LCCP), which would make compliance mandatory for all UK-licensed operators.

Responsible business and sustainability

Committed to building a sustainable and safe gambling industry

At Playtech, we're committed to growing our business in a way that has a positive impact on our people, our communities, the environment and our industry.

Responsible business and sustainability

For 20 years, Playtech has strived to be a technology leader in its industries.

Given its scale and strengths, Playtech is well-placed to continue growing in regulated and regulating markets; the Group's employees have a wealth of experience, combined with the Company's data-driven technology and the proven ability to innovate.

Beyond its high growth and rapidly changing industries, Playtech is operating in a time of profound global economic and societal change. 2020 alone has seen the world grapple with the unprecedented challenges of a pandemic, the acceleration of climate change and growing calls for more inclusive societies and business.

It is clear that the definition of success is changing for all businesses. Success is no longer about simply maximising profits.

2025 sustainability strategy

Purpose

Playtech creates technology that changes the way people experience gambling to build a sustainable and safe entertainment industry

Values



Integrity



Innovation



Excellence



Performance

Ambition

A trusted, global leader in safer products, data analytics and player engagement solutions to raise industry standards

Commitments

Powering safer gambling solutions

- Increase uptake of safer gambling technology, tools and solutions
- Harness investment in R&D to advance the next generation of safer solutions and features — including responsible game design
- Strengthen safer gambling standards and technology across our operations

Promoting integrity and an inclusive culture

- Promote integrity and reduce compliance risk across our operations and supply chain
- Strengthen data security and privacy practices across the business
- Reduce our carbon footprint by 40% by 2025
- Strengthen diversity and inclusion and reduce the gender pay gap

Partnering on shared societal challenges

- Help people live healthier online lives and adopt digital resilience and safer gambling behaviours
- Increase employee participation in and contribution to volunteering
- Contribute to and support research, education and training to prevent, reduce and address gambling-related harm

Looking ahead, Playtech is focused on growing its business in a way that has a positive impact on its people, its communities, the environment and its industries. This is why the business launched its new five-year sustainability strategy in 2019: Sustainable Success.

This section outlines key responsible business developments in 2020 and the Company's plans for the future, including both narrative commentary and a growing suite of key performance indicators. This approach to doing business responsibly is multifaceted and ever evolving, but it remains anchored in the issues that are most material for the Group's stakeholders and the continued success of the business.

The detailed methodology behind the data reported in this section can be found at <https://www.playtech.com/sustainable-success>.

Issues that matter to Playtech and society

Playtech operates in a world that is ever-changing. Regularly assessing which issues are most material to the business and industries it operates in is essential to successfully test and develop the Group's responsible business strategy and reporting. Playtech defines an issue as being material if it is considered important by key stakeholders and could have a significant financial impact on the business. As such, the business considers both risks and opportunities as part of the materiality assessments.

The most recent materiality assessment started in Q4 2020. For this, Playtech conducted a systematic scan of the priority issues for the gambling sector, as defined by investors and the wider

financial community, employees, licensees, gambling charities, regulators and the media. The Company then grouped together the long list of issues into more meaningful clusters, which were prioritised through a variety of exercises, including internal interviews as well as input and validation via interviews with a selection of external stakeholders. Lastly, the draft outcomes were presented to our newly formed Stakeholder Advisory Panel who provided additional insights and made recommendations for keeping the assessment up to date in the future.

The diagram below provides a visual overview of the material concerns, segmented operational, strategic, material and emerging issues. Emerging issues typically represent challenges that may not be on the stakeholders' radar yet but are instrumental in the Group's planning for the future. While this may break with usual conventions around materiality assessments, Playtech is a unique business, spanning both the technology and gambling industry classifications for Environment, Social and Governance (ESG) benchmarks. To that end, the company has taken into account material issues from both sectors in its materiality assessment.

The seven issues identified as being the most material are:

- **Safer gambling** embraces areas such as games design & product safety, marketing, investment in research, education and treatment (RET), customer engagement, regulation, data analytics and the use of AI

- **Carbon efficiency and reduction** covers policies, initiatives and performance relating to climate change prevention, mitigation and adaptation
- **Corporate governance (ESG)** refers to elements of governance that relate to the social and environmental aspects of sustainability such as board diversity and experience, incentives and remuneration, as well as integration of sustainability into decision-making
- **Financial crime** focuses on anti-money laundering (AML), anti-bribery & corruption (ABC), tax evasion and professional integrity
- **Human capital management** covers issues such as talent attraction & retention, employee engagement, training & development, and diversity & inclusion
- **Data protection and cybersecurity** relates to policy, governance, and resourcing as well as operational KPIs including breaches and compliance costs
- **Employee health and safety** which relates to looking after the mental and physical health of employees – a concern that has come further to the fore as a result of COVID-19

To date, materiality has helped inform the development of Sustainable Success and, in the future, the insights gained will help to refine it further. The approach to materiality is dynamic and will continue to evolve and adapt, ensuring assessments help the business to capture changes in the business and in society, as well as focusing on reporting and ESG disclosures.

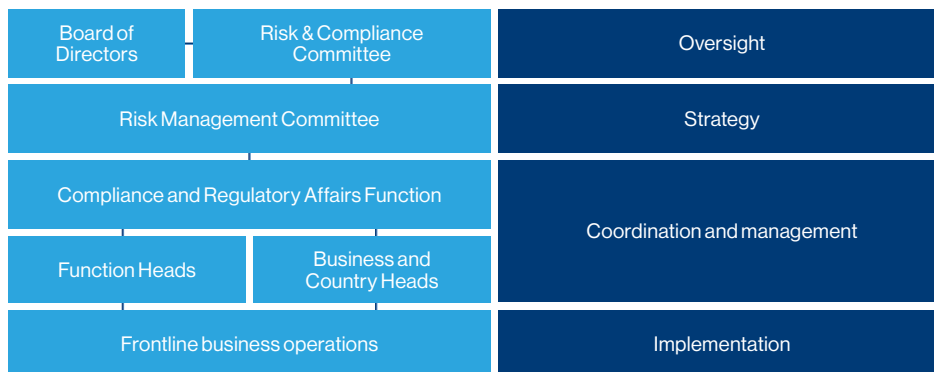
Sustainability Materiality Matrix



* Sharp increase in importance due to COVID-19.
 ** Relevant to Snai only.

Responsible business and sustainability continued

Sustainable Success governance structure



This section outlines the material and emerging issues of interest to stakeholders, including topics that are related to wider community investment activities and water usage within the Group's Italian operations. Playtech makes disclosures to various audiences and through multiple communications channels, so many issues are reported in more depth outside of the annual reporting cycle. For instance, Playtech has participated in the Hampton Alexander Review on diversity as well as the CDP disclosure system to manage environmental impacts.

The strategy: Sustainable Success

Playtech is committed to growing its business in a way that has a positive impact on its employees, communities, the environment and the industry.

In 2019, Playtech developed a five-year responsible business strategy, Sustainable Success. The strategy underpins Playtech's commitment and aspiration to be a leader within the industry and sets out the principles by which it will weave sustainability and responsible business into everything it does. The aim is not just for Playtech to make progress; it is about raising standards for the whole of the gambling sector, which is something the business is uniquely positioned to do.

Sustainable Success is built around commitments to powering safer gambling, promoting integrity and inclusivity, and partnering on shared societal challenges. By bringing Playtech's passion for innovation to this ambition, the Company is determined to be a leader in the digital entertainment industry.

Sustainability governance

Sustainable Success is increasingly embedded in how the business operates. In 2020, the business began developing a new KPI scorecard that will enable the company to systematically review its non-financial performance. In 2021, Playtech will explore how this will inform, challenge and progress Sustainable Success. Playtech will also establish a Stakeholder Advisory Panel which will meet for the first time in early 2021.

The Risk and Compliance Board Committee oversees progress and performance of sustainability, alongside ethics, public affairs, regulatory affairs and compliance topics. This Committee continues to set the agenda and monitor the implementation of, and performance against, the strategy. Claire Milne has chaired the Committee since 2018 and serves formally as the Board-level champion for sustainability and responsible business issues.

The day-to-day responsibility for managing sustainable business sits within the Regulatory Affairs and Compliance function. In practice, this is the function that coordinates action, provides subject matter expertise, delivers support to functions, business units and country management, manages and tracks performance as well as leads engagement and partnerships with external stakeholders, alongside the Corporate Affairs Director. The Chief Compliance Officer remains a member of the Executive Committee, attending Board meetings and sitting on the Risk & Compliance Board Committee. In addition, he is a member of the Group Risk Management Committee, the main executive forum for reviewing risks and feeding information to the Board Risk & Compliance Committee.

In addition, Compliance and Regulatory Affairs is part of key commercial, product, project and operational processes and decision making. The Compliance and Regulatory Affairs team works closely with the Chief Operations Officer (COO), which directs, oversees and co-ordinates platform and product activities. In doing so, compliance is integrated into decision making on products, projects and product decision making. Compliance and Regulatory Affairs is part of the annual and quarterly business review process as well as project initiation and approvals, product approvals, launches and incident management.

The Group's governance processes are supported by Internal Audit. The function provides assurance to the Board and Executive Management Team that effective systems and controls are in place to manage all significant risks within the business.

The Regulatory Affairs and Compliance function is subject to recurring annual reviews, the scope of which are dynamic and vary from year to year. Internal Audit also ensures that compliance-related areas are integrated into other operational audits as and when applicable.

Compliance also leads a number of internal co-ordination and governance forums to align and integrate compliance and regulatory considerations into planning and decision making. In 2019, Playtech launched a Compliance Council to formalise this process and with the following objectives:

- Inform Playtech's products, business units and projects of current and evolving regulatory affairs and compliance topics
- Review and assess the impact of regulatory and compliance developments
- Discuss and co-ordinate regulatory and compliance positions
- Share information and raise awareness of progress, challenges and/or resource concerns that may impact Playtech's compliance and regulatory position

Participation in this forum includes representatives from the following functions and divisions: Service operations and Incident Management; Project management; IMS; Products; Infrastructure; Account Managers and commercial directors; Technical Account Management; Joint Ventures; Innovation and Consultancy.

Group scorecard

- Over the course of 2020, Playtech developed a Group scorecard to assess performance against key non-financial metrics
- The Group scorecard is heavily focused on safer gambling, which is one of the key material issues for Playtech and also one of three key pillars in the sustainability plan.
- The scorecard also assesses progress towards our environmental, diversity and wellbeing, supply chain and social investment goals
- Playtech will also track performance in specific areas, such as the safer gambling industry commitments, which tracks how Playtech is meeting its commitments to voluntary safer gambling commitments

7 Goals

Measuring progress

1. Operational excellence in safer gambling		Strengthening operational performance and meeting evolving best practices
2. Uptake of safer gambling solutions		Delivery of Playtech Protect solutions
3. Innovation in safer gambling solutions		New/evolved safer gambling products/services and innovation including SaaS partnerships
4. Low-carbon business		Reduction in GHG emissions towards 2025 target of 40% absolute reduction vs. 2018 baseline
5. Improved gender diversity and wellbeing		Year on year improvements in reducing gender pay and bonus gaps, increasing proportion of women in senior leadership, implementation of global inclusion and wellbeing programme
6. Management of compliance risk across supply chain and third-parties		Process improvements to embed compliance and sustainability in risk management and decision making (licensees, partners and JVs)
7. Transparent spend and maximised impact of community investment		Delivery of flagship commitment to promote healthy online living, strategic planning of investment, employee engagement and reach of community investment initiatives

Responsible business and sustainability continued

Powering safer gambling solutions

As a business, the biggest impact Playtech can have on society stems from its gambling technology.



This is a theme that was reinforced by the Group's stakeholders during the latest materiality assessment and why the first commitment under Sustainable Success is about powering safer gambling solutions. This has always been a vital area for Playtech – and the sector it operates in – and will only become more important in the years ahead as the Company works to:

- Increase uptake of safer gambling technology, tools and solutions;
- Harness investment in research and development to advance the next generation of safer solutions; and
- Strengthen operational safer gambling standards and technology – both B2B and B2C.

Launching Playtech Protect

Since acquiring the responsible gambling analytics platform BetBuddy in 2017, Playtech has continued to invest in safer gambling technology, research and partnerships to make player protection a core part of its products and services. This places Playtech in a unique position to offer operators best-in-class solutions to proactively identify and engage with at-risk players. The launch of Playtech Protect in 2020 was a signal of the Group's ambition to be at the forefront of innovation. Playtech Protect embodies the Company's commitment to place safer gambling at the heart of its core products and services. It brings together Playtech's responsible gambling and compliance technology, tools, services and research under one division. This includes the IMS platform, Engagement Centre and BetBuddy AI-driven application, as well as ongoing research into sustainable product and game design.

In doing so, Playtech is pioneering the use of research, data and technology to develop products to identify at-risk customers through the use of artificial intelligence (AI) and to deliver tailored safer gambling interventions to customers, based on their personalised risk profiles.

As part of the Playtech Protect launch, Playtech created a new asset library which makes available its latest research and thinking on safer and responsible gambling. The library includes white papers, blog posts, videos and podcasts, and is

available to anyone. Playtech is committed to sharing its research, data analytics expertise and insights with a wide range of stakeholders, including trade bodies, research organisations and academics. The Company has also launched a new dedicated LinkedIn showcase page to help keep the industry abreast of the latest developments in safer and responsible gambling.

In 2020, Playtech Protect engaged with eight brands to provide safer gambling services as compared with six brands in 2019. Playtech aims to continue increasing this number year-on-year, enabling more licensees to benefit from the safer gambling functionality in the AI-driven application. In 2020, Playtech added a new compliance and safer gambling SaaS partnership bringing the total number of compliance and safer gambling partnerships to six. These partnerships play an important role in supporting more licensees to compete, grow and thrive in the changing regulatory landscape. The number of published research and insights contributing to safer gambling also increased in 2020 to six from three in 2019. This includes articles, blogs, white papers and podcasts which serve as channels for sharing insights and contributing to global, industry safer gambling research.

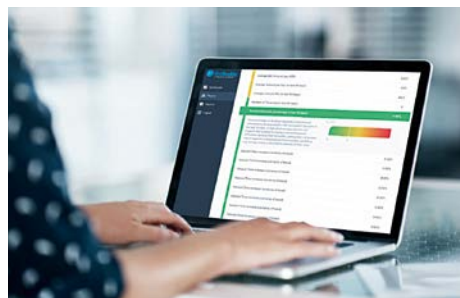
Technology partnerships to enhance safer gambling and compliance

Playtech continues to invest in Research and Development (R&D) to evolve existing technology and develop new safer gambling solutions. A strength of Playtech's platform technology is that it can integrate with third party software providers and distribute the services and products to its licensees at scale, bringing best practice solutions from industries such as e-commerce to the gambling sector. With this capability, Playtech has established partnerships with complementary technology partners to address safer gambling challenges such as affordability checks and digital marketing issues, as well as monitoring affiliate compliance with advertising requirements.

In 2020, Playtech announced a new partnership with TruNarrative, which brings together age and identity verification, electronic Know Your Customer, fraud detection and AML compliance. In November, the Company announced the integration of Affordability UK into its technology platform. Affordability UK is provided by TruNarrative and can accurately and reliably identify customers whose gambling spend may be unsustainable. The combination of insight and the capabilities of the TruNarrative platform will allow operators to:

- Write bespoke rules and build thresholds around a player's affordability data, transactions and behaviour
- Automate decisions and perform manual investigations based on real-time data
- Use a single interface and customer picture to track player spending behaviour across multiple brands

As regulatory requirements around the sustainability and affordability of gambling become ever more stringent, Playtech hopes to empower operators to meet these requirements and protect their players.



Pioneering sustainable product and game design

Given Playtech's status as a technology partner to major operators worldwide, it is uniquely positioned to champion innovation in product safety and game design. This is an area of growing interest amongst regulators, politicians and society at large and has emerged as a dominant topic emerging from the Company's latest materiality exercise.

Since 2017, Playtech has invested in a programme of research and pilots on safer product and game design. In 2018, the Company established an internal working group to advance this work and in 2020, Playtech was invited to co-lead the UK gambling regulator's (The Gambling Commission) workstream to develop the industry's first code of conduct on safer game design. Playtech also played a leading role within the Betting and Gaming Council's (BGC) work in this

area. The code, published in September 2020, addresses player safety by ensuring that safer gambling principles are fully incorporated into the design of online games before they enter the market.

The resulting Game Design Code of Conduct includes principles as well as commitments to take action on specific features such as limits on slot spin speeds and bans on certain features to discourage intensive play. Following extensive consultation, the measures outlined in the Code were agreed by all members of the Betting and Gaming Council, with some requirements being implemented immediately and others in 2021. The Code is intended to be a living document, evolving as the research base and understanding around game design continues to develop. Playtech is committed to continue playing a major role in pioneering this important research agenda by providing sound empirical data and insights. In the years ahead, the Group hopes to spur greater levels of industry collaboration.

As part of Playtech's approach to safer game and product design, Playtech initiated a game labelling initiative aimed at improving player education in online slots. Playtech also trialled a new training programme called "Game Awareness in Player Protection" (GAPP). GAPP is designed to educate game developers in understanding the key concepts of safer game design, including considering the risks of features, how the gambling environment may affect customer behaviour and explaining emerging research so it can be used to inform games development. The GAPP training programme is being rolled out to Playtech game developers in a further extended trial following the initial pilot scheme. The GAPP training will then be further evaluated, and Playtech will undertake a feasibility assessment of offering the training to a wider industry audience.

Investing in safer gambling research and technology

Playtech acknowledges that there are concerns about bias in industry funded research and thus publishes its research, engages with peer review processes and welcomes stakeholder input and engagement with the research agenda. The Company also works with leading academics to review the findings, as well as sharing methodologies and underlying data for others to critique and validate the research.

Playtech's safer gambling research programme covers a variety of highly relevant themes, including data analytics, product safety, ethics and AI and digital wellbeing. The programme builds on ongoing efforts to be on the forefront of research into behavioural gambling risk factors and how to convert those insights into player engagement.

Over the past 12 months, Playtech has published and presented three new peer-reviewed papers at leading conferences on topics such as applying artificial intelligence to anti-money laundering (AML) and gender bias in gambling harm detection algorithms. These papers have been disseminated through some of the most respected global AI conferences in the world, including:

- Lessons Learned from Problem Gambling Classification: Indirect Discrimination and Algorithmic Fairness, AI for Social Good at the Association for the Advancement of Artificial Intelligence (AAAI), November 2020
- Semi-supervised GANs for Fraud Detection, International Joint Conference for Neural Networks (IJCNN), June 2020
- Understanding the Risk Profile of Gambling Behaviour through Machine Learning Predictive Modelling and Explanation, 33rd Conference on Neural Information Processing Systems (NeurIPS), December 2019



Playtech has also launched industry research briefings, which aim to provide Playtech's stakeholders with original, accessible, and practical research findings from Playtech's internal and peer-reviewed research as well as research from Playtech's wider industry collaborations. The research will cover themes such as data analytics, product safety, ethics and AI and digital and will be issued every quarter.

Responsible business and sustainability continued

Safer game and product design

Looking to 2021, Playtech recognises the growing interest in safer game and product design and therefore plans to invest in research and programmes to help advance understanding and insights. This includes exploring the feasibility and models for product risk evaluation framework involving some combination of product risk principles and protocols. The following visual illustrates the different workstreams involved with the safer game and product design strategy.

Principles and standards	Risk management	Innovation	Research and insights
Internal working group	Game theme criteria	Chili ratings/labelling	Game labelling
Leading industry codes and standard development	Game design training	Product classification	Game classification
Formal adoption as part of safer gambling policy	Compliance support and challenge	Engagement Centre	
B2B GamCare standard		Marketplace	
		Partnerships	

Investing in safer gambling research and technology continued

The challenge for the industry in accessing scientific gambling research is that research insights often remain hidden in hard-to-discover scientific papers, often sitting behind a paywall, and written in language and terminology that require expert interpretation. A large proportion of such research is undertaken by academics who do not possess the domain access and technical knowledge to translate the outcomes from the research into practical industry actions. Playtech Industry Research Briefings aim to bridge the gap between science and industry.

Playtech publishes these briefings on its LinkedIn affiliated page for Playtech Protect. This enables partners and licensees and wider industry stakeholders to benefit from up-to-date news and thought leadership in responsible gambling.

In pursuing an "open" research agenda, Playtech's aim is to create more transparency within its sector to catalyse evidence-based approaches to reducing gambling harm.

Safer gambling B2B

Within the Poker network, iPoker employs its analytical skills to identify possible money laundering, problem gambling and collusion issues. Playtech's dedicated team identifies potential issues and escalates these to licensees to review and assess whether further action should be taken. While Playtech is unable to take direct action on behalf of licensees, as it does not have access to player accounts, money or personal information, the team assists licensees by escalating potential concerns about safer gambling, collusion and anti-money laundering (AML).

The table below summarises the percentage of unique cases escalated to licensees on anti-money laundering (AML), collusion and safer gambling over the past three years. In 2020 the decrease in collusion escalations is due to a smaller number of accounts being created to abuse promotions and therefore fewer accounts being frozen. This is also attributed to the identification of risks with regard to specific promotions. As a result, licensees made amendments to their promotional activities and took precautions to limit subsequent abuse.

The decrease in AML escalations can be attributed to improvements in the iPoker team's ability to identify the dumping of funds, iPoker has made improvements to its processes and tools which act as a deterrent to those looking to create accounts for this specific purpose.

Escalations to licensees – iPoker

AML (%)

2020	0.03
2019	0.05
2018	0.04

Collusion (%)

2020	1.03
2019*	6.06
2018*	2.12

Responsible gambling (%)

2020	0.36
2019	0.14
2018	0.14

* Restated due to amended methodology with more refined calculation of unique players for full year based on quarterly data.



Responsible Gambling Escalation to licensees – Live Casino

Playtech's Live casino operations continued to provide licensees with information about player behaviour that could indicate players at-risk and/or displaying behaviour that could be harmful. Similar to the iPoker team, the Live operation does not have access to player accounts, money or personal information.

The Live team uses a machine learning application, which analyses chat for words and phrases indicating potential at-risk behaviour. This year, Playtech expanded its reporting on safer gambling escalations to include data from its Spanish, Romanian and Philippines live casino operations.

In 2019, Playtech reported escalations from Euro Live Technologies only, which totalled 5,211 cases. In 2020, at risk escalations from all four Live operations totalled 19,558 cases. This number has increased as a result of the number of live operations included in the scope of reporting, continued investment in staff training and chat tool improvements.

Product labelling

In early 2020, Playtech ran an innovative trial with William Hill, displaying an intuitive pay-out volatility rating against individual slots games.

Pay-out volatility is a key feature of the playing experience. It reflects, for instance, how often a game's losing streaks will typically last. A game with higher pay-out volatility is one which concentrates winnings into fewer but larger pay-outs – as such it will tend to have longer and larger losing streaks. This can be appealing for some players, as they know the wins can be bigger and it is harder to tell when they might occur, but it can be risky for others. It can be tempting for some players to hang on too long for a big win that does not happen, losing more than they were willing to, ultimately feeling frustrated and upset when finally stopping the session.

Overall, 710,000 log-in sessions were analysed during the trial. Account data insights were enriched with questionnaire data: 3,700 players answered a pre-deployment optional survey with a further 1,300 answering a post-deployment survey.

Selected research results

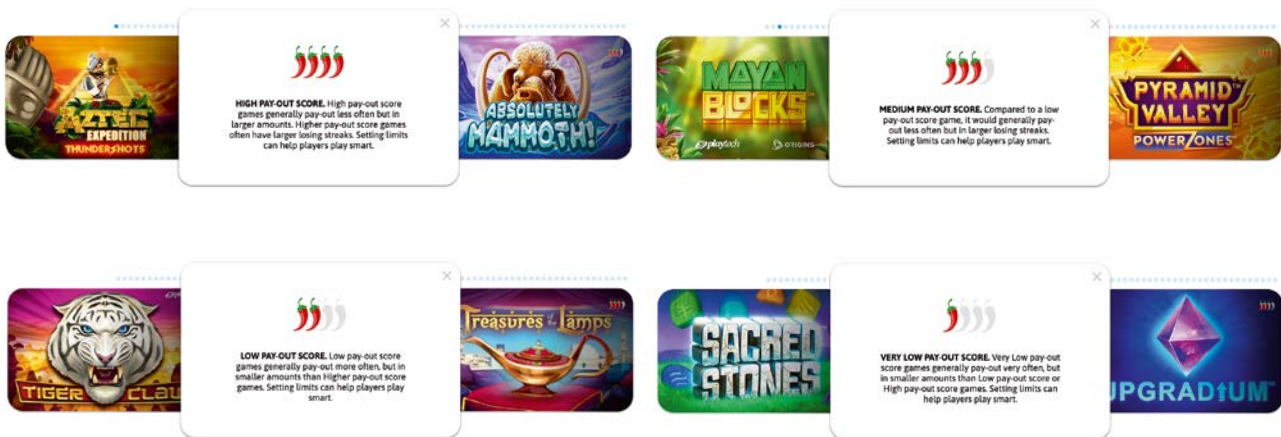
- The volatility labels were well received by players – players confirmed that the length of losing streaks (i.e. the pay-out volatility label) was important for their gaming experience
- 79% of players felt that understanding volatility was important to them; however, 35% could not tell the difference between games
- 83% of players had noticed the new labels, of whom 79% said they had found them either very useful for choosing which games to play (37%) or sometimes useful (42%)

- ~5–8% of players clicked to learn more about the labels and what volatility meant. The game launch rate among players with the labels was 0.8% higher. Total amount bet and net spend per customer did not vary vs the control group

The key insight from this case study is that product feature labelling can support player education as part of harm reduction efforts.

Source: William Hill (2019).

Example of how the pay-out volatility label was developed



Responsible business and sustainability continued

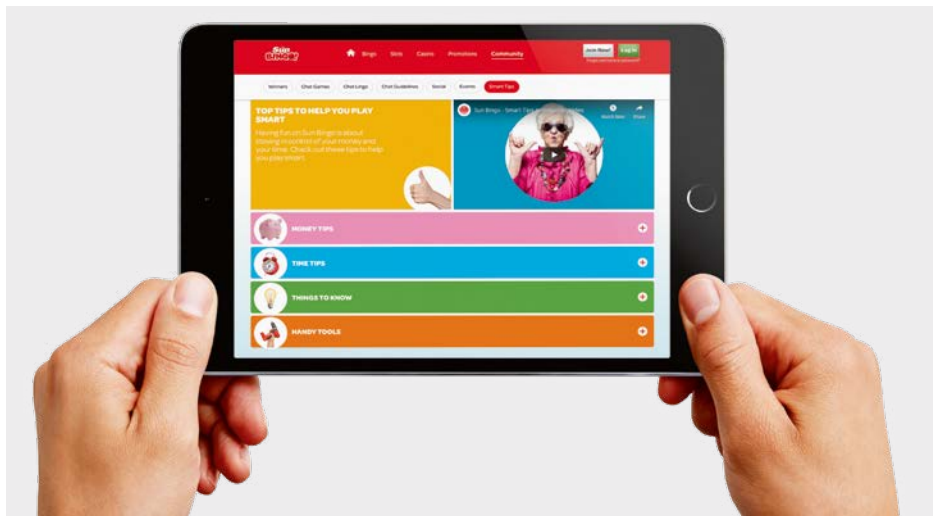
B2C – strengthening safer gambling in B2C operations

In 2020, Playtech continued to invest in strengthening its safer gambling initiatives covering training, technology, internal and external communications, thought leadership, partnerships, research and safer gambling pilots.

Playtech also recognises that the rapidly changing regulatory landscape creates a requirement to continually update its Compliance Programme. In 2020, Playtech's UK B2C operations introduced a risk-based control framework to enhance its management of the systems and controls that are used to deliver the Company's regulatory and safer gambling commitments. The control framework is designed to increase efficacy in managing regulatory risks and will be further enhanced with the use of new risk management software.

Playtech operates an Affiliate Marketing Process that manages the affiliate network that it uses in order to track risk. This process ensures that only approved marketing materials are used by affiliates. Playtech uses a third-party tool (Rightlander) to monitor the activity of affiliates using its brands to ensure that the Affiliate Management Process is being followed.

B2C senior management receives regular information on core responsible gambling processes, and controls and risks to these controls are reported as part of Playtech's established B2C risk management process. Playtech continued to strengthen programmes to enhance the skills of staff and make safer gambling a key part of performance management. In addition to delivering corporate compliance training, Playtech delivered enhanced responsible gambling training to all its customer-facing staff including enhanced responsible gambling interaction training and suicide prevention training. All customer-facing employees in the B2C have bonuses linked to ensuring a proper performance of all processes that support the Compliance Programme.



Identifying at-risk players

Playtech operates a process that identifies customers who may be at risk of gambling-related harm by both their levels of losses as well as their behaviour. The identification process also includes parameters such as:

- Time on site in a week
- Levels of late-night play
- Number of payment methods used
- Increasing ratios of deposits
- Previous self-exclusions
- Levels of withdrawals after win
- Number of cancelled withdrawals

The behaviour of higher-risk customers is monitored in accordance with Playtech's Customer Risk Management process. If a customer's behaviour does not improve, the Company takes steps to mitigate the risks posed to that customer. This can include the closure of an account or the setting of appropriate loss limits based on the known wealth profile of the customer.

Customer interaction

Playtech's real-time player engagement and messaging platform, Player Journey, is also being used to more effectively engage and track safer gambling communications. The integration of Player Journey with BetBuddy will further enhance the ability of licensees to deliver safer gambling communications and campaigns to consumers, making campaigns more relevant by delivering the right message in the right moment.

As part of this work, the Playtech Protect team is defining clear principles as to what outcomes a successful responsible gambling interaction process would demonstrate. Related to this, the Company is in the process of integrating BetBuddy into all of its B2C brands. Once complete, Playtech will be able to see over time customer segmentation according to responsible gambling risk.

Playtech expects the enhancement of its current systems and processes to increase the efficacy of responsible gambling interactions.

In 2020, the B2C team engaged with customers on safer gambling through a number of channels including 420,071 emails; 6,478 person-to-person interactions via phone, email or live chat; 21,276 pop-up messages; and 42,048 customer clicks on SmartTips, the brand's consumer facing hub for tips and advice on safer gambling.

Safer gambling – B2C data points

The chart below shows the number of self-exclusions and use of safer gambling tools within the UK B2C operations in 2020 as a proportion of total unique customers. The proportion of customers self-excluding increased slightly which could be due to a number of factors including daily checks against the National Self Exclusion database and improved consumer communications about safer gambling tools, including self-exclusion. The proportion of customers using safer gambling tools, namely reality checks, timeouts and deposit limits, did not change in 2020.

Responsible gambling performance – B2C

Proportion of customers self-excluding (%)*

2020	29
2019	27

Proportion of customers using RG tools (%)**

2020	9
2019***	9

* Number of self-exclusions and registrations with GAMSTOP as a percentage of total unique customers within Playtech's B2C operations in the UK.

** RG tools comprise reality checks, time-outs and deposit limits.

*** Restated due to improved methodology to consider unique players. Previously reported figure (27%) included non-unique player accounts.

Affordability and player risk

One of the growing regulatory and societal concerns is related to how best to assess the ability of people to spend within their means. The UK B2C operation has implemented multiple measures to address this issue. The operation utilises responsible gambling reactive and proactive processes that ensure that appropriate messages are delivered to customers. Messages encourage customers to reflect on their gambling activity and consider setting deposit limits. In addition, enforced loss limits are applied to higher-risk customers' accounts where affordability cannot be confirmed.

Playtech has integrated third-party software into its gambling back end that allows it to use a wide range of tools to access data sources that can help determine a customer's affordability. This improvement will allow Playtech to meet any changes in future regulatory requirements with regard to affordability.

Safer gambling – Snaitech

The Snaitech Group is committed to implementing new initiatives dedicated to responsible gaming and player protection. In 2020, Snaitech participated in the Global Gambling Guidance Group programme and achieved the G4 International certification of responsible online gambling for the seventh consecutive year. In 2020 Snaitech launched "SN4IFUN", a new entertainment app full of news, stories, statistics and trivia quizzes to challenge skills and foster the development of sports culture. The app includes the "ZeroXS" section, a platform of content designed to disseminate a fair play mindset, healthy team-support and responsible entertainment. ZeroXS will be the home for future responsible gaming initiatives.

Responsible business and sustainability continued

Progress on safer gambling commitments

In November 2019, Playtech was one of several leading gambling companies to develop and adopt a new set of voluntary safer gambling commitments. These include five core safer gambling commitments with 22 new actions to address safer gambling. The following outlines our progress against each of the five commitments since its launch last Autumn.

Commitments	What it means for industry action	Playtech progress
<p>Prevent underage gambling and protect young people Prevent underage gambling on their platforms and introduce the most effective protections for early-stage customers of any age-restricted product category</p> 	<ul style="list-style-type: none"> Contribute £10m of funding for national education programme Work with the financial services industry to block gambling transactions on accounts held by under-18s Use adtech to prevent under-18s seeing gambling adverts online 	<ul style="list-style-type: none"> Supporting the UK national Young People's Gambling Harm Prevention Programme which is being delivered by GamCare and YGAM Supported YGAM's Parent programme which aims to provide parents and carers with the knowledge and resources to safeguard their families from the harms associated with gaming and gambling Partnered and participated in GamCare's Gambling Related Financial Harm Programme; a multistakeholder initiative that brings together the financial sector, the gambling industry, lived experience, money and debt advice organisations and gambling treatment and support services to share best practices, set new standard, innovate and connect Updated marketing and communications policies to require age gating on social media Integrated Rightlander as a SaaS partner and offering this to licensees; enables compliance monitoring of affiliates Utilising Rightlander to monitor affiliates associated with UK B2C operations
<p>Increase support for treatment of gambling harm Support the scaling up of treatment services across the UK by recognised treatment providers as part of a long-term strategic plan</p> 	<ul style="list-style-type: none"> Increase financial support over the next five years that supports delivery of this strategic plan 	<ul style="list-style-type: none"> Increasing RET support to treatment providers including development and delivery of digital treatment services Committed £5m over 5 years to support digital wellbeing, safer gambling and mental health initiatives Launching Recovery and Resilience Fund to address the short and long-term impacts of COVID-19 on support mental health and safer gambling support services
<p>Strengthen and expand codes of practice for advertising and marketing Develop and adopt the highest standards in marketing and advertising codes of conduct</p> 	<ul style="list-style-type: none"> Adopt a new Code of Conduct for sponsorship activities Adopt a new Code of Conduct for Responsible Promotions, including bonuses, customer contact, VIP promotions and rewards 	<ul style="list-style-type: none"> Updated and implementing new policies and procedures including the new industry codes of conduct on VIP promotions and responsible marketing at corporate and UK B2C levels; implemented COVID-19 advertising restrictions
<p>Protect and empower our customers Introduce new player protections in product design and customer engagement, making it easier for people to gamble safely</p> 	<ul style="list-style-type: none"> Adopt new industry-wide standards to embed safer gambling practices throughout the customers' gambling experience Implement best practice in relation to identifying and interacting with at-risk customers via affordability assessments Work with the banking industry to encourage all banks to offer blocking software Develop clear and consistent product labelling and product information to help customers make informed choices Participate in a mechanism to enable gambling companies to share data on vulnerable or at-risk customers 	<ul style="list-style-type: none"> Launched Playtech Protect and offer of BetBuddy platform for free to licensees during COVID-19 Leading the Industry's Safer Game Design code of conduct; pilot new labelling scheme and investing in safer game and product design research Integrated TruNarrative and Affordability UK into IMS, to support licensees in identity verification, KYC, and affordability checks Refreshed customer identification and interaction procedures in line with COVID-19 code of conduct and improved procedures in UK B2C Offering customers Gamban licenses for free Launched smart tips customer campaign on safer gambling with UK B2C customers
<p>Promote a culture of safer gambling Create a positive culture within both their businesses and the industry, where safer and well controlled gambling is the norm</p> 	<ul style="list-style-type: none"> Commit to achieve GamCare's Safer Gambling Standard and to work towards achieving the Advanced Levels Awards Have an appropriate Employee Safer Gambling Policy setting out actions to deliver these commitments Participate in an open source collaboration repository for all gambling companies to access safer gambling tools, open source code and share best practice to raise safety standards across the industry 	<ul style="list-style-type: none"> Initiating process for securing GamCare B2B standard in 2021 Refreshed safer gambling policy to strengthen support measures for employees Implementing KnowYourMind programme combining safer gambling and wellbeing programmes for employees Deploying employee focused safer gambling, suicide prevention and mental health training for managers and HR staff Publishing research and insights on safer gambling as part of leadership and personal development for industry, lived experience and frontline safer gambling charity leads

Promoting integrity and an inclusive culture

At Playtech, employee behaviour is guided by values of integrity, innovation, excellence and performance. By making a commitment to promoting integrity and an inclusive culture, Playtech is working to enshrine these values in everything it does.

“Our success is built on five key areas and working together in these areas will be integral to our Sustainable Success strategy. People: Having the best and most passionate people in the industry working together; Technology: Developing the most advanced technology through R&D and Innovation; Products: Building smart products to identify future challenges for our customers and support them in meeting these challenges; Customers: working hand in hand with our customers; Safer gambling: working with the industry to raise standards.”

Shimon Akad
COO

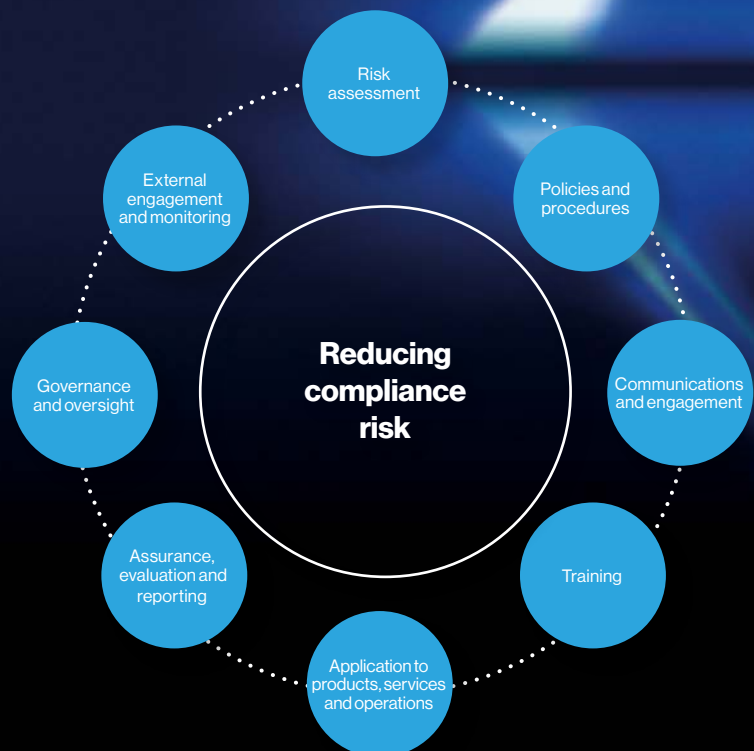
Over the next five years, Playtech will focus on:

- Promoting integrity and reducing compliance risk
- Reducing its carbon footprint by 40% by 2025
- Supporting employee wellbeing
- Working to reduce the gender pay gap and achieve year-on-year improvements in employee diversity

The real source of Playtech’s success has always been based on building a team that comprises some of the best talent in the industry. By making Playtech an ever more inclusive culture, it aims to continue attracting and retaining talented people to develop their skills and careers at Playtech.

Reducing compliance risk

Responsible business practices are not just the right thing to do – they are critical to Playtech’s licence to operate, and to delivering long-term commercial success. That is why Playtech continues to put ethical principles at the heart of its business. In addition to its values, the business has set out its ethical business principles as it seeks to make compliance and ethical behaviour a core part of its culture. The following diagram illustrates the key elements of Playtech’s Compliance Programme.



Responsible business and sustainability continued



Reducing compliance risk continued Taking action to reduce compliance and financial crime risk

Playtech conducts regular risk assessments in order to identify and mitigate its compliance, ethical and regulatory risks, including money laundering, bribery and corruption and tax evasion. Playtech has a zero-tolerance policy for corruption and is committed to keeping crime out of its operations.

This includes regular licensee and third-party risk assessment and monitoring, including reviewing compliance risks across the lifecycle of relationships supported by automated monitoring of entities and third parties.

The system monitors for historical and real-time considerations such as PEP, sanctions, legal action, insolvency and disqualifications. In addition, Compliance and Regulatory Affairs provides input to the Group's quarterly risk management process.

This process document is supported by a risk register, risk matrix, assessment guide, interviews schedule and group risk management processes.

Each year, Playtech also conducts annual anti-money laundering risk assessments. These assessments are based on industry standard documents produced by the industry body, Gambling Anti-Money Laundering Group (GAMLG). The GAMLG methodology has been adapted to reflect the particular risks associated with each part of Playtech's business. Once completed, the risk assessments are subject to review and challenge by external legal counsel, and summaries of the findings and progress are provided to regulators. The following illustrates the different types of risk assessments conducted during the year.

In 2020, Playtech also completed a comprehensive compliance "health check" which focused on the following six key areas: compliance environment and culture; anti-money laundering; anti-bribery and corruption; ethics; safer gambling; and human rights, including labour rights and modern slavery. The exercise was specifically designed to reflect and build on the previous "health check" conducted in 2016. Playtech commissioned DLA Piper LLP to conduct the "health check", which included over 30 interviews to assess progress and areas of improvement. Key areas of focus for 2021 include deployment of new diligence and monitoring technology, refresh of the Speak Up programme, refreshed compliance communications, continued strengthening of operational B2C compliance culture and procedures, deployment and training on new joint venture policy and procedures; strengthening compliance risk review of suppliers/third parties; and continued review of workplace practices and human rights risks in high-risk jurisdictions and operations as well as consideration of pandemic and post pandemic impacts.

Policies

In 2020, Playtech updated its policies to align with evolving legislation and industry best practice. This included updates to its anti-money laundering, anti-bribery and corruption and business ethics policies as well as its safer gambling and responsible advertising and marketing policies. Playtech also introduced a new policy and guidance procedures for joint ventures.

Playtech communicates these policies to employees through a number of channels including: local HR communications, Fusion (Playtech's intranet site), annual training, bespoke training, the Company's "Way We Do Business" booklet, as well as dedicated compliance emails and a newsletter.

Training

Each year, Playtech deploys a wide range of training for employees covering compliance topics including anti-money laundering, anti-bribery and corruption, safer gambling, data protection and anti-facilitation of tax evasion.

All employees are required to complete compliance e-learning training which covers the topics above. In addition, Playtech delivers face-to-face compliance training (in 2020 via video conference) for senior leaders, which is additional to the e-learning modules. The training is designed and deployed in consultation with Playtech's external legal advisers.

Playtech also delivers training to the Board every 12-18 months. This includes briefings and legal requirements related to corporate governance, anti-money laundering, regulatory developments and licensing requirements.

During 2020 Playtech increased the number of senior managers included in face to face training on compliance matters (881 as compared to 676 in 2019), which covered safer gambling, anti money laundering, speak up/whistleblowing, anti facilitation of tax evasion and data protection topics. Within Snaitech, relevant employees were assigned and completed compliance training modules.

Playtech also delivers bespoke anti-money laundering training for relevant roles including compliance, legal, business development and B2C management. This year, Playtech engaged with the International Compliance Association (ICA) to deliver three modules, including AML, CFT and CDD Masterclass, Compliance, Risk and Corporate Governance as well as Financial Crime in Gambling modules. This training will continue to be delivered throughout 2021. In addition, 29 people participated in Human Rights refresher training; which will also continue to be delivered in 2021. 116 people with B2C roles participated in bespoke safer gambling training delivered by GamCare. In addition, training was provided to employees which focused on working from home protocols during the pandemic.

Training overview

The following outlines participation in core compliance training offered to employees and leaders in the organisation.

Training type	Total number of employees eligible	Total number of employees completing training	Completion rate	Average training hours per employee
Compliance*	5,080	4,981	98%	9.14
Information security	5,420	5,333	98%	0.67
Global compliance – Senior Leader	1,044	881	84%	1.5

* Includes Snaitech employees.

Playtech is committed to strengthening its training, learning and development for its employees year on year. In 2019 Playtech commissioned the Responsible Gambling Council of Canada to develop and analyse findings from 2019 compliance training feedback surveys (e-learning and face to face) and provide recommendations on how to strengthen its initiatives in the future.

Each of the questions was designed to measure employee impressions of safer gambling awareness, knowledge, attitudes and behavioural intentions to use training content in practice. By extension, these questions also measure aspects of satisfaction with employment, organisational commitment and organisational trust. Results of survey responses aim to provide a baseline for assessing the impact of training and staff satisfaction on key return-on-investment factors such as staff retention. Playtech will conduct a similar exercise in 2021 and compare results to the 2019 results. Overall, more than 3,300 Playtech employees took part in the compliance e-learning feedback survey and upwards of 577 respondents in Playtech management roles took part in the 2018 face-to-face training feedback survey.

Playtech has incorporated a number of these recommendations into the employee engagement and learning and development plans for both 2020 and beyond. For instance, in 2020, Playtech launched a refreshed excellence awards programme, which included an 'Engagement and Impact Champion' to recognise employees help to advance our sustainability strategy.

Speaking up

An important aspect of Playtech's commitment to conducting its business with honesty and integrity, and promoting a culture of openness, integrity and accountability, is providing a channel for employees to voice concerns about anything they find unsafe, unethical or unlawful. These mechanisms must be accessible and independent of line management, and must enable employees to voice concerns in a responsible, appropriate and effective manner without fear of criticism or retaliation. Since 2017, Playtech has offered an

SNAITECH Sustainability Week A journey five years long

In 2020, Snaitech presented the second edition of the "Snaitech Sustainability Week" held from 5 to 9 October 2020. This week was dedicated to communication, information, and awareness on sustainable issues of concern to the company. After the success of the first year, this year's theme was "A journey five years long" which highlighted the Snaitech sustainability story, exactly five years after the foundation of the Group. During the week, Snaitech published its 2019 Sustainability Report, a special edition which framed the five years in five projects with 25 stakeholder testimonials. CEO Fabio Schiavolin led a digital event to present the report and share social, environmental and financial highlights with employees as well as external partners and stakeholders. Snaitech also hosted three Instagram live meetings which were dedicated to social commitment, with participation from some of Snaitech's charity partners including Amref Health Africa – Italia and Special Olympics Italia.

independent Speak Up hotline to enable employees to raise concerns confidentially and anonymously. The Speak Up policy and hotline have been promoted to Playtech offices through induction sessions, formal communications and posters and within the compliance training programme. In 2020, Playtech received zero incident reports through the independent Speak Up hotline. The hotline did not receive any reports in 2019 and had one incident raised in 2018. In 2021, Playtech will refresh its speak up policy, procedures and platform as well as launching refreshed awareness for colleagues across the business.

Responsible business and sustainability continued

Reducing compliance risk continued Cybersecurity and data protection

Playtech has been setting and implementing high data protection and security standards since it was first established. Data is crucial to Playtech's business model, with customers and clients trusting the Company with sensitive data every day. Ultimately, they only trust Playtech as a business partner and supplier when they have confidence that their personal data is safe and understand how and why it is used by the Company.

Following the implementation of the EU General Data Protection Regulation (GDPR) in May 2018, and numerous regulatory requirements for the gambling industry introduced by local regulators, Playtech has embedded a robust and consistent approach to data protection and security across all of its jurisdictions. Playtech maintains an active GDPR programme because of the ever changing regulatory and technological landscape, seeking continuous improvement on policy, regulatory and customer trends, as well as ongoing security audits based on international security standards such as ISO 27001 and PCI-DSS.

Playtech makes all efforts to safeguard personal data by adhering to all relevant GDPR principles, including the following:

- Processing all personal information fairly and lawfully
- Only processing personal information for specified and lawful purposes
- Keeping personal information up to date
- Not keeping personal information for longer than is necessary
- Storing personal information in a secure manner
- Tracking the access to personal information and assure the access rights

Playtech's work on global data privacy and security is led by its Chief Privacy Officer, appointed in 2017, who is supported by two other Data Protection Officers to manage specific aspects of UK and EU-specific GDPR compliance and other global regulatory privacy requirements where applicable. They are, in turn, complemented by a professional group, Playtech Security, governing over security domains in the application, infrastructure, physical and compliance worlds. Over the past year, Playtech has increased the depth and frequency of data protection and cybersecurity reporting to maintain high visibility for its senior management team and the Board.

TCFD statement

The Financial Conduct Authority issued a Policy Statement in late 2020 requiring commercial companies with a UK premium listing to include a statement in their annual financial report covering the period starting on 1 January 2021. Playtech therefore is including a first TCFD statement one year ahead of the new requirement and commits to publish a full disclosure over the next two years, based on a rigorous assessment on the climate-related risks and opportunities that are material for Playtech. The TCFD framework consists of four core elements: governance, strategy, risk management, and metrics and targets. A summary of Playtech's current approach against the four core elements and plans for the near future is provided in the table below, including signposts to more information.

TCFD element	Current approach	Future plans	Read more
 Governance	<ul style="list-style-type: none"> • Risk & compliance committee monitors implementation & progress against the sustainability and responsible business strategy. • Progress against GHG target is part of annual reporting and the company's non-financial Scorecard. • Climate risks are reviewed by the Risk & Compliance board committee and Risk management (executive management) committee. The Regulatory Affairs & Compliance function facilitates and coordinates with site operations on climate matters. 	<ul style="list-style-type: none"> • Continue reviewing and monitoring the implementation of the responsible business strategy through established Board and executive management committees. • Assess progress against GHG target through Sustainability Scorecard. 	Responsible business and sustainability – Sustainability governance on page 48
 Strategy	<p>Playtech is reviewing its GHG target and has identified the following climate-related risks:</p> <ul style="list-style-type: none"> • Increased severity and frequency of extreme weather events. • Impact: ability to supply software and services. Time horizon: medium term • Increased stakeholder concern about level of climate commitments Impact: ability to win new business and attract and retain talent. Time horizon: medium term 	<p>Playtech will consider how climate risks and opportunities will affect its core business strategy.</p> <ul style="list-style-type: none"> • Continue to identify climate-related risks through regular risk management process. • By the end of 2021, set up process to identify and disclose climate-related opportunities. • By the end of 2022, conduct and report on climate scenario analysis to evaluate the future impacts. 	Emerging risks, principal risks and uncertainties on page 81
 Risk management	<ul style="list-style-type: none"> • The Board Risk and Compliance Committee and Risk Management Committee determine the nature and extent of significant risks it is willing to accept in achieving long-term strategic objectives. • The Risk & Compliance Committee advises the Board on current and future risk strategies. 	<ul style="list-style-type: none"> • Continue to identify, assess and manage climate-related risks through regular risk review processes including the Group Risk Register. 	Responsible business and sustainability – Sustainability governance on page 48
 Metrics and targets	<ul style="list-style-type: none"> • Playtech has set a target to reduce its absolute Scope 1 and 2 GHG emissions by 40% by 2025, from a 2018 baseline. • Playtech discloses its Scope 1 and 2 absolute emissions annually. • Progress against the GHG target is one of seven areas of performance captured by the Board Sustainability Scorecard. 	<ul style="list-style-type: none"> • Implement GHG target through supporting site operations to reduce GHG emissions through energy efficiency activities, including an Environment Fund. • Playtech will disclose Scope 3 emissions in select categories through its CDP disclosure, and is committed to expanding this disclosure in 2021 and future years. • Playtech is committed to review its GHG target annually. This will include exploring setting a science-based target (SBT) over the next 12 months. 	Responsible business and sustainability – Environment metrics on page 61

The Company carries out monthly internal reporting to the Board, filtered through the Group Chief Compliance Officer and Group Chief Operating Officer.

All Playtech employees and partners are required to comply with confidentiality requirements, and legal and regulatory obligations, with contractual terms such as data processing agreements and EU model clause agreements governing the use, disclosure and protection of information.

During 2020, Playtech developed and implemented new data protection and security awareness training modules for employees, and those modules now include a test to help the Company understand the levels of understanding and awareness in Playtech's workforce. The training is mandatory and employees who fail to complete the module before a set deadline will lose their eligibility for bonuses within the financial year (the number of colleagues completing data protection and security training in 2020 can be found in the chart noted). Playtech has two additional training modules under development for 2021: one for colleagues who deal with regular data handling tasks and one for colleagues with comprehensive data handling and processing responsibilities.

In terms of tools and technology, 2020 saw Playtech launching various workstreams to enhance its own privacy and security positions as well as that of its customers. This included the introduction of new advanced tools to detect cyberattacks on both the network and system layers of customer environments to assure the protection of personal information; an enhanced security operations team that works 24/7; increased use of attack simulation exercises to test Playtech's systems; and a 19% increase in audits versus 2019.

Environment

The environment, and particularly climate change, is a growing area of concern for Playtech, its investors and for its other stakeholders. Playtech's most material environmental impact is the greenhouse gas (GHG) emissions stemming from the electricity used across its offices and datacentres. Playtech recognises the need for businesses to play their part in keeping the level of global warming below 1.5°C. The Company also recognises that urgent action is required to substantially reduce the risks and impacts of climate change globally and in the countries, cities and communities in which it operates.

Environment metrics

Greenhouse gas emissions

UK total energy consumption (KWh)		UK total GHG emissions (tonnes CO ₂ e)	
2020**	1,556,362	2020**	350.09
Global total energy consumption (KWh)		Global total GHG emissions (tonnes CO ₂ e)	
2020**	27,677,113	2020**	9,316 [^]
2019	30,932,101	2019	10,914
2018	31,715,777	2018	11,543
UK Scope 1 energy emissions (tonnes CO ₂ e)**		GHG intensity (tonnes CO ₂ e/employee)	
2020**	47.63	2020**	1.37 [^]
Global scope 1 energy emission (tonnes CO ₂ e)**		2019	1.70
2020**	1,155 [^]	2018	1.92
2019	1,421		
2018	1,650		
UK Scope 2 (location-based) emissions (tonnes CO ₂ e)***			
2020**	302.46		
Global scope 2 (location-based) emissions (tonnes CO ₂ e)***			
2020**	8,161 [^]		
2019	9,493		
2018	9,893		

* 2020 absolute data is an estimate based on 99.3% actual data coverage by headcount. Coverage has been above 90% for all three years.

** Using the latest Department for Environment, Food & Rural Affairs (DEFRA) conversion factors (CO₂e).

*** Using the latest DEFRA electricity conversion factor (CO₂e) for all UK locations and district heating conversion factors for the whole Group, and the latest International Energy Agency (IEA) conversion factors for all electricity use at non-UK sites (CO₂e).

+ Due to reporting timelines, data for November and December 2020 has been estimated using November and December 2019 actual data, except for sites where actual 2020 data was already available.

[^] Indicates independently assured data by PwC; Full assurance statement can be found at www.playtech.com.

Water consumption

	2020**	2019**	2018*
Total water consumption (m ³)***	611,629	719,635****	502,511
Water consumption for watering racetracks (m ³)	167,831	175,259	232,615
Water consumption for watering racetracks (% of total)	27.4%	24.4%****	46.3%

* Data covering Snaitech operations only.

** Data covering all of Playtech's operations.

*** 2020 estimate based on 84% actual data coverage by headcount.

****Restated due to the inclusion of a multiplying factor that was used for water charges in the Philippines. Calculations have since been restated to the actual consumption.

Waste and effluent*

	2020	2019	2018
Total waste production (tonnes)	7,665	8,850	7,829
Of which:			
– Sent to landfill (tonnes)	5	52	180
– Reused or recycled (tonnes)	7,660**	8,798	7,650
Hazardous waste (tonnes)	66	96	127

* Data covering Snaitech operations only (excluding Snai Rete Italia and Epiqa – Rome office).

** This figure is split between Racetracks (Manure/by-product of animal origin – 7,225), Racetracks (other-359) and offices (77).

Responsible business and sustainability continued

Environment continued

To increase transparency around its climate change performance and strategy, Playtech completed the CDP Climate Change 2019 Questionnaire and received a “C” rating.

The Company intends to improve its rating in future years. Playtech has also committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a framework that allows it to report consistently on climate-related financial information to investors and financial markets. Playtech’s 2020 GHG reporting (Scope 1 emissions, Scope 2 (location-based) emissions, Scope 1 & 2 intensity per FTE employee) has been externally verified by PwC. The assurance can be accessed on the Playtech website at <https://www.playtech.com/sustainable-success>. In the years to come, the Company will increase disclosure on this area in subsequent Annual Reports.

During the year, Playtech introduced a new GHG emissions target to guide its energy-reduction efforts. The Company’s ambition is to reduce its absolute scope 1 and 2 GHG emissions by 40% by 2025, using 2018 as the baseline year. To make this happen, Playtech is working with key site operations, supported by environmental specialists, to reduce energy usage and address other environmental impacts. In addition, Playtech has a central fund to support energy reduction projects.

In 2020, Playtech’s performance against the 2025 GHG target was skewed by the pandemic and the resulting office lockdowns, as well as decreased customer activity in some markets. Compared to 2019, the Company’s total energy usage decreased by 10.5% and its absolute GHG emissions dropped by 14.6%. On a normalised basis, Playtech’s GHG emissions decreased by 19.4%. The decrease in energy usage was mainly due to the closure of company assets such as office buildings and betting shops due to the pandemic. The decrease was relatively limited because energy-intensive operations such as data centres and live studios continued to operate 24/7. The decrease in normalised GHG emissions (per FTE employee) is much larger than the decrease in absolute emissions because emissions decreased while the total number of employees in the Group increased.

As per the UK SECR requirements for 2020, Playtech has reported its Scope 1, Scope 2 GHG emissions and energy consumption figures for the UK.

The consumption of water across the Playtech Group decreased by 15.0% in 2020, again due to the pandemic and resulting lockdowns affecting offices and other sites such as racetracks.

Playtech Tallinn office move to green energy

Estonia

Playtech Estonia is taking action to reduce its environmental footprint. The Tallinn office proactively requested its landlord to switch to renewable energy, and as a result from 1 October 2020 the electricity used in the Playtech Tallinn office and wider campus is produced from renewable energy sources. Based on previous years, this transition will eliminate approx. 460 tonnes of CO₂ per year of market-based Scope 2 emissions (note that we are reporting location-based Scope 2 emissions this year, which are not affected by this switch as they are calculated based on national grid average emissions factors).



The racetracks saw a smaller decrease in water consumption (4.2%) because of the need to maintain the grounds even though the racetracks were closed to the public.

Playtech continues to manage and report on a wider set of environmental KPIs for Playtech’s Italian operations, Snaitech. Snaitech runs a retail operation and three racetracks, which means the environmental impact profile is different from the rest of the Company’s markets. In 2020, Snaitech’s total non-hazardous waste production decreased by 13.4%. The volume sent to landfill dropped close to 0, decreasing by 90.9% compared to 2019, following improved operational processes to reduce the volume of waste sent to landfill. Even though the volume

that is reused or recycled also decreased by 12.9%, this is proportionate with the overall decrease. The volume of hazardous waste also decreased by 31.3%. Of Snaitech’s total waste production, 99.0% was produced by the racetracks. 99.9% of total waste was reused or recycled.

Compliance and responsible supply chain management

In 2019, Playtech established a new global and centralised procurement function. In 2020, the function focused on implementing the newly established organisational model, and implemented operational, compliance and process improvements. Compliance continued to work closely with the procurement function to review risks in the supply chain and deliver training. Supply chain issues, including human rights, were specifically examined as part of the compliance health check process.

In 2020, Playtech also introduced a new policy to strengthen oversight, mitigate compliance and ethical risks as well as ensure minimum standards are adhered to when entering joint ventures. This policy includes a robust governance and accountability framework for such ventures and will be fully deployed in 2021 alongside bespoke training for relevant colleagues.

Human rights

Playtech is committed to upholding the principles embodied in the Universal Declaration of Human Rights, as well as the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. Playtech’s most salient human and labour rights issues relate to employment, data protection, procurement of goods and services, and AML, specifically ensuring that individuals involved in human trafficking and slavery are not laundering their money through Playtech’s operations.

In 2020, Playtech published its fourth Modern Slavery Act statement, outlining the initiatives the Company is undertaking to understand and assess potential risks of modern slavery and human trafficking.

Key areas of focus for 2021 will be to review the impact of the pandemic on human rights in our supply chain, strengthening consistent processes and procedures for managing third parties used in employment practices, reviewing and strengthening audit procedures and strengthening supplier human rights assessments.



In 2021, Playtech will also review, align and strengthen its procedures in light of evolving UK and European legislation related to human rights and environmental due diligence and reporting.

In addition, Playtech's compliance team continues to monitor human rights flags as part of its risk monitoring of third parties, including suppliers, partners and licensees. The Company reviews any cases involving human rights flags on a case by case basis to assess risk and actions required.

Diversity metrics

As part of the responsible business strategy, the human resource function has established and developed a systematic Diversity and Inclusion (D&I) programme, with the aim to encourage equality and promote an inclusive culture.

The following charts illustrate the global and UK diversity data and trends from 2018 to 2020.

Playtech is committed to year on year improvements to achieve gender balance, reduce the gender pay gap and promote inclusion. With respect to global Diversity and Inclusion metrics, there has been a slight improvement since 2018 in the senior manager and director gender splits. Playtech is focusing on improving female representation at senior levels in the organisation through a combination of improved recruitment, succession, leadership education and data reporting.

In 2021, regular reports will be provided to senior management on progress related to gender diversity globally.

This regular data reporting will help inform future strategies, priorities and programming.

UK Gender Pay Gap data

A priority is to reduce the UK Gender Pay Gap (GPG) with a focus in reducing the Median Gender Pay Gap, which is the middle pay point for males and females.

During the snapshot year, the UK operations saw a significant reduction of the Median Pay Gap from 60.4% in 2018 to 21% in 2020. The Mean GPG in 2020 is nearly half of what it was in 2018, shifting from 49.4% in 2018 to 25.5% in 2020. These reductions are in line with priority areas of focus.

Whilst there has been a reduction in the gender pay gap, the median and mean gender bonus pay gap was affected due to the number of key male individuals holding senior executive, sales and senior management roles where higher bonuses are paid.

Gender splits

Employees (%)*

Year	Male	Female
2020	60.7	39.3
2019	58.6	41.4
2018	58.2	41.8

Senior managers (%)**

Year	Male	Female
2020	80.6	19.4
2019	81.4	18.6
2018	83.4	16.6

Directors (%)***

Year	Male	Female
2020	71.4	28.6
2019	75.0	25.0
2018	75.0	25.0

■ Male ■ Female

* Employees are defined as the total number of employees on the payroll on 31 December.

** Senior Managers are defined as the top 500 highest earning employees at Playtech.

*** Directors are defined as Board Directors on 31 December.

Gender pay gap*

Median gender pay gap (%)**

2020	21.0
2019	31.7
2018	60.4

Mean gender pay gap (%)**

2020	25.5
2019	32.5
2018	49.4

Median gender bonus gap (%)***

2020	31.1
2019	25.9
2018	16.7

Mean gender bonus gap (%)***

2020	49.6
2019	52.7
2018	67.0

* Based on UK employees only. The numbers were calculated in line with the UK Government's requirements for reporting Gender Pay Figures and covers payroll and bonuses paid up to 5 April 2018, 5 April 2019 and 5 April 2020 respectively.

** Based on hourly rate of pay. In line with the UK Government's guidance for gender pay gap reporting, furloughed employees are excluded from the calculation.

*** Based on total bonuses received. In line with the UK Government's guidance for gender pay gap reporting, furloughed employees are included in the calculation.

Responsible business and sustainability continued

Know your MIND Programme

UK

Playtech continued to work in partnership with Mind BWW (mental health charity) and Betknowmore UK (gambling support and education charity) to deliver the 'Know Your Mind' programme for Playtech employees in the UK. The objective of the programme is to promote healthy online living, by equipping employees, team leaders, and mental health champions with the information and capabilities to identify, escalate and intervene with those at risk or affected by gambling related harm and mental health. In addition to a variety of targeted training and global workshops, the programme produced 12 mental health champions, who hold a Mental Health First Aid certification. The role of a mental health champion includes:

- Breaking down stigma by starting conversations about mental health in the workplace
- Dispelling myths and stereotypes
- Signposting colleagues appropriately to support, information and resources
- Supporting and delivering wellbeing activities and lunch and learn workshops
- Providing Mental Health First Aid to someone experiencing a mental health issue or crisis

The programme is independently evaluated by the Responsible Gambling Council (Canada), with findings and recommendations to be shared with the industry, and future intention to roll out to Playtech globally. As Playtech progresses phase two of this project, the support will extend to all Playtech locations.



Global Wellbeing Pillars

<p>Physical</p> <p>To improve positive lifestyle behaviour choices to ensure good health, avoid preventable diseases and conditions.</p>	<p>Social</p> <p>To encourage a positive work-life balance by providing safer gambling information, flexibility and valuing family, friends, colleagues, and wider community.</p>	<p>Mental</p> <p>To foster positive mental health by providing support for issues including anxiety, depression and stress; and safeguard our employees.</p>	<p>Financial</p> <p>To support control and information over finances, protection against the unexpected and savings.</p>
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Diversity metrics continued

UK Gender Pay Gap data continued

Playtech continues to work to close the gender pay gap, through three workstreams:

- Expanding Diversity Training and Awareness Programmes for line managers and senior leaders
- Refreshing and centralising a number of human resource policies to ensure globally consistent approach to Diversity and Inclusion
- Improving the use of data to create transparency around our internal D&I performance

In addition, the human resources team continues to support the business to strengthen the rigour in performance management processes, including efforts to ensure that remuneration and promotion processes are fair and consistent, and strengthening audit procedures for third-party factory visits and supplier human rights assessments.

Fostering diversity and inclusion

Diversity, inclusion and equity was another major global theme in society in 2020 with a renewed focus on what it means to build and foster an inclusive workplace. Playtech competes to attract and retain talent within a technical, innovation-driven and, traditionally, male-dominated industry. The Company is committed to build a workforce that comprises people from all different backgrounds, cultures and ethnicities to remain innovative and to reflect the Company's diverse customer base. Recent societal movements on racial injustice, gender, disability and LGBTQ, have served as useful platforms to accelerate conversations on inclusion and continue to serve as a reminder that more needs to be done in business and in society as a whole.

While Playtech has a global and diverse workforce, the Company recognises that it must continue its focus on actions to make meaningful progress on inclusivity at all levels within the organisation.

To that effect, the Company's D&I strategy is ever evolving and currently guided by four key objectives:

- Improve the gender balance at Board, executive and senior management levels
- Invest in and retain the next generation of leaders and talent by increasing access to networking, mentoring and training initiatives
- Futureproof workplace policies and training to support the progression of talent
- Expand investment in and support for cross-industry partnerships and initiatives to build a more inclusive sector

Having increased the resourcing and prominence of D&I activities in 2019 with new hires and the launch of a formal D&I programme, Playtech developed its approach further through three primary workstreams that included:

- Expanding diversity training and awareness programmes for line managers and establishing a formal internship programme
- Refreshing and centralising relevant human resource policies to ensure a globally consistent approach to D&I covering recruitment, safeguarding and harassment, bullying and respect
- Improving the use of data to create transparency around Playtech's internal D&I performance

While the majority of Playtech's D&I training and awareness sessions were scheduled to take place as in-person events, the Company deployed the sessions fully via an online format thanks to great work internally and by external providers.

Health, safety and wellbeing

The health, safety and wellbeing of our employees has been of utmost importance for the Board and Executive leadership team. Throughout the pandemic, the executive leadership, site operations and HR have worked closely to understand the local developments, impacts and issues on the business and workforce. As part of the COVID-19 response, Playtech accelerated the introduction of a new global working from home policy to create more flexibility in the workplace and enable employees to strike a healthy work-life balance.

Facing an unprecedented global threat in the shape of COVID-19, Playtech's employees demonstrated remarkable resilience to deliver against its objectives.

As a digital-first business, Playtech has been working virtually for years, but the pandemic accelerated its efforts to foster employee engagement and welfare through online channels.

Playtech launched a Stronger Together campaign. This global campaign, created by Academy and Global HR and supported by executive leadership, supported and continues to support employees with tools, workshops and support to stay resilient during the COVID-19 pandemic. These sessions attracted high levels of engagement with over 600 colleagues participating in 35 sessions between March and the end of November 2020. For more information on our response to COVID-19, please see pages 8 and 9.

Playtech has been working to strengthen wellbeing programming and support for its people. The impacts of COVID-19 further highlighted the paramount importance of wellbeing. In 2020, Playtech launched a new Global wellbeing framework which covers 4 pillars – physical, mental, financial and social wellbeing.

In most of its locations, raising awareness and breaking down stigmas about mental health and safer gambling remains a particular focus and priority.

In 2020, Playtech offices around the world ran a total of 297 initiatives contributing to the mental and/or physical wellbeing of employees. Over 4,500 employees participated in one or more of these initiatives, with around 60% of the total number of employees in the Group participating in at least one wellbeing initiative.

Snaitech health and safety

Snaitech's business is different from the rest of Playtech's operations in that it comprises retail estate and racetracks, meaning the physical health and safety challenges are different from an office environment. Snaitech is constantly committed to developing and promoting a culture of worker health and safety and implementing a management system to ensure full compliance with local Italian legislation.

Occupational health and safety data*

	2020	2019	2018
Total number of accidents	4	11	13
Accident ratio			
Total number of accidents/working hours x 200,000**	0.67	1.6	2.1
Number of days lost to accidents	88	310	248
Severity of accident index			
Total days lost for accidents/working hours x 200,000**	14.81	45.9	39.2
Number of days of absence***	40,131	7,949	7,144

* Covers Snaitech operations only.

** 200,000 is a fixed coefficient (50 working weeks x 40 hours x 100).

*** Number of days of absence is defined as total hours of absence / 8 (hours of work per day); 31,942 days of absence are due to furloughed absences.

In 2020, Snaitech implemented an extensive suite of health and safety measures to manage pandemic related health and safety risks across the Snaitech real estate including racetracks, offices and retail.

These measures included:

- enhanced governance to oversee health and safety measures through special task forces and committees;
- the introduction of new risk management protocols;
- provision of PPE;
- an active, on-duty 24/7 resource to manage COVID-19-related critical situations, an employee campaign to raise awareness and contain the risk of COVID-19 infection in the workplace; and
- a reorganisation of work environments and operational procedures to respect safe social distancing.

The above table outlines occupational health and safety data for Snaitech operations over the past three years.

Economic footprint

Playtech is a leading technology partner to the gambling and financial trading sectors, with offices and commercial activities in multiple jurisdictions, with the majority of its development and technical operations in Ukraine, Estonia, Latvia, Bulgaria and Gibraltar. These locations are well known as technology hubs with a large population of highly skilled experts. The Group's presence in some markets, such as Austria, Australia, Denmark and Italy, is a result of acquisitions. Playtech engages in tax planning that supports its business and reflects commercial and economic activity. Playtech selects the location of its operations based on commercial and operational factors that extend well beyond tax, including: the prevailing

regulatory environment available, a widely available pool of technical talent, the linguistic capabilities in these jurisdictions, the location of the Group's licensees, labour and operational cost factors. The Group is committed to complying with all tax regulations in jurisdictions in which it operates and seeks to minimise the risk of uncertainty and disputes.

Given the dynamic nature of tax rules, guidance and tax authority practice, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce and betting and gaming activities in countries in which the Group has presence. Such taxes may include corporate income tax, withholding taxes and indirect taxes. The Head of Tax keeps the Board and Executive Management fully informed of developments in domestic and international tax laws within jurisdictions where the Group has presence. The Group aims to comply with all tax regulations in all countries in which it operates and monitors and responds to developments in tax law and practice. The Group has an appropriately qualified tax team to manage its tax affairs. The Group seeks to minimise the risk of uncertainty and disputes and does this through proactive dialogue with the tax authorities and by obtaining third party expert advice, where appropriate.

During the year, the Board reviewed and adopted the Group's UK Tax strategy statement (available at <https://www.playtech.com/responsibility-regulation/tax-strategy>). The total adjusted tax charge in 2020 was €17.9 million (2019: €39.8 million) and the effective tax rate was 22% in 2020 (2019: 13%).

Responsible business and sustainability continued

Partnering on shared societal challenges

Playtech recognises that the challenges facing our sector and communities cannot be solved by one organisation alone. Driving positive social change requires collaboration and partnership.

This is why Playtech is working with a diverse range of partners to:

- Promote healthier online lives and digital wellbeing
- Increase employee participation in local volunteering projects
- Invest in research, education and training (RET) to prevent gambling-related harm

Playtech recognises that as a technology specialist in the gambling industry, it has an important role to play in sharing its expertise, experience and technology to help build a sustainable and safe industry for the benefit of all stakeholders.

The intersection of gambling, online life and mental health



Healthy online lives and digital wellbeing

The public health impacts of gambling-related harm, particularly mental health impacts, have been rising up the public health agenda and informing actions by health agencies, politicians, regulators, activists and charities. The COVID-19 pandemic has the potential to increase gambling harm risks given more time is being spent online and people's finances are under pressure. Scrutiny and pressure on the sector to act has added urgency, visibility and relevance for addressing the intersection of these issues. The enormity of the current situation also serves as an opportunity and platform for bringing together interested organisations to make a difference across the issues.

In 2018, Playtech initiated independent research to better understand this topic and the intersection with gambling and technology. As part of this work, the Company began engaging with a number of organisations interested in exploring the intersection of mental health, safer gambling and digital wellbeing, and discuss the role that the corporate sector can play in promoting healthy online behaviours, with the goal of preventing or minimising negative safer gambling and mental health impacts.

In March 2020 Playtech formally announced and committed £5 million over five years in five areas of focus, to support partnerships and initiatives that can make a positive difference at the intersection of gambling, online life and mental health.

Since launch, Playtech has begun to invest in a number of partnerships to advance digital wellbeing. The following are two such partnerships under this strategy:

Research, evaluation and insights

In September, Playtech and the Responsible Gambling Council of Canada, an international leader in problem gambling prevention, awareness, programming, policy and research, announced a multi-year partnership. RGC is an independent non-profit organisation with over 35 years of experience in problem gambling prevention in Canada and internationally. The relationship aims to strengthen existing and generate new and practical insights to raise standards and improve practices around digital wellbeing, safer gambling, and mental health. Playtech will use its expertise and experience to support the RGC to examine the links between mental health, digital wellbeing and gambling, using a combination of thought leadership, research, and evaluation of initiatives. In 2020-2021, focus was placed on generating knowledge on the links between digital wellbeing and gambling, and outlining best practices for purposeful collaboration to support the digital wellbeing of young people. In 2021-2022, a framework outlining digital tools and stakeholder opportunities for supporting safer gambling along the player continuum will be developed, and evaluations of the programmes and wider initiative will be performed. All research and evaluation will benefit from the RGC's full circle perspective working with regulators, operators, treatment providers and the gambling public across the globe.

Mindful resilience

Playtech has also committed to support a two-year pilot programme led by The Young Gamers & Gamblers Education Trust (YGAM) to deliver specialist evidence-led training on gambling/gaming-related harms and digital behavioural addictions to healthcare professionals in London. The Mindful Resilience programme brings together an alliance of experts from YGAM, Bournemouth University, the Responsible Gambling Council and Betknowmore UK. The aim of the initiative is to address gaps in knowledge to enable healthcare professionals in primary care networks to engage, identify harms and signpost patients to the appropriate support available. The free-to-access training is specifically tailored to the modern needs of the NHS and informed by lived experience and academic insight.



“COVID-19 challenged Playtech to move quickly to ensure that those who were hit the hardest were given support.”

Community investment

In 2020, Playtech enhanced its community investment and volunteering programme with the appointment of a dedicated manager and the launch of a global framework for directing and measuring the impacts of its activities. COVID-19 challenged Playtech to move quickly and in new ways to ensure that those who were hit the hardest were given support. To that effect, the Company rapidly mobilised its skills, community budgets, assets and technology to support local communities, charities and licensees across the world.

In 2020, Playtech employees participated in community investment initiatives – with 10 countries providing data on their activities. In these markets and throughout 2020, Playtech worked with over 100 charities. Through the programmes supported, our aim was to engage an estimated, cumulative number of more than 10,000 people in 2020*. Community investment includes gifts in kind, monetary donations, and employee volunteering. The total value of gifts in kind distributed in 2020 was over €40,000 and monetary donations totalled over €300,000.

* Engaged is defined as an individual that has directly benefitted and/or has interacted with the programme supported from financial and/or in-kind support.



▶ The highlights of our pandemic response can be found on pages 8 and 9

Responsible business and sustainability continued

Playtech has an important role to play in finding solutions for the issues that most concern our stakeholders — both in the communities where we operate and on critical issues facing our industry, such as safer gambling. Building strong and enduring partnerships is central to our approach to addressing shared societal challenges, and we're investing in a range of relationships with experts within and beyond our sector.



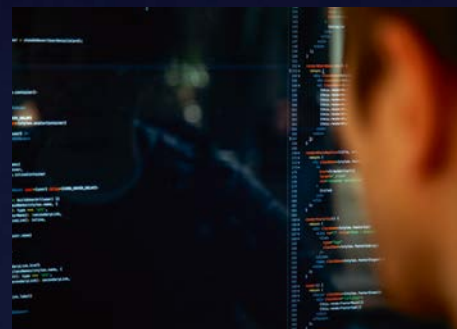
Live2Give Gibraltar

Playtech Gibraltar is recognised as a charity leader. The office supports and donates to a wide variety of causes, including cancer relief, homelessness, the elderly, families in need and environmental working groups, helping to craft changes required for a better future. The office is also heavily involved in promoting women in tech through the Gibraltarian government's Women's Mentorship Programme and the Girls in Tech initiative. During 2020, Playtech's Gibraltar employees used their skills to develop the Live2Give app, which aims to digitise charitable giving in Gibraltar. Monetary donations can be made through the touch of a button, and the app also offers a platform for giving skills, time and energy. Georgina Morello from Playtech Gibraltar partnered with Robin Whitting from Entain to develop the app. Commenting on the app, Georgina said: "We've come up with the prototype which we have presented to many charities already; all in all, everyone's been highly supportive, including government officials. We are really looking forward to see it go live in due course." The concept was developed as part of the 2019 Hacking for Humanity event and is scheduled to go live in 2021.



iZilove Foundation Italy

Since 2017, Snai's iZilove Foundations has been supporting the Renato Piatti Foundation, which develops projects and provides services to people and their families who are affected by disabilities, with the aim of supporting them to build and enhance their skills. Renato Piatti Foundation manages 16 residential and rehabilitation centres, assisting a total of 500 children, adolescents, adults and elderly clients. In 2020, the iZilove Foundation supported the charity's new "Toc-Toc" programme aimed at supporting young patients with digital tools that are critical to allow them to continue their therapies online during the pandemic.



Employees volunteer to create crucial eHealth system Cyprus

Together with The University of Cyprus, employees from Playtech's Cyprus office created an in-patient eHealth monitoring system for COVID-19 patients for public hospitals in Cyprus. Ten developers from Playtech volunteered part work hours and part personal time, on the development and configuration of the tool.

Using technology to help slow the spread of the virus, this dedicated solution for COVID-19 patients allows doctors and nurses to add patients, track their evolution and add & view all necessary details (daily monitoring, symptoms, medication, treatment, see their laboratory results, patient contact etc.). The system went live in May 2020.

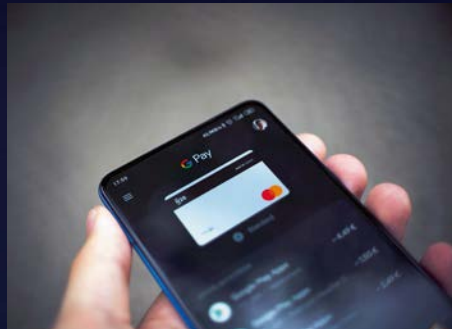
Investing in safer gambling research, education and treatment

Playtech has continued to increase its investment in research, education and treatment programmes designed to reduce gambling related harm. In 2020, Playtech invested over £1.3 million in such programmes and initiatives. Below are a few examples of programmes supported during the year.



Providing parents with support to prevent gambling related harm

Playtech is proud to support YGAM's Parent programme which aims to provide parents and carers with the knowledge and resources to safeguard their families from the harms associated with gaming and gambling. The funding provided by Playtech has enabled YGAM to develop an informative Parent Hub website which hosts an abundance of free practical tips, interactive activities and advice to help parents understand the risks and manage their child's safety online. The digital resource includes unique insights and guidance from parents, leading academics and teachers. The programme will be further enriched during 2021 with the introduction of bespoke workshops to help parents identify signs of harm, changes in behaviour and establish healthy boundaries with gaming.



Collaborating to reduce gambling-related financial harm

Since 2019, Playtech has partnered and participated in GamCare's Gambling Related Financial Harm programme (GRFH). Launched in 2019, the aim of this programme is to develop a best practice framework for the identification and support of players experiencing financial difficulty due to gambling related harm. This multi-stakeholder initiative brings together lived experience as well as representatives from the financial sector, the gambling industry, money and debt advice organisations and gambling treatment and support services to share best practices, set new standards, innovate and connect. In 2020, the initiative continued to make significant progress

with GamCare convening a network of interested and supportive organisations to share knowledge, information, ideas and best practice. Over 30 stakeholders from finance, gambling, money and debt sectors and gambling support services have been engaged on the project.

Most notably, the programme launched a comprehensive toolkit for financial institutions, gambling businesses and debt advice agencies across the UK to help them recognise, support and refer people experiencing gambling-related financial harms, and provide consistent communications across all points of the customer journey. This is the first time representatives from these sectors have come together to address gambling related financial harms in a unified way.

Playtech has committed to continue to participate and support this programme as it focuses future work including embedding best practices, generating further knowledge sharing and expand the reach of activity and engagement.

Chief Financial Officer's review¹

Good performance with strong financial discipline

“Playtech took early and decisive action to ensure the health and wellbeing of its employees and to preserve cash flow.”



Andrew Smith
Chief Financial Officer

Group Revenue

€1,079m

↓ 25%

(2019: €1,441m)

Overview

Response to COVID-19

Despite Playtech being severely impacted by COVID-19 through the cancellation of sporting events worldwide and the closure of retail shops, the Group continues to navigate the pandemic exceptionally well and had a resilient 2020.

Playtech took early and 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.

Actions taken to preserve cash included the deferral or cancellation of planned capital expenditure, strict working capital management, reduced office and maintenance costs, the renegotiation of the timing of major earnout payments in 2020 and the suspension of shareholder distributions until further notice given the uncertain economic backdrop.

As a precautionary measure, in the early stages of the pandemic Playtech accessed approximately €6 million in government support schemes in the UK and other markets. This was to ensure the Group could protect jobs given the prevailing uncertainty over the severity of the impact on the business from the pandemic. Despite the impact of the restrictions on parts of our business and given the overall resilient performance over the course of 2020, this support is currently in the process of being repaid, has been fully provided

for at year end and therefore excluded from our results for 2020.

Group performance

The Group saw an excellent start to 2020 in January and February driven by strong performances from Snaitech, Live Casino and Finalto (formerly TradeTech), combined with favourable sporting results.

However, the adverse impact of COVID-19 and the lockdowns from mid-March to June, and again from late October onwards, led to the Group's total revenues including Finalto decreasing by 20% year on year and on a constant currency basis, albeit boosted by an exceptional Finalto performance during March and April.

Following the lifting of various global lockdowns and the reopening of retail in June, the results showed a strong recovery in H2, with July particularly strong driven by pent up demand, a high concentration of football matches and another very strong month from Finalto. The Group continued to recover well in H2 driven by Snaitech and Core B2B, however, this recovery was hindered from late October when further lockdowns were again imposed by governments in several of its key markets, resulting in further retail closures.

Despite the pandemic and the headwinds described above, the Group achieved Adjusted EBITDA including Finalto of €310.0 million (2019: €383.1 million), an actual and constant currency basis year-on-year decline of only 19%. This was driven by Finalto in H1 and the strength of Playtech's online businesses outside of Asia, namely Casino (including Live), Bingo, Poker and Snaitech in H2.

During the year the Board of Directors solidified its decision and made significant progress towards the sale of Finalto in line with the Group's simplification strategy, in order to focus on its core B2B and B2C gambling businesses. The results of this division in the current and prior year have therefore been classified as discontinued operations. Total reported revenue from continuing operations ended at €1,078.5 million (2019: €1,440.5 million), representing a 25% year-on-year decline and 24% on a constant currency basis. The Group achieved Adjusted EBITDA from continuing

operations of €253.6 million (2019: €375.3 million), a decrease of 32% year-on-year and on a constant currency basis. The Group's reported EBITDA from continuing operations decreased by 33% to €222.9 million (2019: €333.7 million).

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.

Divisional performance

Core B2B Gambling revenues² declined by 6% year on year and 4% at constant currency. This was driven by a 26% decrease in UK revenues as a result of a 47% decline in UK retail activity because of COVID-19 lockdowns. However, the UK performance was offset by a 5% increase in revenues from regulated markets outside of the UK, namely Mexico, with contributions from Poland, Colombia, Italy and several other geographies, as well as a 26% increase in revenues from unregulated markets excluding Asia, namely Canada, Germany and South Africa. Revenues from Asia declined by 28% due to the severe impact of the pandemic in the region, as well as non-sector specific restrictions introduced on payment processing.

When excluding the impacts of retail closures and sporting cancellations in 2020, Core B2B Gambling (online excluding sports) revenues increased by 26% and 30% on a constant currency basis, driven by revenues from regulated markets outside of the UK, which increased by 59% and 68% on a constant currency basis. Revenues from unregulated markets excluding Asia increased by 28%, while the UK remained largely flat.

Within B2C, Snaitech revenues declined by 37% due to the absence of sporting events and the closure of retail shops during the COVID-19 lockdowns. However, Snaitech revenues were boosted by a 58% increase in online revenue. Furthermore, it achieved the number one position across sports (online and retail measured by GGR) in Italy in 2020. Snaitech's Adjusted EBITDA declined by 19%, a smaller decrease than its revenues, 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 92%.

Playtech's white label revenues, predominantly Sun Bingo, increased by 8% while the Retail Sport B2C business saw only a 3% decline in revenues, despite the retail closures in Germany and Austria.

Regulated revenues from continuing operations accounted for 84% of Group revenues in 2020 (86% when including Finalto) versus 87% in 2019 (88% when including Finalto), with the fall driven by lower revenues from Snaitech in Italy as described above.

Reported and adjusted profit

Adjusted profit before tax from continuing operations decreased by 75% to €45.1 million (2019: €177.8 million), driven by the fall in Adjusted EBITDA and an increase in finance costs in 2020 owing to the full period impact of the €350 million bond raised in March 2019, as well as the draw-down from the Company's revolving credit facility during 2020.

Reported profit before tax from continuing operations declined by 160% to a loss of €52.7 million (2019 reported profit: €88.2 million). Reported tax expense decreased by €11.4 million due to:

- Reduction in the current tax because of lower taxable profits, owing to the decline in the overall Group performance; and
- Decrease in deferred tax as a result of lower utilisation of brought forward losses in Snaitech, due to its lower taxable profits resulting from the closure of retail locations throughout much of the period.

This led to a total post-tax reported loss from continuing operations of €73.0 million (2019 reported profit: €56.5 million).

Balance sheet and liquidity³

	2020 €m	2019 €m
Cash and cash equivalents	683.7	671.5
Cash and cash equivalents included in assets held for sale	376.9	2.6
Total cash and cash equivalents	1,060.6	674.1
Cash held on behalf of clients, progressive jackpots and security deposits	(129.1)	(338.3)
Cash held on behalf of clients, progressive jackpots and security deposits and included in assets held for sale	(280.4)	—
Adjusted gross cash and cash equivalents	651.1	335.8

The Group continues to maintain a strong balance sheet with total cash and cash equivalents of €1,060.6 million as at 31 December 2020 (2019: €674.1 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €651.1 million as at 31 December 2020 (31 December 2019: €335.8 million), owing in large part to the Group drawing down its revolving credit facility as a precautionary measure.

Excluding cash from the revolving credit facility, the Group steered through the pandemic with its adjusted gross cash increasing to €342.2 million at 31 December 2020 (2019: €271.5 million), owing to the cash preservation actions described below.

The Group's total gross debt increased to €1,182.0 million at 31 December 2020 (31 December 2019: €935.8 million) with net debt, after deducting adjusted gross cash, decreasing to €530.9 million (31 December 2019: €600.0 million). The net debt / Adjusted EBITDA ratio increased only slightly to 1.7x at 31 December 2020 from 1.6x at 31 December 2019⁶, due to the overall reduction in Adjusted EBITDA.

Playtech takes 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 revolving credit facility for the 31 December 2020 and 30 June 2021 tests.

Chief Financial Officer's review¹ continued

Overview continued

Balance sheet and liquidity³ continued

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 cover from the 31 December 2021 test onwards, or sooner should the Company decide to make shareholder distributions within the above-mentioned periods.

Given the ongoing uncertainty relating to COVID-19, the Board suspended shareholder distributions in February 2020 until further notice. The share repurchase programme announced at the FY 2019 results was postponed with immediate effect and the 2019 final dividend was not proposed at the 2020 AGM. Together these measures allowed the Company to preserve over €65 million of cash outflows during the year. In addition, Playtech received a total of €49.5 million in cash from the sale of Snaitech land in Italy during the year.

Playtech's swift actions and assured navigation of the pandemic has left the Group in strong financial health to benefit from the reopening of retail shops in its main markets, the full return of sporting events across the world and further growth opportunities as it looks ahead into 2021 and beyond.

Group summary (continuing operations)⁴

	2020 €m	2019 ⁵ €m
B2B Gambling	494.8	553.9
B2C Gambling	596.3	900.5
Intercompany	(12.6)	(13.9)
Total Group Revenue from continuing operations	1,078.5	1,440.5
Adjusted costs	(824.9)	(1,065.2)
Adjusted EBITDA from continuing operations	253.6	375.3
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	222.9	333.7
Employee stock option expenses	16.5	13.3
Professional fees on acquisitions	1.7	0.5
Additional consideration payable for put/call option	5.3	10.2
Movement in contingent consideration and redemption liability	1.2	6.3
Effect from the amendment on terms of Sun Bingo contract back dated	—	6.4
Provision for other receivables	2.8	4.5
Impairment of associate	—	0.4
Charitable donation	3.2	—
Adjusted EBITDA	253.6	375.3
Adjusted EBITDA margin	24%	26%
Adjusted EBITDA on a constant currency basis	256.4	375.3
Adjusted EBITDA margin on a constant currency basis	24%	26%
EBITDA related to acquisitions at constant currency	(0.3)	—
Underlying Adjusted EBITDA on a constant currency basis	256.7	375.3
Underlying Adjusted EBITDA margin on a constant currency basis	24%	26%

Despite the pandemic and the interruption of retail activity for significant parts of the year, the Group's total reported revenues from continuing operations decreased by only 25% to €1,078.5 million (2019: €1,440.5 million) and down 24% on a constant currency basis. This was driven by the strength of the online business, even when including online sports, which increased by 16% year on year and 27% if we exclude Asia, offset by a decrease of 49% in retail revenue as a result of the various lockdowns during the year.

The Group's Adjusted EBITDA from continuing operations reached €253.6 million (2019: €375.3 million), a year-on-year and constant currency basis decline of 32%. The decrease in Adjusted EBITDA was higher than the decrease in revenue because of the higher cost base in the B2B Gambling division, only partly offset by the reduced cost base in the B2C Gambling division. This caused the 2% year on year decline in the Adjusted EBITDA margin, from 26% to 24% and is further analysed in the following sections. The Group's total reported EBITDA decreased by 33% to €222.9 million (2019: €333.7 million).

B2B Gambling

	2020 €m	2019 €m	Change
B2B Gambling Revenue*	494.8	553.9	-11%
Research and development	76.1	80.9	-6%
Operations	214.5	181.2	18%
Administrative	63.2	57.4	10%
Sales and marketing	15.2	19.6	-22%
B2B Gambling Costs	369.0	339.1	9%
B2B Gambling Adjusted EBITDA	125.8	214.8	-41%

* 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.

B2B Gambling Revenue

Core B2B Gambling revenues declined by 6% driven by a 26% decrease in UK revenues, offset by a 5% increase in revenues from regulated markets outside of the UK and a 26% increase in revenues from unregulated markets excluding Asia. Of the regulated markets outside of the UK, the biggest contributor was Mexico, driven by revenue growth at Caliente, with Poland, Colombia, Italy and several other geographies also contributing to revenue growth. The growth in revenues from unregulated markets excluding Asia came from Canada, Germany and South Africa. Asian revenues declined 28% due to the severe impact of the pandemic in the region as well as non-sector specific restrictions introduced on payment processing.

When excluding the impacts of retail closures and sporting cancellations in 2020, Core B2B Gambling (online excluding sports) revenues increased by 26% and 30% at constant currency, driven by revenues from regulated markets outside of the UK, which increased by 59% and by 68% on a constant currency basis. When including Sports, total online revenues within Core B2B increased by 19% and 23%

on a constant currency basis, driven by strong performances within Casino, Live, Bingo and Poker, as a result of the increase in demand for online entertainment during the COVID-19 lockdown periods.

Overall, B2B Gambling revenues decreased by 11% largely due to the impact of retail closures in the period, which led to a 51% decline in retail revenues, alongside the 28% decline of revenues from Asia.

When excluding Asia, B2B online gambling revenues were resilient through the pandemic. With the exception of online Sport, which declined significantly because of the suspension of sporting events worldwide due to COVID-19, every other online business within the B2B Gambling division achieved strong revenue growth against the prior year.

Group Adjusted EBITDA (incl. Finalto)

€310m

↓ 19%

(2019: €383m)

B2B Gambling costs

B2B Gambling costs increased in 2020. At the start of the year, the Group had aggressive investment plans to support the expected strong revenue growth in the year and to capture the opportunity in markets such as the US and Latin America. When the pandemic hit, our revenues and growth plans were impacted with either investment already having been made or with Playtech taking the decision to carry on with the investment plans in order to further strengthen our market positions.

Research and development ("R&D") costs include, among others, employee-related costs, direct expenses related to dedicated teams and proportional office expenses. Expensed R&D costs decreased by 6% to €76.1 million (2019: €80.9 million), driven by a decline in outsourcing costs and a reduction in office expenses and travel costs relating to the R&D teams. Capitalised development costs were 38% of total B2B Gambling R&D costs in the period, compared to 37% in 2019.

The operations cost line includes employee-related costs and their direct expenses, operational marketing, hosting, license fees paid to third parties, branded content, hardware terminals purchased for resale, feeds, chat moderators and proportional office expenses. Operations

costs increased by 18% to €214.5 million in 2020 (2019: €181.2 million). This increase was driven by recruitment in Live Casino, an increase in targeted marketing campaigns relating to turnkey customers and structured agreements, an increase in game patent fees and an increase in doubtful debts directly linked to COVID-19. These were offset by a decrease in costs relating to hardware sales compared to 2019 as well as a reduction in land-based terminals maintenance and service fees.

Administrative expenses increased by 10% to €63.2 million (2019: €57.4 million), driven by an increase in employee-related costs, legal and consulting fees, including those relating to Playtech's expansion into new geographies such as the US and Latin America, tax advice fees relating to matters such as the Group's change of tax residence, compliance expenses and charitable donations. These increases were partially offset by a significant reduction in general travel expenses.

Sales and marketing expenses decreased by 22% to €15.2 million (2019: €19.6 million), driven by a reduction in exhibition costs and travel costs directly related to exhibitions.

B2B Gambling Adjusted EBITDA

B2B Gambling Adjusted EBITDA decreased by 41% to €125.8 million (2019: €214.8 million). The decrease was driven by the closure of retail activity for significant parts of 2020 due to the pandemic and the decline in high-margin Asian revenues which flow through in large part to EBITDA.

Furthermore, and as discussed above, included in our B2B costs are significant investments made in order to enter new strategic agreements and geographies (marketing, legal and consulting fees), without an equivalent increase in revenue recognised in 2020, which predominantly explains why the decrease in Adjusted EBITDA was higher than the decrease in revenue.

B2C Gambling	2020 €m	2019 €m	Change
Snaitech	522.2	829.7	-37%
White label (incl. Sun Bingo)	55.0	51.1	8%
Sport B2C	19.1	19.7	-3%
B2C Gambling Revenue	596.3	900.5	-34%
Snaitech	390.2	667.2	-42%
White label (incl. Sun Bingo)	47.9	41.2	16%
Sport B2C	30.4	31.6	-4%
B2C Gambling Costs	468.5	740.0	-37%
B2C Gambling Adjusted EBITDA	127.8	160.5	-20%

Snaitech

Snaitech revenues decreased by 37% to €522.2 million (2019: €829.7 million), owing to the effects of the COVID-19 pandemic, which resulted in the closure of retail betting shops in Italy and the reduction in sporting events during the year. However, Snaitech's revenue was supported by a 58% increase in online revenues, which was driven by a 52% year on year increase in online wagers.

Snaitech operating costs decreased by 42% to €390.2 million (2019: €667.2 million). Given the high variable costs in the business, the fall in operating costs was driven by the decrease in 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 declined by 19%, a smaller decrease than its revenues, 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 92%. As a result, Snaitech's EBITDA margin improved to 25% (2019: 20%) and its underlying margin, which excludes the distribution costs paid to franchisees, improved to 48% (2019: 46%).

White label (including Sun Bingo)

Revenue from the white label business increased by 8% in total, driven by an outstanding performance from Sun Bingo, which grew 32% to €53.8 million (2019: €40.7 million). Operating costs within Sun Bingo increased by 49% to €45.6 million (2019: €30.7 million), driven by an increase in marketing costs. Adjusted EBITDA from the Sun Bingo business decreased by 19% to €8.1 million (2019: €10.0 million). Adjusted EBITDA includes the release of the minimum guarantee prepayment over the new period of the contract which was renegotiated in 2019.

Other White label revenue decreased by 88% to €1.2 million (2019: €10.4 million), as part of an ongoing effort to consolidate or cease the operations of certain brands. Other White label costs decreased by 78% in line with the decrease in revenue, resulting in an Adjusted EBITDA loss of €1.0 million (2019: loss of €0.1 million). During the year Playtech made a €3.2 million payment to charities as part of its pledge following regulatory review.

Chief Financial Officer's review¹ continued

B2C Gambling continued

Sport B2C

The Sport B2C business is currently at the investment phase so despite the retail closures in Germany and Austria resulting from COVID-19, revenues decreased by only 3% to €19.1 million (2019: €19.7 million), with a 4% decrease in costs.

The business remains loss making, with Adjusted EBITDA loss decreasing by 5% to €11.3 million (2019: €11.9 million). An impairment loss of €41.2 million has been recognised in the Sports B2C cash generating unit ("CGU") primarily as a result of COVID-19 and the impact it's had on retail performance. This impairment, which was accounted for below EBITDA, is further discussed below.

Below EBITDA items

Depreciation and amortisation

Depreciation decreased by 6% to €47.5 million (2019: €50.4 million). Adjusted amortisation, after deducting amortisation of acquired intangibles of €39.0 million (2019: €41.6 million), increased by 6% to €83.1 million (2019: €78.1 million). The remainder of the balance under depreciation and amortisation of €18.5 million (2019: €17.8 million) relates to IFRS 16 Leases, being the right-of-use asset amortisation.

Impairment of tangible and intangible assets, including assets held for sale

Included in the total reported impairment of tangible and intangible assets is a €41.2 million impairment for the B2C Sports CGU, which comprises of the B2C sports operations in Germany and Austria. The impairment, which fully wrote off the value of this CGU, was primarily a result of the impact of COVID-19 on the estimated recovery period and the uncertainty of future cash flows.

Within discontinued operations, the Group has recognised an impairment for the Finalto segment of €221.3 million (2019: €Nil), which is classified as held for sale at 31 December 2020. This is further discussed below.

Profit on disposal of asset classified as held for sale

On 21 April 2020, the sale and purchase agreement of part of the surplus Snai land in Italy, known as 'Area Sud', was completed for a total consideration of €18.8 million, of which €5.0 million had already been received on sign off of the preliminary agreement in 2019.

On 21 July 2020, the sale and purchase agreement of part of the surplus Snai land in Italy, known as 'Area Nord', was completed for a total consideration of €35.7 million.

As a result of these transactions a total of €49.5 million was received in cash during the year (2019: €5 million) and the Group realised a profit on disposal of €22.1 million (2019: €Nil) as reflected in the consolidated statement of comprehensive income.

Finance costs and income

Reported finance costs decreased by 3% to €64.6 million (2019: €66.7 million), while adjusted finance costs increased by 11% to €61.5 million (2019: €55.3 million). The latter was driven by both the increase in interest expense on bond loans in 2020 owing to the 2019 bond being issued part-way through H1 2019, as well as the additional withdrawal from the revolving credit facility during 2020. The difference between adjusted and reported finance costs in 2020 is the movement of the contingent consideration and redemption liability. In 2019 the difference is mainly the decrease in the effective interest on the previously held convertible bond due to its repayment in November 2019.

Adjusted finance income decreased by 58% to €1.1 million (2019: €2.6 million), driven by a decrease in interest income. Reported finance income decreased by 89% to €1.1 million (2019: €9.7 million) due to the movement in contingent consideration and redemption liability, which was an income in the prior year of €7.1 million against an expense of €3.0 million in the current year and therefore included in reported finance cost.

Taxation

In 2020, the Group's underlying adjusted effective tax rate from continuing operations increased to 22% (2019: 13%). Whilst income tax expense and cash tax actually decreased, there was an increase in the percentage tax rate due to the greater fall in profit before tax.

The total adjusted tax charge in 2020 was €17.9 million (2019: €39.8 million), whereas the reported tax charge was €20.4m (2019: €31.8 million). The adjusted tax expense excludes the impact of tax in relation to the Snai land disposed during the year and the movement in deferred tax in relation to acquisitions.

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. 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 in the consolidated statement of comprehensive income.

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 an estimated profit of €7.6 million to be recognised in FY 2021. This business has now been fully disposed of.

The Adjusted EBITDA related to the Casual and Social Gaming business improved to €0.4 million (2019: loss of €4.6 million) due to the winding down of operations and reduction in employee-related costs. Adjusted profit after tax improved to €0.1 million (2019: adjusted loss of €8.5 million).



Playtech grants scholarships to students

Finalto (formerly TradeTech Group)

In August 2020 the Group, which previously announced it is continuing to evaluate all options for Finalto, confirmed that it was in early discussion stages with a number of parties regarding a potential sale of the division. A formal decision to dispose of this segment was made by the Board of Directors. Post year end, the Group further announced that it was in exclusive discussions with a management consortium with a cash offer of up to US\$200 million. The Board is confident that the sale will complete by the end of 2021. The assets and liabilities of the division were therefore classified as held for sale at 31 December 2020 and the financial results of this division in both years being presented were included in discontinued operations. Despite the strong performance in 2020 as discussed below, the Group continues to execute its simplification strategy in order to focus on its core businesses. As a result an impairment charge of €221.3 million was recognised against this CGU when comparing its carrying value to expected proceeds from the disposal, less expected costs.

In terms of performance, revenues increased by 80% to €121.9 million (2019: €67.9 million). Adjusted and reported EBITDA both increased to €56.4 million (2019: €7.8 million) and €45.3 million (2019: €1.6 million) respectively. Finalto, which earned 72% of its 2020 revenue and 94% of its 2020 Adjusted EBITDA in H1, had an outstanding first half where the business benefitted significantly from increased market volatility and trading volumes, particularly in March and April as the effect of the pandemic created large price movements in major instruments. Market conditions normalised during the second half.

Adjusted profit and Adjusted EPS

	2020 €m	2019 €m
(Loss)/Profit from continuing operations attributable to the owners of the Company*	(73.0)	55.9
Employee stock option expenses	16.5	13.3
Professional fees on acquisitions	1.7	0.5
Additional consideration payable for put/call option	5.3	3.0
Movement in contingent consideration and redemption liability	4.2	6.3
Effect from the amendment on terms of Sun Bingo contract back dated	—	6.4
Provision for other receivables	2.8	4.4
Impairment of investment in associate	—	0.4
Charitable donation	3.2	—
Fair value change of equity investments	(0.6)	0.3
Tax relating to prior years	4.9	4.1
Deferred tax on acquisitions	(11.7)	(12.1)
Amortisation of intangibles on acquisitions	39.0	41.6
Finance costs on acquisitions	—	1.5
Notional interest on convertible bonds	—	9.9
Impairment of tangible and intangible assets and right of use assets	45.4	1.9
Fair value change on acquisition of associate	(6.5)	—
Loss on disposal of associate	8.9	—
Profit on disposal of asset classified as held for sale	(22.1)	—
Tax on disposal of asset classified as held for sale	9.3	—
Adjusted Profit from continuing operations attributable to the owners of the Company	27.3	137.4
Adjusted basic EPS (in Euro cents)	9.2	45.5
Adjusted diluted EPS (in Euro cents)	8.8	44.6
Constant currency impact	4.8	4.3
Adjusted profit for the year attributable to owners of the Company on constant currency	32.1	141.7
Adjusted net profit / (loss) on constant currency related to acquisitions	(0.3)	—
Underlying adjusted profit for the year attributable to owners of the Company	32.4	141.7
Basic and diluted EPS from loss attributable to owners of the Company (in Euro Cents)	(99.6)	(6.5)
Basic EPS from profit/(loss) attributable to the owners of the Company from continuing operations (in Euro Cents)	(24.5)	18.5
Diluted EPS from profit/(loss) attributable to the owners of the Company from continuing operations (in Euro Cents)	(24.5)	18.1

* The reconciling items in the table above are further explained in Note 10 of the financial statements.

Reported loss per share from continuing operations decreased by 232%, in line with the decrease in profit. Adjusted diluted EPS decreased by 80% compared to 2019. Basic EPS is calculated using the weighted average number of equity shares in issue during 2020 of 298.4 million (2019: 301.8 million). Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during 2020 of 310.8 million (2019: 308.0 million).

Cash flow

Playtech continues to be cash generative and delivered operating cash flows of €366.9 million (2019: €320.9 million), with adjusted cash conversion of 89% (2019: 79%).

Chief Financial Officer's review¹ continued

Cash conversion (including Finalto)

	2020 €m	2019 €m
Adjusted EBITDA	310.0	383.1
Net cash provided by operating activities	366.9*	320.9
Cash conversion	118%	84%
Change in jackpot balances	(2.0)	(9.5)
Change in client deposits and client equity	(76.6)	(22.0)
One-off tax payment	—	28.0
Dividends payable	(0.2)	(0.3)
Professional expenses on acquisitions	5.0	1.9
Finance costs on acquisitions	—	1.5
ADM security deposit	(17.1)	(17.2)
Adjusted net cash provided by operating activities	276.0	303.3
Adjusted cash conversion	89%	79%

* Net cash provided by operating activities is benefitting from a deferred payment of gaming tax duties of €89.6 million in Italy, which was due in Q4 2020. As a result of COVID-19 the Italian tax authorities allowed the deferral of these gaming tax duties to be made in the first half of 2021.

Adjusted cash conversion is shown after adjusting for jackpots, security deposits and client equity, dividends payable and professional and finance 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 cash flow and not EBITDA, while professional expenses and costs relating to acquisitions are excluded from Adjusted EBITDA but impact operating cash flow.

The adjusted net cash provided by operating activities excluded, among other items, the security deposit repayment from Italy's online betting and gaming regulator (ADM) for 2020 and 2019, changes in client deposits and client equity and the €28.0 million one-off cash payment made to the Israeli government in 2019 for the settlement of additional tax relating to the Group's activities in Israel for the years 2008 to 2017 inclusive.

The increase in net cash provided by operating activities is largely due to the significant increase in contribution from Finalto. Adjusted cash conversion, which the Group believes is a better representation of cash collection in the period, was 89% (2019: 79%).

Net cash outflows used in investing activities totalled €89.3 million (2019: €152.8 million) of which:

- €19.8 million (2019: €1.4 million) relates to consideration paid in relation to acquisitions of subsidiaries in the period;
- €41.7 million (2019: €61.4 million) was used in the acquisition of property, plant and equipment;
- €22.0 million (2019: €24.3 million) was used on the acquisition of intangible assets;
- €55.8 million (2019: €65.5 million) was spent on capitalised development costs; and
- €49.8 million (2019: €5.0 million) is cash received on the disposal of assets held for sale of which €49.5 million (2019: €5.0 million) relates to real estate located in Milan.

Net cash inflows from financing activities totalled €104.6 million (2019: €117.3 million outflow) of which €245.8 million (2019: €63.9 million) was cash inflow from the drawing down of the Group's revolving credit facility, offset by:

- €10.1 million (2019: €65.1 million) on the repurchasing of Playtech shares in the year;
- €27.4 million (2019: €27.2 million) of principal and interest lease liability payments;
- €63.7 million (2019: €48.1 million) payment of contingent consideration and redemption liability; and
- higher total interest payments on bond loans and bank borrowings totalling €39.7 million (2019: €29.5 million) due to the issuance of the 2019 bond part-way through H1 2019 and the Group's revolving credit facility drawdown in the current year.

Balance sheet, liquidity and financing

Cash

Including cash classified within assets held for sale, the Group continues to maintain a strong balance sheet with cash and cash equivalents of €1,060.6 million as at 31 December 2020 (2019: €674.1 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €651.1 million as at 31 December 2020 (2019: €335.8 million), owing in large part to the Group drawing down €245.8 million from its revolving credit facility as a precautionary measure, as well as the considerable cash preservation actions described below. The Board keeps Playtech's capital structure under continuous review and is cognisant of the level of cash on its balance sheet. Once there is greater certainty on the outcome of the pandemic, the revolving credit facility will be repaid.

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 revolving credit facility, increasing it to €317.0 million and extending its term by an additional four years, ending in November 2023, with a further one-year extension option. Interest payable on the loan is based on Euro Libor rates. Playtech acted promptly following the announcement of the first lockdown in Q1 2020 and the uncertainty surrounding this, to secure its liquidity position by drawing down €245.8 million against the revolving credit facility as a precautionary measure during the period (2019: €63.9 million). However, it is important to note that the Group steered through the pandemic with an improved cash position at 31 December 2020 against 31 December 2019, even after excluding the cash contribution from the revolving credit facility.

The Group's total gross debt amounted to €1,182.0 million at 31 December 2020 (31 December 2019: €935.8 million) and net debt, after deducting adjusted gross cash, amounted to €530.9 million (31 December 2019: €600.0 million). The net debt / Adjusted EBITDA ratio increased slightly to 1.7x at 31 December 2020 from 1.6x at 31 December 2019⁵, due to the overall reduction in Adjusted EBITDA.

Playtech takes 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 revolving credit facility 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 previous levels of 3x net debt / Adjusted EBITDA and 4x Adjusted EBITDA / interest cover from the 31 December 2021 test onwards, or sooner should the Company decide to make shareholder distributions within those periods.

Contingent consideration

Contingent consideration and redemption liability decreased by €51.4 million to €9.7 million (31 December 2019: €61.1 million) due to the completed payments relating to Playtech BGT Sports Ltd, Rarestone Gaming PTY Ltd and GenerationWeb, offset by the redemption liability arising from the acquisition of Statscore. The existing liability as at 31 December 2020 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration and redemption liability as at 31 December 2020	Payment date (based on maximum payable earnout)
HPYBET Austria GmbH	€15.0 million	Nil	Q2 2021
Eyecon Limited	€25.0 million	Nil	Q2 2021
Wplay	€4.9 million	€3.9 million	€4.0 million Q4 2022 €0.9 million Q4 2024
Statscore	€15.0 million	€4.6 million	€5.0 million Q1 2023 €10.0 million in Q1 2026
Other	€7.3 million	€1.2 million	€7.3 million in Q3 2021
Total	€67.2 million	€9.7 million	

Shareholder returns

The Board suspended shareholder distributions in March 2020 until further notice due to the uncertainty relating to COVID-19. The share repurchase programme announced at the FY 2019 results was postponed with immediate effect with approximately €10 million of the €40 million buyback having been completed. Also, the 2019 final dividend was not proposed at the AGM. Together these measures allowed the Company to preserve over €65 million of cash outflows during the year.

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.



TechSisters community networking event

Going concern

In adopting the going concern basis of preparation for the financial statements, the directors have considered the Group's current trading performance, financial position and liquidity alongside robust scenario assessments and reverse stress-test assessments for the forecast period.

The outbreak of the pandemic, the measures adopted by governments in countries worldwide to mitigate the pandemic's spread, including the ongoing second wave of lockdowns and the vaccine announcement and current rollout plans, were also taken into account in these assessments. COVID-19 continues to present challenges across many areas of Playtech's business, however, management believe the business has demonstrated resilience against the pandemic and these challenges.

At 31 December 2020, the Group held total cash of €1,060.6 million (2019: €674.1 million) and adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €651.1 million (2019: €335.8 million). Further, the Group has long-term debt facilities totalling €1,182.0 million (2019: €935.8 million). Management has secured a covenant relaxation at 31 December 2020 and 30 June 2021 relating to the revolving credit facility, as discussed in Note 26 of the 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 in the full year 2020 financial statements.

Andrew Smith
Chief Financial Officer
10 March 2021

- 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 10 of the financial statements.
- Core B2B Gambling refers to the Company's B2B Gambling business excluding unregulated Asia.
- The balance sheet and liquidity analysis includes assets and liabilities that are part of both continuing operations and assets held for sale because this better represents the Group's position at 31 December 2020 and 31 December 2019 as it still has full control of its cash and liabilities affecting its cash position.
- Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
- Due to the classification of a discontinued operation and a correction of prior year error, the comparative information for 2019 has been restated. Please refer to Note 8 of the financial statements for further details.
- Net debt/Adjusted EBITDA is calculated as Gross Debt less Adjusted Gross Cash including cash held for sale and excluding cash held on behalf of clients, progressive jackpots and security deposits divided by Adjusted EBITDA from continuing operations and Finalto (included in discontinued operations) of the last 12 months totalling €310.0 million (2019: €383.1 million).

Emerging risks, principal risks and uncertainties

Effectively managing our risks

- Gambling risk
- Financials risk
- Human risk

<h3>1 Regulation – licensing requirements</h3>	<h3>2 Regulation – local technical regulatory requirements</h3>	<h3>3 Taxation</h3>
<p>Description Playtech holds several licences for its activities from regulators. The review and/or loss of all or any of these licences may adversely impact on the operations, revenues and/or reputation of the Group.</p> <p>Mitigation Playtech has a fully resourced Compliance team, which advises and supports the Board and Executive Management to ensure implementation of the policies, procedures and controls in place to protect its licence to operate.</p> <p>The Compliance team advises, approves and monitors Group activities to ensure that the organisation is compliant with regulatory and licensing requirements. In 2018, Playtech acquired Snaitech, which increased the Group's presence in regulated markets and its vertically integrated operations. The compliance functions of Playtech and Snaitech are working to align compliance and regulatory processes.</p>	<p>Description Local regulators have their own specific requirements, which often vary on a country-to-country basis. In addition, new requirements may be imposed. For example, a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products.</p> <p>Mitigation Playtech works closely with regulators to understand specific local requirements along with any new requirements when operating and/or entering into a market. The Compliance team advises the business on these local requirements to ensure Playtech is compliant with existing requirements, whilst anticipating new requirements and engaging with local regulators on a frequent basis.</p>	<p>Description Given the dynamic nature of tax rules, guidance and tax authority practice, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce and betting and gaming activities in countries in which the Group has presence. Such taxes may include corporate income tax, withholding taxes and indirect taxes.</p> <p>Mitigation The Head of Tax keeps the Board and Executive Management fully informed of developments in domestic and international tax laws within jurisdictions where the Group has presence.</p> <p>The Group aims to comply with all tax regulations in all countries in which it operates and monitors and responds to developments in tax law and practice. The Group has an appropriately qualified tax team to manage its tax affairs. The Group seeks to minimise the risk of uncertainty and disputes and does this through proactive dialogue with the tax authorities and by obtaining third party expert advice, where appropriate.</p> <p>During the year, the Board reviewed and adopted the Group's UK Tax strategy statement (available at https://www.playtech.com/responsibility-regulation/tax-strategy).</p>
<p>Likelihood: Low Impact: High Static</p>	<p>Likelihood: Low Impact: Medium Static</p>	<p>Likelihood: Medium Impact: Medium Static</p>



Gambling risk



Financials risk



Human risk

4

Regulatory – capital adequacy



Description

The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.

Mitigation

Our proprietary automated reporting system is used to monitor capital adequacy 24 hours a day on a real-time basis. This is considered within pre-determined limits, set by the risk management committee, which include an approved level of 'buffer' to ensure that levels determined by our regulators are not breached. Where the capital adequacy levels approach the pre-determined limits, necessary steps are taken to ensure that exposures are managed so as to not fall foul of regulatory requirements.

Likelihood: Low
Impact: Medium

Static

5

Regulatory – data protection



Description

The requirements of the EU General Data Protection Regulations (GDPR) came into force in May 2018. The regulation is mandatory and all organisations that hold or process personal data must comply with these regulations.

Mitigation

Data Protection remains to be an inherent part of core Playtech Compliance tasks such as the test-based data protection training which is completed by all Playtech employees on an annual basis. GDPR continues being a priority for the Playtech Board and its executive management.

Likelihood: Medium
Impact: High

Static

6

Regulatory – preventing financial crime



Description

Policymakers in the EU and at national levels have taken steps to strengthen financial crime legislation covering Anti-Money Laundering (AML), prevention of facilitation of tax evasion and Anti-Bribery and Corruption (ABC).

Non-compliance could result in investigations, prosecutions, loss of licences and/or an adverse reputational impact.

Mitigation

The Group takes a zero-tolerance approach to bribery and corruption. Playtech's Ethics Policy sets out the overarching standards around business conduct, corporate governance, commitments to employees and corporate citizenship. In 2020, this policy was updated along with ABC and AML policies to include changes in legislation, regulations and industry good practice.

The Board and Risk Committee have oversight of AML, ABC and tax risk. The Compliance team has day-to-day oversight of AML and ABC policy and implementation, including training.

Likelihood: Medium
Impact: Medium

Static

7

Regulation – safer gambling



Description

Regulators, industry, charities and the public at large continue to challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. In addition, licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers.

Mitigation

Playtech reviews its operational policies and procedures on safer gambling to align with changes to the regulatory landscape, changes in business model, evolving industry standards and best practices as well as technological developments. Playtech has been investing in a range of safer gambling initiatives that cover data analytics as well as game design, customer interaction and cross-sector collaboration, including the acquisition of BetBuddy in 2017. Playtech's long-term strategic objective is to develop and offer best-in-class tools and data that can help raise standards in operations and across the industry.

Likelihood: High
Impact: Medium

Static

Emerging risks, principal risks and uncertainties continued

<h2>8 Mergers and acquisitions</h2>	<h2>9 Key employees</h2>	<h2>10 Cyber crime and IT security</h2>	<h2>11 Market exposure</h2>
<p>Description Playtech has made a number of acquisitions in the past. Such acquisitions may not deliver the expected synergies and/or benefits and may diminish shareholder value if not integrated effectively or the opportunity executed successfully.</p> <p>Mitigation Playtech has an established process in place and experienced staff to conduct thorough due diligence before completing any transaction. There is an integration team in place that works to integrate each acquisition as smoothly as possible.</p>	<p>Description The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees, along with the attraction and integration of new talent, cannot be guaranteed.</p> <p>Mitigation The Group provides a stimulating professional environment and has a performance evaluation system to identify key talent and to ensure that key personnel are appropriately rewarded and incentivised through a mixture of salary, annual bonuses, training opportunities and long-term incentives linked to the attainment of business objectives and revenue growth.</p>	<p>Description System downtime or a data breach, whether through cyber-attacks and distributed denial-of-service attacks or technology failure, could make services, information and infrastructure unavailable for significant period of time due to network bandwidth consumption and/or data deletion or encryption.</p> <p>Mitigation The Group has a strong Security team along with industry standards to detect and protect from cyber crime activities. The Security unit also partnered with external companies to provide security services and security products to help the team protect against sabotage, hacking, viruses and cyber crime. The Group works continuously to improve the robustness and security of the Group's information technology systems.</p> <p>As well as working with a range of specialist cyber security companies to enhance, review and test our defences against these threats, we have also continued to invest in our in-house capabilities (such as Security Operations Centre, Infrastructure and Application Security experts and strong GRC team). Also, the Group is audited continuously by external companies to comply with the industry best practices and standards for information security.</p>	<p>Description The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.</p> <p>Mitigation Market exposure is monitored 24 hours a day on a real-time basis, using our proprietary automated reporting systems to measure client exposure on all open positions. Where exposure levels and client behaviour, whether in total or on specific instruments, reaches certain levels, our risk management policy requires that mitigating actions, such as reducing exposure through hedging or liquidity arrangements, are considered.</p>
<p>Likelihood: Low Impact: Low Static</p>	<p>Likelihood: Medium Impact: Medium Static</p>	<p>Likelihood: Medium Impact: High Static</p>	<p>Likelihood: Medium Impact: Medium Static</p>



Gambling risk



Financials risk



Human risk

12

Counterparty risk



Description

Extreme market movements in financial instruments over a very short period of time could result in the Group's financial counterparties incurring losses in excess of the funds in their account, and they may be unable to fund those losses.

Mitigation

The level of margin for each counterparty and financial instrument is set according to any relevant regulatory requirements and the volatility of prices in the underlying market, which reduces the counterparty risk faced by the Group.

Likelihood: Medium
Impact: Medium

New

13

Global diversification



Description

As Playtech plc continues to operate across multiple locations, servicing our clients in many markets across the globe, these operations bring with them significant opportunities for growth; however, as is well understood, globally diverse operations carry risk particularly as markets change.

Mitigation

Playtech utilises many of its existing operational functions and external advisers to ensure that its Board and Executive Management fully understand the changing global market. Global diversification also presents significant opportunities to the Group, particularly the potential in the USA.

Likelihood: High
Impact: High

Static

14

Failure or disruption of supply chain



Description

Inability to supply services due to failure or disruption in global supply chains following large scale global events such as pandemics, political unrest, climate change etc. COVID-19 may present potential risks to our supply chains should the situation worsen.

Mitigation

Whilst Playtech understands the need for full and comprehensive Business Continuity and IT Disaster Recovery Plans, the Company is engaging with key suppliers and assessing the potential risks to ensure the provision of services to its licensees and customers are not affected.

Likelihood: High
Impact: Medium

Static

15

Disruption affecting business



Description

Large scale global events such as pandemics, political unrest, climate change etc, have the potential to affect Playtech's key business markets particularly at live sporting events. COVID-19 may present potential risks to our key business generating markets such as Asia and Italy.

Mitigation

Playtech's diverse offering across our online channels provides our customers with a continuation of our business services.

Likelihood: High
Impact: Medium

Static

Emerging risks, principal risks and uncertainties continued

16

Business continuity planning




Description
Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.


Mitigation
Business continuity plans are now in place for all key Playtech sites including our offices in Kiev, Tartu, the Philippines, Gibraltar, Riga, Italy and London. The remaining sites will be provided with a fully functioning business continuity plan in line with the project roadmap on a risk-based approach. Completed plans will be tested to ensure effectiveness and training will be provided to key staff members as part of the business continuity programme. In view of COVID-19 outbreak our Business Continuity and Human Resources teams have been providing advice to employees on all aspects of employee travel, remote working and ensuring adequate information in relation to the employees is passed on as and when available.

Likelihood: Low
Impact: High

Static

17

General health and wellbeing concerns from all Sites during COVID-19



Description
As a new strand of COVID-19 continues to spread worldwide, all our employees remain working from home (WFH), which brings with it some challenges such as exertion, stress, anxiety and the added pressure of childcare and home schooling.

Mitigation
Although employees are getting used to WFH, HR teams' responsibility to continue supporting employees online is increasing.


During the last quarter, we continued collaborating with Playtech Academy, offering various engaging talks, webinars, and interactive workshops, around the subject of General health and wellbeing. Additionally, each site continued to provide one-to-one support to employees through positively charged private messaging. Some teams met up in small groups, to engage in physical activities and picnics.

Likelihood: High
Impact: High

New

18

Live studio closures



Description
COVID-19 could result in our live studios being forced to close which will affect our portfolio.

Mitigation
To mitigate this for the long term we are working on plans for opening another studio to serve Asia and other territories as well as expanding our existing studios. The COVID-19 situation has got worse in our host countries, so the risk of closing studios or decreasing the number of tables due to absence of employees has surged. At the moment, besides having closed a few tables temporarily, there has been no effect on business availability.

Safety measures against the pandemic are being kept very strictly in the studios and around working procedures to make sure the operations teams continue to not only provide the service as it did so far, but to do it as safely as possible.

Likelihood: High
Impact: Medium

New

The Strategic Report on pages 2 to 82 was approved by the Board and signed on its behalf by Mor Weizer and Andrew Smith.



Mor Weizer
Chief Executive Officer



Andrew Smith
Chief Financial Officer
10 March 2021

Governance

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Chairman's introduction to governance

Progress driven by constructive & continued dialogue



Claire Milne
Interim Chairman

“Central to Playtech’s progress and growth has been a track record of open and constructive dialogue with its shareholders and 2020 has seen the Board continue high levels of engagement to ensure important progress on Corporate Governance.”

Dear Shareholder

In my capacity as Interim Chairman of the Board, I am pleased to present the Corporate Governance Report for 2020.

This continues to be one of the toughest times that many of us face, in both our personal and professional lives. This year, Playtech and our industries have encountered many challenges. The Board continues to evolve to ensure that we have the necessary skills and strategic leadership in order to continue to successfully guide the Company. I would like to pass on my gratitude for the hard work, resilience, enthusiasm and dedication which the Directors, senior management and all employees have demonstrated throughout 2020.

Central to Playtech’s progress and growth has been a track record of open and constructive dialogue with its shareholders and 2020 has seen the Board continue high levels of engagement to ensure important progress on Corporate Governance. Following the voting results at our Annual General Meeting (AGM) in May 2020, we have continued with our extensive Shareholder Engagement Programme. We recognise the level of votes against our Remuneration Report and will continue to engage with our shareholders to ensure that the Company’s interests are aligned to the interests of all shareholders in the next period of our evolution.

The Board recognises the need to strike a careful balance to ensure that shareholders and other stakeholders are appropriately protected by robust processes and procedures, while providing an environment that fosters an

entrepreneurial spirit thereby allowing our senior management team and employees to continue to deliver the strategic and operational progress, that we have achieved in recent years. This balance enables us to clearly focus on the key risks facing the Group but requires us to be flexible enough to accommodate changes resulting from developments in our strategy or changes in the regulatory environment.

Playtech has grown rapidly since its inception and is now a company with over 6,400 employees in 24 countries. To meet the changing demands of the Company, the Board has also evolved significantly in that time and has played an important role in guiding the Company through its rapid change. At our AGM in May 2019, Alan Jackson announced that he would not be standing for re-election at our AGM in 2020. Our recruitment process was stalled due to the impact of COVID-19, and following Alan's retirement as Chairman, I became Interim Chairman in May 2020. At the time of the AGM in May 2020, we confirmed that we would continue to search for a permanent Chairman following the resolution of the COVID-19 pandemic.

I am delighted to confirm that Brian Mattingley has agreed to accept the role as permanent Chairman with effect from 1 June 2021 following his retirement from the Board of 888 Holdings Limited. Brian has many years' experience in our industry, and I look forward to welcoming him to the Board. Following Brian's appointment, I will revert to my former position as a non-executive director and Chair of the Risk & Compliance Committee.

The Board has confidence in the future of the Group and sees significant growth opportunities ahead. The operational progress reported in 2020 in new and existing regulated markets, including the US, is evidence of Playtech's leadership in regulation and compliance in the gambling industry, as well as our commercial capabilities. The Board plays an essential role in upholding the highest levels of regulations, compliance and responsibility and we continue to work closely with regulators in various markets to ensure our compliance with local laws and regulations. The Board continues to strive to ensure that the Group's governance structure protects the sustainability of its businesses and the communities in which it operates, while maximising shareholder value and treating all shareholders fairly.

The Board also sets the tone for the Company. The way in which it conducts itself, its attitude to sustainability, problem gambling, diversity and inclusion, its definitions of success and the assessment of appropriate risk, all define the atmosphere within which the executive team works.

In keeping with our commitment to have a dedicated in-house function, we continued to strengthen our Internal Audit team in 2020, and this underlines our focus on the increasing levels of complexity in relation to internal controls and processes. The historical Internal Audit Relationship with PricewaterhouseCoopers LLP (PwC) remains in place and Playtech therefore has a co-sourced arrangement with PwC as it continues to provide support to the Internal Audit team given its experience of the Group and the specialist services it offers.

We have set out in the following sections how we seek to manage the principal risks and uncertainties facing the business together with further details on our governance framework, thereby explaining how our corporate governance practices support our strategy.

The AGM is an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior management. Our AGM is scheduled to be held on 26 May 2021. We continue to monitor the situation with COVID-19 and will take account of travel restrictions, restriction on gatherings and social distancing before announcing the venue for the meeting.

Claire Milne
Interim Chairman
10 March 2021

Board of Directors



Claire Milne

Interim Non-executive Chairman

Appointment to the Board

Claire was appointed to the Board in July 2016 and as Interim Chairman in May 2020.

Career

Claire has a master's degree from The Johns Hopkins University, Baltimore, is a member of The Law Society of Scotland, a Manx Advocate and a Writer to Her Majesty's Signet. She is a member of the Institute of Directors, the Licensing Executive Society and the Society for Computers and the Law, a General Member of the International Masters of Gaming Law and was Chair of the Isle of Man Gambling Supervision Commission from 2007 to 2012. She is currently a Partner and Team Leader within the Intellectual Property and Science & Technology teams for Appleby in the Isle of Man.

Skills, competences and experience

Claire is a recognised industry expert in eGaming and technology law and regulation, with over 25 years' experience advising gaming and financial services clients as an in-house and private practice lawyer.

Board Committees

Claire is Chair of the Risk & Compliance and the Nominations Committees and sits on the Remuneration Committee and Audit Committee.



Mor Weizer

Chief Executive Officer

Appointment to the Board

Mor was appointed as Playtech's Chief Executive Officer in May 2007.

Career

Prior to being appointed CEO, Mor was the Chief Executive Officer of one of the Group's subsidiaries, Techplay Marketing Ltd., which required him to oversee the Group's licensee relationship management, product management for new licensees and the Group's marketing activities. Before joining Playtech, Mor worked for Oracle for over four years, initially as a development consultant and then as a product manager, which involved creating sales and consulting channels on behalf of Oracle Israel and Oracle Europe, the Middle East and Africa. Earlier in his career, he worked in a variety of roles, including as an auditor and financial consultant for PricewaterhouseCoopers and a system analyst for Tadiran Electronic Systems Limited, an Israeli company that designs electronic warfare systems.

Skills, competences and experience

Mor is a qualified accountant and brings considerable international sales and management experience in a hi-tech environment and extensive knowledge of the online gambling industry.

Board Committees

He chairs the Management Committee and attends the Remuneration, Risk & Compliance and Nominations Committees at the invitation of the Chairs of those committees.



Andrew Smith

Chief Financial Officer

Appointment to the Board

Andrew was appointed as Playtech's Chief Financial Officer on 10 January 2017, having joined the Group in 2015.

Career

Having qualified as a solicitor with Ashurst in 2001, Andrew moved into investment banking, first with ABN AMRO and then with Deutsche Bank, specialising in both the technology and leisure sectors. Andrew joined Playtech in 2015 as Head of Investor Relations.

Skills, competences and experience

Andrew brings a wealth of financial, capital markets and M&A experience to the Board and has been integral to Playtech's operational and strategic progress since joining the business. Andrew was key to the acquisition of Snaitech in 2018, including the financing and refinancing of the acquisition.

Board Committees

Andrew sits on the Management Committee and attends meetings of the Audit Committee and the Risk & Compliance Committee at the invitation of the Chairs of those committees.



John Jackson

Senior Non-executive Director

Appointment to the Board

John was appointed to the Board in January 2016.

Career

John is a qualified accountant and his previous roles include Group Chief Executive of Jamie Oliver Holdings Limited from 2007 to 2015, Group Retail and Leisure Director of Virgin Group Limited from 1998 to 2007 and Managing Director of Body Shop International from 1988 to 1994.

Skills, competences and experience

John brings a wealth of consumer industry experience combined with a strong accountancy and financial background.

Board Committees

He chairs the Audit Committee and is a member of the Risk & Compliance and Nominations Committees. He is also the Senior Independent Non-executive Director.



Ian Penrose

Non-executive Director

Appointment to the Board

Ian was appointed to the Board in September 2018.

Career

Prior to his appointment, Ian was CEO of Sportech plc from 2005 to 2017 and served as CEO of Arena Leisure plc from 2001 to 2005. Ian is currently Non-executive Chairman of the National Football Museum, Non-executive Chairman of DataPOWA Limited and a Non-executive Director of both Weatherbys Limited and its technology partnership with the British Horseracing Authority, Racing Digital Ltd.

Skills, competences and experience

Ian brings over 20 years of leadership experience in the global gaming, technology and leisure sectors. In particular, he has significant knowledge of the US gambling market, having led strategic initiatives in the region over nearly a decade. Ian has been licensed by regulators in several countries and is also a Chartered Accountant.

Board Committees

Ian is Chair of the Remuneration Committee and sits on the Audit Committee, Risk & Compliance Committee and the Nominations Committee.



Anna Massion

Non-executive Director

Appointment to the Board

Anna was appointed to the Board in April 2019.

Career

Anna worked in investment banking and asset management for over 15 years and is widely respected as a global gambling industry expert. During her time at PAR Capital Management, Anna was responsible for idea generation and portfolio maintenance. Prior to joining PAR, Anna held positions at leading financial institutions including JP Morgan, Marathon Asset Management and Hedgeye Risk Management. Anna is currently a Director of AGS, LLC.

Skills, competences and experience

With Anna's sector knowledge and business network, she brings a strong fiscal and analytical skillset to the Board.

Board Committees

Anna is a member of the Remuneration Committee.



John Krumins

Non-executive Director

Appointment to the Board

John was appointed to the Board in April 2019.

Career

John's significant non-executive experience includes his current role, and previously at Hogg Robinson Group plc and across a series of private companies in the IT, technology, med-tech and related service sectors. In addition, John is a Trustee and Finance Committee Chairman of the Royal Institution of Great Britain and a Trustee at Big Education Trust. Prior to this John spent over 20 years in investment banking as a Managing Director at Morgan Stanley and subsequently at both Deutsche Bank and Societe Generale.

Skills, competences and experience

John holds an MBA from the Harvard Business School and combines many years' experience in corporate finance, technology and complex project management together with prior plc board experience and noteworthy regulatory experience from his previous role as a panel member of the UK's Competition and Markets Authority from 2013 to 2018.

Directors' governance report

Introduction

Responsibility for corporate governance lies with the Board, which is committed to maintaining high standards of corporate governance. The report which follows explains our most important governance processes and how they support the Group's business. In particular, we have applied the principles of good governance advocated by the UK Corporate Governance Code 2018 (the "Code") as published on 16 July 2018. The Code applied to Playtech throughout the financial year ended 31 December 2020. A copy of the Code is available at www.frc.org.uk. The Code places an emphasis on directors and the companies they lead needing to build and maintain successful relationships with a wide range of stakeholders. It also notes the importance of a company establishing a culture that promotes integrity and openness, values diversity and is responsive to the views of shareholders and wider stakeholders.

UK Corporate Governance Code

The Code is applicable to all companies with a premium listing, whether incorporated in the UK or elsewhere. The Code applies to all accounting periods beginning on or after 1 January 2019.

Section 1: Board leadership and Company purpose

A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. See pages 86 and 87.

The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity and promote the desired culture. Please refer to our Strategic Report as set out on pages 2 to 82.

The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should establish a framework of prudent and effective controls, which enable risk to be assessed and managed. Details of our principal risks are set out in our Strategic Report on pages 2 to 82.

In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from these parties. Please refer to details of our relationships with stakeholders on pages 94 and 95.

The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern. Our Strategic Report on pages 2 to 82 gives detail of our values and how we integrate these into our corporate culture which, in turn, leads to engagement with the wider workforce.

Section 2: Division of responsibilities

The Chair leads the Board and is responsible for its overall effectiveness in directing the company. The directors should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. See pages 89 to 95.

The Board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the Board's decision making. There should be a clear division of responsibilities between the leadership of the Board and the executive leadership of the company's business. See pages 89 to 95.

Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. See pages 89 to 95.

The Board, supported by the secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. See pages 89 to 95.

Section 3: Composition, succession and evaluation

Appointments to the Board should be subject to a formal rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. See pages 89 to 95.

The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed. See pages 89 to 95.

Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. See page 94.

Section 4: Audit, risk and internal control

The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself as to the integrity of financial and narrative statements. See pages 89 to 95.

The Board should present a fair, balanced and understandable assessment of the company's position and prospects. Our Strategic Report is on pages 2 to 82.

The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. Details of our principal risks are set out on pages 78 to 82. In addition, our Risk & Compliance Committee Report is set out on page 92.

Section 5: Remuneration

Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Details of our Remuneration Policy and how it is applied are set out in the Governance Section on pages 100 to 119.

Compliance statement

We continued to make improvements during the year both to our Board structure and our governance procedures in accordance with the provisions of the Code. Save for provision 19 dealing with the tenure of the Chair, which has now been remedied, I am delighted to be able to report that it is the view of the Board that the Company has been fully compliant with the principles of the Code during 2020.

Claire Milne was appointed as a Non-executive Director on 8 July 2016 and as Interim Chairman in May 2020. Claire is a recognised expert in eGaming and technology law and regulation, with over 25 years' experience advising gaming and financial services clients as an in-house and private practice lawyer and was, at the time of her appointment, and continues to be, a Partner and Team Leader within the Intellectual Property and Science and Technology teams for Appleby (Isle of Man) LLC (the "Firm"). The Firm has provided, and continues to provide, regulatory and legal advice to the Group from time to time; however, given the overall size of the Firm and the relatively small scale of fees received, this relationship was not considered to impact on her independence. In addition, in order to reinforce her independence, it was agreed that following her appointment, Claire would not be involved in the provision of advice by the Firm to the Group, her remuneration from the Firm would not be linked, directly or indirectly, to the receipt of fees from the Group, and that any potential residual conflicts will be managed carefully.

Ian Penrose was appointed as Chair of the Remuneration Committee on 1 November 2018, having been appointed as a member of the Committee on 1 September 2018. Notwithstanding that he had not been a member of the Committee for at least 12 months prior to his appointment as Chair, his extensive experience in the plc environment made him the most appropriate person for the role. Ian has now served as Chair for 27 months.

The Company's auditor, BDO LLP, is required to review whether the above statement reflects the Company's compliance with the Code by the Listing Rules of the Financial Conduct Authority and to report if it does not reflect such compliance. No such negative report has been made.

The Board is accountable to the Company's shareholders for good governance and the statements set out in this report describe how the Group applies the principles identified in the Code.

The Board

Composition

As at 31 December 2020, the Board comprised the Interim Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and four independent Non-executive Directors. The list of Directors holding office during the year to 31 December 2020 and their responsibilities are set out on pages 86 and 87.

With the exception of Alan Jackson, who did not stand for re-election at the Company's Annual General Meeting on 20 May 2020, the Directors served throughout the financial year.

The Non-executive Directors are all considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, as explained above.

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. The Company Secretary is a member of the Group's management team and all the Directors have access to his advice and services.

Director's name	Title
Claire Milne	Interim Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Andrew Smith	Executive Director, Chief Financial Officer
John Jackson	Non-executive Senior Independent Director
Ian Penrose	Non-executive Director
Anna Massion	Non-executive Director
John Krumins	Non-executive Director
Alan Jackson	Non-executive Chairman (from 1 January 2020 – 20 May 2020)

Board operation

The roles of the Chairman (Claire Milne) and the Chief Executive Officer (Mor Weizer) are separated, clearly defined and their respective responsibilities are summarised below.

Chairman

- Overall effectiveness of the running of the Board
- Ensuring the Board is an integral part in the development and determination of the Group's strategic objectives
- Keeping the other Directors informed of shareholders' attitudes towards the Company
- Safeguarding the good reputation of the Company and representing it both externally and internally
- Acting as the guardian of the Board's decision making processes
- Promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level

Chief Executive Officer

- Executive leadership of the Company's business on a day-to-day basis
- Developing the overall commercial objectives of the Group and proposing and developing the strategy of the Group in conjunction with the Board as a whole
- Responsibility, together with his senior management team, for the execution of the Group's strategy and implementation of Board decisions
- Recommendations on senior appointments and development of the management team
- Ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance

How the Board functions

In accordance with the Code, the Board is collectively responsible for the long-term success of the Company. The Board provides entrepreneurial leadership for the Company within a framework of prudent and effective controls that enable risk to be assessed and managed.

Directors' governance report continued

Matters considered by the Board in 2020

Month	Material matters considered
January	<ul style="list-style-type: none"> • Review of Financials division • Review of Asian business • Review of Tax Matters • Review of US business • COVID-19
February	<ul style="list-style-type: none"> • Review of the 2019 financial results and approval of the Annual Report and Accounts for 2019 • Consideration of a final dividend • Share Buyback • COVID-19
April	<ul style="list-style-type: none"> • COVID-19 – Cash preservation and liquidity • Salary sacrifice • Furlough Schemes
May	<ul style="list-style-type: none"> • Prepare for AGM • COVID-19 Risk Register • GDPR Update • Review of Remuneration • Trading Update
June	<ul style="list-style-type: none"> • Review of current trading • Review of Operations • Review of Regulatory & Compliance • Responsible Gambling Review • Review of Tax Matters • Communications and Corporate Affairs • Review of Asian Business • COVID-19 Update
August	<ul style="list-style-type: none"> • Review of ongoing projects • Responsible Business and Sustainability Review • Review of Tax Matters • COVID-19 Update
September	<ul style="list-style-type: none"> • Review of Interim Results • Operations Review • Review of Tax Matters • COVID-19 Update
October	<ul style="list-style-type: none"> • Review of Financials division • Human Resources Review • Review of Snaitech • B2B Review • COVID-19 Update
November	<ul style="list-style-type: none"> • Review of current trading • Budget 2021 • Regulatory & Compliance Review • Review of Financials division • Migration of tax residency to the United Kingdom • COVID-19 Update
December	<ul style="list-style-type: none"> • Budget 2021 • TradeTech rebranding to Finalto • Prepare for General Meeting • Budget Review 2020 • Board Evaluation • COVID-19 Update

How the Board functions continued

The Board sets the Company's strategic aims and ensures that the necessary resources are in place for the Company to meet its objectives and reviews management performance.

The Board meets regularly and frequently, with twelve meetings scheduled and held in 2020. Due to COVID-19 travel restrictions, eight of these meetings were held remotely.

During the year, the Chairman met the other Non-executive Directors both in person and remotely, in the absence of the Executive Directors, to re-confirm and take account of their views. All Non-executive Directors have sufficient time to fulfil their commitments to the Company.

In addition to receiving reports from the Board's Committees, reviewing the financial and operational performance of the Group and receiving regular reports on M&A, legal, regulatory and investor relations matters at the Board meetings, the other key matters considered by the Board during 2020 are set out in the table to the left.

For 2020, board meetings were scheduled to be held at the registered office of the Company in the Isle of Man. Due to COVID-19 travel restrictions, it was not possible for some of the directors to travel to the Isle of Man and this resulted in eight scheduled board meetings being held remotely. With effect from 4 January 2021, the Company moved its tax residence to the UK and, subject to ongoing COVID-19 travel restrictions, board meetings will be held at our office in London.

Directors are provided with comprehensive background information for each meeting and all Directors were available to participate fully and on an informed basis in Board decisions. In addition, certain members of the senior management team including the Chief Operating Officer, the General Counsel, the Head of Regulatory and Compliance, the Director of Investor Relations and the Director of Corporate Affairs are invited to attend the whole or parts of the meetings to deliver their reports on the business. Any specific actions arising during meetings are agreed by the Board and a comprehensive follow-up procedure ensures their completion.

Details of the attendance of the Directors at meetings of the Board and its Committees are set out in the table on page 91:

Responsibility and delegation

The Chairman is primarily responsible for the efficient functioning of the Board. She ensures that all Directors receive sufficient relevant information on financial, operational and corporate issues prior to meetings. The Chief Executive Officer's responsibilities focus on co-ordinating the Group's business and implementing Group strategy. Regular interaction between the Chairman and Chief Executive Officer between meetings ensures the Board remains fully informed of developments in the business at all times.

There remains in place a formal schedule of matters specifically reserved for Board consideration and approval, which includes the matters set out below:

- Approval of the Group's long-term objectives and commercial strategy
- Approval of the annual operating and capital expenditure budgets and any changes to them
- Consideration of major investments or capital projects
- The extension of the Group's activities into any new business or geographic areas, or to cease any material operations
- Changes in the Company's capital structure or management and control structure
- Approval of the Annual Report and Accounts, preliminary and half-yearly financial statements and announcements regarding dividends

- Approval of treasury policies, including foreign currency exposures and use of financial derivatives
- Ensuring the maintenance of a sound system of internal control and risk management
- Entering into agreements that are not in the ordinary course of business or material strategically or by reason of their size
- Changes to the size, composition or structure of the Board and its Committees
- Corporate governance matters

In addition, the Board has adopted a formal delegation of authorities' memorandum which sets out levels of authority for employees in the business.

The Board has delegated certain of its responsibilities to a number of Committees of the Board to assist in the discharge of its duties. The principal Committees currently are the Audit Committee, the Remuneration Committee, the Risk & Compliance Committee and the Nominations Committee. The minutes of each of these Committees are circulated to and reviewed by their members. The Company Secretary is secretary to each of these Committees. The terms of reference for each of the Committees are available to view on the Company's website www.playtech.com.

Audit Committee

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of internal control, business risks and related compliance activities.

The Audit Committee's Report is set out on pages 96 to 99 and details the Audit Committee's membership, activities during the year, significant issues that it considered in relation to the financial statements and how those issues were addressed. The report also contains an explanation of how the Committee assessed the effectiveness of the external audit process and the approach taken in relation to the appointment or reappointment of the external auditors.

The Audit Committee comprises John Jackson (Chairman), Claire Milne and Ian Penrose.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Remuneration Policy for the Chairman, Executive Directors and senior management.

The Directors' Remuneration Report is set out on pages 100 to 119 and contains details of the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any questions that shareholders might raise on the Remuneration Committee's activities.

The Remuneration Committee comprises Ian Penrose (Chairman), Claire Milne and Anna Massion.

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Claire Milne	12 of 12	4 of 4	6 of 6	2 of 2	4 of 4
Mor Weizer	12 of 12	—	—	—	—
Andrew Smith	12 of 12	—	—	—	—
John Jackson	10 of 12	4 of 4	—	2 of 2	3 of 4
Ian Penrose	12 of 12	4 of 4	6 of 6	3 of 3	4 of 4
Anna Massion	12 of 12	—	6 of 6	—	—
John Krumins	12 of 12	—	—	—	—
Alan Jackson	5 of 5	2 of 2	2 of 2	—	—

Note:

Alan Jackson did not stand for re-election at the Annual General Meeting held on 20 May 2020. John Jackson missed 2 board meetings and 1 Risk Committee meeting through illness.

Directors' governance report continued

Risk & Compliance Committee

Under the Code, the Board is responsible for determining the nature and extent of the significant risks it is willing to accept in achieving its long-term strategic objectives. Through its role in monitoring the ongoing risks across the business, to include the Group Risk Register and the Group COVID-19 Risk Register, the Committee advises the Board on current and future risk strategies.

The Risk & Compliance Committee is chaired by Claire Milne. The other members of the Committee are John Jackson (Senior Independent Non-executive Director), and Ian Penrose (Non-executive Director). Ian Ince (Chief Compliance Officer), Alex Latner (General Counsel), Steffen Latussek (Chief Privacy Officer) and Robert Penfold (Head of Internal Audit) attend the Committee. The Company Secretary, Brian Moore, is secretary to the Committee.

The Committee works closely with the Audit Committee in carrying out its responsibilities and the Chairman of the Audit Committee, John Jackson, is also a member of the Committee.

In addition, PwC LLP, in their capacity as providers of co-sourced internal audit services, and members of the Group's senior management including the Chief Security Officer, the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Internal Audit and Data Protection Officer may be invited to attend meetings to present matters or for the Committee to have the benefit of their experience.

The primary responsibilities delegated to, and discharged by, the Committee include:

- Reviewing management's identification and mitigation of key risks to the achievement of the Company's objectives
- Monitoring of incidents and remedial activity
- Agreeing and monitoring the risk assessment programme including changes to the regulation of online gambling and the assessment of licensees' suitability
- Agreeing on behalf of the Board and continually review a risk management strategy and relevant policies for the Group, including the employee code of conduct, anti-bribery policy, anti-money laundering policy, anti-slavery policy, safer gambling and wider social responsibility issues
- Satisfying itself and report to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate
- Monitor ongoing compliance with the conditions of the regulatory licences held by the Group

The Risk & Compliance Committee met formally four times during the year, and a summary of the key matters considered by the Committee during 2020 are set out below:

- Monitoring the regulatory position in a number of jurisdictions including those which are of relative importance to the Group financially and those where changes may represent a risk and/or opportunity for the Group
- Considering the costs and regulatory requirements for the Group to seek relevant licences in newly regulating markets
- Consideration of applications by or on behalf of the Group for licences in existing or newly regulated markets
- Monitoring developments in relation to changes in the regulatory regimes in all jurisdictions in which the Group operates and receiving reports in relation to the likely impact on the Group and the need for entities within the Group to apply for licences
- Consideration of the overall effectiveness of the compliance strategy and the regulatory risks to the Group's operations and revenues
- Receiving and considering reports on discussions with, and the results of, audits by regulators
- Monitoring compliance with regulatory licences held in all jurisdictions and adapting procedures, products and technology as appropriate
- Consideration of the key risks associated with the Financials division
- Consideration of the key risks associated with Snaitech
- Consideration of the key risks associated with our B2C business
- Monitoring the GDPR programme across the Group and reviewing this programme, as appropriate
- Working with Internal Audit and IT Security
- Implementing compliance training for Board members and senior management

The Committee has been kept informed of any changes to the regulatory position in any significant jurisdiction where the Group, through its licensees, and Financials division, may be exposed and updated on progress in relation to agreed action items on a regular basis. The Committee can also convene meetings on a more frequent basis or as or when matters arise, if it is determined that enhanced monitoring of a specific risk is warranted.

A table setting out the principal significant risks identified by the Group (including with the

oversight and input of the Risk & Compliance Committee) and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 78 to 82 of this report.

Nominations Committee

The Board is required by the Code to establish a Nominations Committee which should lead the process for Board appointments, the process for appointments, ensure plans are in place for orderly succession to both Board and senior management positions and oversee the development of a diverse pipeline for succession. A majority of members of the Nominations Committee should be independent Non-executive Directors. The Nominations Committee's key objective is to ensure that there shall be a rigorous and transparent process for the appointment and removal of Directors from the Board, the committees and other senior management roles, to ensure that these roles are filled by individuals with the necessary skills, knowledge and experience to ensure that they are effective in discharging their responsibilities.

The Nominations Committee comprises Claire Milne (Chairman), John Jackson and Ian Penrose.

The Nominations Committee reviews the structure, size and composition of the Board and its Committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and appointment of members to the Board's Committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The Nominations Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nominations Committee also advises the Board on succession planning for Executive Director appointments although the Board itself is responsible for succession generally.

The Nominations Committee believes that appointments should be based on merit, compared against objective criteria, with the ultimate aim of ensuring the Board has the right skills, knowledge and experience that enable it to discharge its responsibilities properly.

Diversity and inclusion are part of our corporate culture and we have set ourselves objectives around improving the gender balance at Board, executive and senior management levels. We recognise that it will take time to make meaningful progress but with increasing commitment in this area, we will pursue diversity and inclusion objectives as set out in our Strategic Report on pages 2 to 82.

The Nominations Committee meets on an as-needed basis. Two formal meetings were held in 2020. Matters considered at these meetings included the consideration of candidates for the appointment of Non-executive Chairman. This led, after a process involving a review of several potential candidates, to the appointment of Brian Mattingley with effect from 1 June 2021.

Disclosure Committee

The Disclosure Committee ensures accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA. Meetings are held as required. At the date of this report the Disclosure Committee comprises John Jackson (Chairman of the Audit Committee), Andrew Smith (Chief Financial Officer), Alex Latner (General Counsel) and Brian Moore (Company Secretary).

Management Committee

The senior management committee is the key management committee for the Group. The standing members of the Committee are Mor Weizer (Chief Executive Officer), Andrew Smith (Chief Financial Officer), Shimon Akad (Chief Operating Officer), Uri Levy (VP Business Development), Alex Latner (General Counsel), Jeremy Schlachter (VP Finance), Ian Ince (Chief Compliance Officer) and Brian Moore (Company Secretary). Other members of senior management are invited to the Committee as and when required. The Committee considers and discusses plans and recommendations coming from the operational side of the business and from the various product verticals, in light of the Group's strategy and capital expenditure and investment budgets, including the implications of those plans (in areas such as resources, budget, legal and compliance). The Committee either approves the plans or as necessary refers the proposal for formal Board review and approval in accordance with the Company's formal matters reserved for the Board.

Board tenure

In accordance with the Company's articles of association, every new Director appointed in the year is required to stand for re-election by shareholders at the Annual General Meeting (AGM) following their appointment. Also, under the articles of association, at each AGM one-third of the Directors (excluding any Director who has been appointed by the Board since the previous AGM) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third, shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under the articles one shall retire).

Notwithstanding the provisions of the articles of association, the Board has decided to comply with the Code requirements that Directors submit themselves for re-election annually. Therefore, all Directors are seeking their reappointment at this year's AGM.

The Board has collectively agreed that the Directors proposed for re-election at this year's AGM have made significant contributions to the business since their last re-election and each has a key role to play in the formulation of the Group's future strategy and its long-term sustainable success.

In certain circumstances, Directors are entitled to seek independent professional advice under an agreed Board procedure, which would then be organised by the Company Secretary, and in this regard the Company would meet their reasonable legal expenses.

Service contracts and exit payments

Executive Directors

Set out in the table below are the key terms of the Executive Directors' terms and conditions of employment.

A bonus is not ordinarily payable unless the individual is employed and not under notice on the payment date. However, the Remuneration Committee may exercise its discretion to award a bonus payment pro-rata for the notice period served in active employment (and not on gardening leave).

The LTIP rules provide that other than in certain 'good leaver' circumstances awards lapse on cessation of employment. Where an individual is a 'good leaver' the award would vest on the normal vesting date (or cessation of employment in the event of death) following the application of performance targets and a pro-rata reduction to take account of the proportion of the vesting period that has elapsed. The Committee has discretion to partly or completely dis-apply pro-rating or to permit awards to vest on cessation of employment.

Provision	Detail
Remuneration	Salary, bonus, LTIP, benefits and pension entitlements in line with the above Directors' Remuneration Policy Table
Change of control	No special contractual provisions apply in the event of a change of control
Notice period	12 months' notice from Company or employee for the CEO and six months' notice for the CFO <ul style="list-style-type: none"> CEO contract signed on 1 January 2013 CFO contract signed on 10 January 2017
Termination payment	The Company may make a payment in lieu of notice equal to basic salary plus benefits for the period of notice served subject to mitigation and phase payments where appropriate
Restrictive covenants	During employment and for 12 months thereafter

Directors' governance report continued

Service contracts and exit payments continued

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Their remuneration is determined by the Board within limits set by the articles of association and is set taking into account market data as obtained from independent Non-executive Director fee surveys and their responsibilities. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the Annual General Meeting as required.

The table below is a summary of the key terms of the letters of appointment for the Non-executive Directors.

The letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office and will be available before and after the forthcoming AGM.

Balance of the Board

The Board comprises individuals with wide business experience gained in various industry sectors related to the Group's current business. It is the intention of the Board to ensure that the balance of the Directors reflects the changing needs of the business.

The Board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for the Group's current business. While not having a specific policy regarding the constitution and balance of the Board, potential new Directors are considered on their own merits with regard to their skills, knowledge, experience and credentials.

The Non-executive Directors continue to contribute their considerable collective experience and wide-ranging skills to the Board and provide a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of Executive Management. In addition, they help formulate the Group's strategy.

Name	Date	Term	Termination
Claire Milne	8 July 2016	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
John Jackson	1 January 2016	Until third AGM after appointment unless not re-elected	
Ian Penrose	1 September 2018	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Anna Massion	2 April 2019	Until third AGM after appointment unless not re-elected	
John Krumins	2 April 2019	Until third AGM after appointment unless not re-elected	

Evaluation

The Board is committed to an ongoing formal and rigorous evaluation process of itself and its Committees to assess their performance and identify areas in which their effectiveness, policies and processes might be enhanced. Claire Milne, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual Directors. John Jackson, as Senior Non-executive Director, considered the performance of Claire Milne taking into account the views of the Executive Directors. There were no material areas of concern highlighted and the main outcome of the evaluation this year was to shape and define the Board's objectives for the coming year, continuing the focus on Group strategy and ensuring the structures, capabilities and reporting are in place to achieve the Board's goals.

A review of the Board's effectiveness commenced in late 2020. This review was facilitated by Independent Audit Limited, using their Thinking Board online assessment service and questionnaires. Independent Audit Limited have no other connection to the Company or any individual Director and are considered by the Board to be independent.

Due to restrictions caused by COVID-19, questionnaires were deemed to be the preferred method for this review. These questionnaires covered the Board of the Directors and the Board Committees. The directors and members of senior management are involved, and the process is overseen by the Company Secretary. In addition, the Company Secretary is the person responsible for providing access and support for Independent Audit Limited. The Company Secretary is in the process of finalising this review, following which, Board members will discuss the findings and will continue to adopt and implement plans to further develop the effectiveness of the Board during 2021.

Looking ahead to the end of 2021, when the Company will be required to carry out a full external review, the Company Secretary will discuss this evaluation with the Board and a clear process will be in place before year end.

Newly appointed Directors can expect a detailed and systematic induction on joining the Board. They meet various members of senior management and familiarise themselves with all core aspects of the Group's operations. On request, meetings can be arranged with major shareholders. Members of senior management are invited to attend Board meetings from time to time to present on specific areas of the Group's business.

Relationship with stakeholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all the Company's Directors are available to meet with shareholders throughout

the year. Claire Milne, Mor Weizer, Andrew Smith and Ian Penrose met with a number of shareholders to discuss the Company's business and remuneration strategies throughout the year. The Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and full-year announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions. Regular meetings with shareholders and potential shareholders are also held by the Director of Investor Relations and at times in conjunction with either the Chief Executive Officer or the Chief Financial Officer.

The Company endeavours to answer all queries raised by shareholders promptly.

Subject to clarification around the situation with COVID-19 and restrictions on travel, gatherings and social distancing, we will announce details of our AGM for 2021 as soon as possible. Shareholders are encouraged to participate in the Company's AGM and, in the event that we are in a position to hold an open meeting, Board members will be available to answer questions from shareholders.

Playtech regularly engages with a wide range of stakeholders throughout the year with the objective of understanding current and evolving issues of interest, engaging constructively with our stakeholders, and ensuring that the Company takes stakeholder perspectives into account when taking short- and long-term decisions.

The Board uses several mechanisms and fora to achieve this including:

- Direct engagement with stakeholders – including investor roadshows and regulatory meetings
- Regular Board updates from key functional leaders responsible for engaging with key external stakeholders including the Chief Operations Officer (COO), Investor Relations, Data Protection, Corporate Affairs and Regulatory and Compliance
- Relevant functional reports and updates to the Remuneration, Audit and Risk & Compliance Board Committees
- Regular Board updates from the COO and HR on employee issues
- Briefings with functional leaders about emerging and/or live stakeholder issues
- Briefings on issues raised through the Speak Up/Whistleblowing hotline
- Direct participation of the Risk & Compliance Committee Chair in the Company's Global Community Investment Committee

The Director of Investor Relations, Chief Operating Officer, and the Chief Compliance Officer are standing attendees at Board meetings and regularly update the Board on investor, regulatory, policy, employee and commercial stakeholder views and perspectives.

In addition, the Risk & Compliance Committee of the Board is specifically tasked with reviewing and considering developments on wider social responsibility issues and expectations along with evolving political, regulatory and compliance developments.

With respect to employee engagement, the Board engages with the COO and Global Head of Human Resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline and diversity and inclusion. The COO is a standing attendee at the Board meetings. In addition, the Company has established a Speak Up hotline, which enables employees to raise concerns confidentially and independently of management. Any concerns raised are reported into the General Counsel and Chief Compliance Officer for discussion and consideration by the Risk Committee. The Board considers the current mechanisms appropriate for understanding and factoring in stakeholder concerns into plc level decision making. However, the Board will assess whether additional mechanisms can strengthen its understanding and engagement of stakeholder concerns in the future.

During 2020, the Board discussed, reviewed and engaged on a number of stakeholder issues. The following material stakeholder topics discussed by the Board in 2020 included executive compensation and pay, corporate governance, diversity, inclusion and gender pay gap, regulatory and compliance developments, safer gambling, data protection, environment, sustainability, anti-money laundering and anti-bribery and corruption, human rights and modern slavery, responsible supply chain and procurement, commercial developments with B2B licensees and third parties.

In 2020, the Board considered the engagement and understanding of stakeholder interests and perspectives through the implementation of the following:

- New and updated policies covering: Compliance Procurement Policy, Human rights and modern slavery statement
- Approval of safer gambling and sustainability blueprint
- Approval of firm wide remuneration plan
- Approval of new Remuneration Policy
- Monitoring developments on the Human Resources function and strategy

Investor relations and communications

The Company has well-established investor relations (IR) processes, which support a structured programme of communications with existing and potential investors and analysts. Executive Directors and members of the IR team participated in a number of investor events, attending industry conferences and regularly meet or are in contact with existing and potential institutional investors from around the world, ensuring that Group performance and strategy is effectively communicated, within regulatory constraints. Other representatives of the Board and senior management meet with investors from time to time. The Director of Investor Relations provides regular reports to the Board on related matters, issues of concern to investors, and analysts' views and opinions.

Whenever required, the Executive Directors and the Chairman communicate with the Company's brokers, Goodbody and Jefferies, to confirm shareholder sentiment and to consult on governance issues.

During 2020, 39 regulatory announcements were released informing the market of corporate actions, important customer contracts, financial results, the results of the Annual General Meeting, the General Meeting and Board changes. Copies of these announcements, together with other IR information and documents, are available on the Group website www.playtech.com.

Summary

An internal team consisting of members drawn from Investor Relations, Group Secretariat and Group Finance have led the process on this Annual Report, to include the Strategic Report, Governance Report and Financial Statements contained therein. When considering the contents of the Report, the Board considered if the information by business unit in the Strategic Report was consistent with that used for reporting in the financial statements and is there an appropriate level of consistency between the front and back sections of the report. In addition, the Board considered if the report is presented in a user-friendly and easy to understand manner. Following its review, the Board is of the opinion that the Annual Report and Financial Statements for 31 December 2020 are representative of the year and is confident that taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Claire Milne
Interim Chairman
10 March 2021

Maintaining accountability



John Jackson
Chairman of the Audit Committee

Dear Shareholder

I am pleased to present the Committee's Report for the year.

During 2020, the Committee has continued to support the Board in fulfilling its corporate governance responsibilities, including matters relating to financial reporting, risk management and internal control, internal audit process, the preparation and compliance of the Company's Annual Report and Accounts and the external audit process. The key activities of the Committee during 2020 are set out below.

Composition

The Audit Committee comprises three independent Non-executive Directors. John Jackson is the Chair of the Committee and is a qualified Chartered Certified Accountant. Therefore, John has recent relevant financial experience, in compliance with provision 24 of the Code. The other members are Claire Milne and Ian Penrose. The Committee is authorised to obtain independent advice if considered necessary.

The Chief Financial Officer and Group Head of Internal Audit attended all meetings of the Audit Committee by invitation, and the Vice President of Finance was invited to attend the meetings of the Committee that considered the audited accounts and the interim financial statements, as was the external auditor, BDO LLP ("BDO"). The members of the Committee were also able to meet the external auditor without any Executive Directors being present in order to receive feedback from them on matters such as the quality of interaction with management. John Jackson met with BDO separately on several occasions during the year to discuss matters involving the audit process.

During the year, John Jackson met remotely with members of the management team in order to understand more fully the context and challenges of Playtech's business operations and thereby ensure the Committee's time was used most effectively. The activities of the Committee members during the last year helped to support management actions taken at the outset of the COVID-19 pandemic to control costs and preserve cash and ensured that we remain in a solid financial position. In addition, these actions have enabled the Committee to continue to understand the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the actions taken to address them.

Responsibilities

The Audit Committee's primary function is to assist the Board in fulfilling its financial oversight responsibilities. The Board is required by the Code to establish formal and transparent arrangements for considering how it should apply required financial reporting standards and internal control principles and also for maintaining appropriate relationships with the Company's external auditor, BDO. The Committee's terms of reference can be viewed on the Company's website www.playtech.com.

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of external control, business risks and related compliance activities.

In particular, the Code calls for the description of the work of the Audit Committee to include its activities during the year, the significant issues considered in relation to the financial statements and how they were addressed, how the Committee assessed the effectiveness of the external audit process, the approach of the Committee in relation to the appointment or reappointment of the auditor and how objectivity and independence are safeguarded relative to non-audit services.

The primary roles and responsibilities delegated to, and discharged by, the Committee include:

- Monitoring and challenging the effectiveness of internal control and associated functions
- Approving and amending Group accounting policies
- Reviewing, monitoring and ensuring the integrity of interim and annual financial statements, and any formal announcements relating to the Company's financial performance, in particular the actions and judgements of management in relation thereto before submission to the Board
- Providing advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance business model and strategy
- Reviewing and monitoring the implementation of the Company's Code of Business Ethics ("Code of Ethics") and compliance with their provisions, as well as reviewing the Company's internal financial controls and internal controls and risk management systems
- Reviewing the Company's arrangements for its employees to raise concerns, anonymously or in confidence and without fear of retaliation, about possible wrongdoing in financial reporting or other matters arising under the Code of Ethics
- Reviewing promptly all reports on the Company from the internal auditors and reviewing and assessing the annual internal audit plan
- Reviewing and approving the Internal Audit Charter and the Audit Committee Terms of Reference on an annual basis
- Reviewing and monitoring the external auditor's independence and objectivity, including the effectiveness of the audit services
- Monitoring and approving the scope and costs of audit

- Ensuring audit independence, implementing policy on the engagement of the external auditor to supply non-audit services, pre-approving any non-audit services to be provided by the auditor, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required
- Reporting to the Board on how it has discharged its responsibilities

Audit Committee's activities

In 2020, the Audit Committee met formally four times.

Matters that were broadly considered by the Committee during the year included:

- Consideration of the Group's Risk Register
- Consideration of the Group's COVID-19 Risk Register
- Effectiveness of the Group's system of internal controls and risk management
- Updates on cybersecurity risks
- Non-Financial information updates
- Review and approve the Internal Audit Plan
- Review and approve the Internal Audit Charter
- Results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution
- Post-acquisition reviews
- Review of Committee terms of reference

Its work also included reviewing the final and interim financial statements and matters raised by management and BDO. After discussions with both management and the external auditor, the Committee determined that the key risks of misstatement of the Group's financial statements related to the following areas which are described in the relevant accounting policies and detailed in the Notes to the financial statements on pages 126 to 207.

Audit Committee report continued

Revenue recognition

The Audit Committee reviewed the judgements made in respect of revenue recognition, in particular in assessing whether it is acting as a principal or an agent on contracts with customers where the Group is to be remunerated under the revenue share model, based on royalties earned from the customers' revenue. In making these judgements, the Group considers, by examining each contract with its business partners, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. The Committee concluded the Group's revenue recognition policy relating to these types of contracts are in line with IFRS requirements.

Furthermore, the Committee is satisfied that the embedded controls within the IT systems capturing all the different revenue streams are operating in line with our internal procedures and accurately capture the data required for revenue recognition.

Classification of assets as held for sale and discontinued operations

During the year, the Audit Committee considered the judgements made by management in classifying certain groups of assets and liabilities as held for sale as at 31 December 2020, with their results being shown as discontinued operations in the income statement in both years being presented, in accordance with IFRS requirements. The Committee was satisfied that the conclusions made in relation to the assets held for sale and discontinued operations were reasonable in light of the decisions made and the available information and consider the presentations and disclosures made in the financial statements to be accurate and complete.

Goodwill and intangible assets, including assets held for sale

During the year, the Audit Committee also considered the judgements made in relation to the valuation methodology adopted by management to support the carrying value of goodwill and other intangible assets, including assets held for sale, to determine whether there was a risk of material misstatement in the carrying value of these assets and whether an impairment should be recognised.

The Committee considered the assumptions, estimates and judgements made by management to support the models that underpin the valuation of intangible assets in the balance sheet. Business plans and cash flow

forecasts prepared by management supporting the future performance expectations used in the calculations were reviewed. COVID-19 had an impact on these business plans and future cash flows used to assess the carrying value of goodwill and other intangible assets. In the case of assets held for sale, any resulting impairments were based on their recoverable amount through a sale, less costs to sell (rather than through future cash flows).

The Committee considered the outcome of the impairment reviews performed by management. The impairment reviews were also an area of focus for the external auditor, who reported their findings to the Committee. The Committee satisfied itself that the conclusions made on the impairments of the Sports B2C and Finalto (only after it was classified as held for sale) cash generating units were reasonable, and, aside from these there were no other material impairments to the carrying value of goodwill or other intangible assets.

Legal, regulatory and taxation

Given the developing nature of the gambling sector in many countries across the world, and evolving regulation in the financial trading sector, there is a risk that potential material legal or regulatory matters are not disclosed or provided for in the financial statements. The Committee considered with the General Counsel and the Group's compliance department whether there were any known instances of material breaches in regulatory and licence compliance that needed to be disclosed or other claims or potential claims that required contingent liabilities to be included and/or provisions to be made in the financial statements, and, where appropriate, these have been disclosed, included and/or made in the financial statements. The Committee believes that the amounts and other information disclosed in the financial statements are reasonable, based on the level of judgement required and the known circumstances of each case.

In addition, the Committee considered forthcoming changes in the regulatory environment in a number of jurisdictions in which the Group and/or its licensees operate, together with the implementation of revised financial services regulations. The Committee considered the control systems adopted to identify potential regulatory issues and the compliance control systems operating in the Group. Discussions were held with the Chief Compliance Officer. Following this review, the Committee was satisfied that adequate provisions and disclosures were being made.

The Audit Committee reviewed and approved the overall tax management and strategy of the Group during the year in light of external and internal advice sought by management and reviewed how the Group considers tax as part of its overall business planning.

Furthermore, given that the tax rules and practices governing the e-commerce environment in which the Group operates continue to evolve, based on the aforementioned external and internal advice received, the Audit Committee considered developments and pending changes in domestic and international tax laws and was satisfied that adequate tax provisions and disclosures were being made for any potential liabilities.

The Group recognised a tax charge in the year in settling open enquiries by tax authorities. The Committee assessed the advice taken by management and the conclusions reached over the settlement of these enquiries and considers the analysis and conclusions reached by management to be appropriate.

Other financial statement areas

The Audit Committee reviewed the level of judgement and estimation required in the following areas of the financial statements, and it is satisfied that the judgement made and disclosures included in the financial statements are reasonable and in line with each applicable IFRS:

- Structured agreement and investments including the level of judgement required in identifying the investor-investee relationship and the accounting for the call options to acquire equity interests in third parties connected with these structured agreements and investments, as well as the impact this has on the assessment of control;
- Recovery of financial assets including trade receivables and expected credit losses, particularly where aged debt is apparent;
- Internally generated intangibles including initial capitalisation of costs based on management's judgement of technological and economic feasibility of each project being considered, as well as subsequent assessment of its recoverability;
- News UK (Sun Bingo) minimum guarantee asset recognition and subsequent amortisation over the term of the revised contract, which is based on expected future profitability of the contract and therefore requires management to prepare reasonable forecasts;

- Adjusted performance measures and in particular the determination of whether non-cash items or one-off items should form part of the adjusted results; and
- Right-of-use assets under IFRS 16 Leases including determining an appropriate discount rate for lease liabilities.

Viability Statement

The Committee reviewed management's work on assessing risks and potential risks to the Company's business. Following this review, the Committee was satisfied that management had conducted a strong and thorough assessment and recommended to the Board that it could approve and make the Viability Statement on pages 120 and 121.

Financial statements

The Board has responsibility under the provisions of the Code, for preparing the Company's Annual Report and Accounts and ensuring that they are fair, balanced and understandable, and that the information provided is sufficient to allow shareholders to assess the Company's position, performance, business model and strategy.

The review of the Company's Annual Report and Accounts was carried out by the Finance Department, Investor Relations and Group Secretariat together with input from other relevant departments across the Group. This ensures consistency of presentation across the main sections of the Annual Report and Accounts, being the Strategic Report, the Governance Report and the Financial Statements.

As part of this review process, the Committee considered whether the Annual Report and Accounts was fair, balanced and understandable.

The Group's financial statements are reviewed by the Audit Committee in advance of their consideration by the Board. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professionalism.

Having undertaken the processes described above, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

Based on the above, the Committee considers that the Annual Report and Accounts, taken as a whole, is fair, balanced, understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Internal control

In recognition of the increasing level of complexity in relation to internal controls and a desired commitment to have a dedicated in-house function, our Internal Audit Team was further strengthened during 2020. The historical Internal Audit relationship between PricewaterhouseCoopers LLP (PwC) and Playtech continues and is therefore a co-sourced arrangement, with PwC continuing to provide support to the Internal Audit Team given their experience with the Group and the specialist services they offer.

During the year, the Internal Audit Team performed a number of reviews over both individual entities and central functions across the Group. The results of these audits were reported to the Audit Committee on a regular basis, with recommendations made by Internal Audit and corresponding management actions being reviewed and challenged, where appropriate. In addition to regular feedback of audit results, the Internal Audit Team monitors completion of management actions and provides updates of these to the Audit Committee twice a year or upon request by the Committee on a quarterly basis.

An Internal Audit Plan for 2021 was developed by the Internal Audit Team and agreed with the Audit Committee at the November 2020 Audit Committee meeting. Internal Audit will carry out audits in accordance with this plan using a risk-based approach and continue to maintain effective lines of communication with the Audit Committee and key management. The Internal Audit Team will also be utilised to provide assurance over corporate governance matters and for ad hoc projects, where necessary.

The Committee confirms that any necessary action will be taken to remedy any significant failings or weaknesses identified from any Internal Audit reviews. The system of internal controls and audit is designed to ensure local legal and regulatory compliance and manage, rather than eliminate, the risk of failure to achieve business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Auditor's independence

The Audit Committee, on behalf of the Board, undertakes a formal assessment of the auditor's independence each year, which includes:

- A review of non-audit-related services provided by BDO and related fees;

- A discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence;
- A review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the periodic rotation of the audit partner;
- Obtaining written confirmation from the auditor that they are independent; and
- A review of fees paid to the auditor in respect of audit and non-audit services.

The FRC's Revised Ethical Standard introduced certain specific criteria for non-audit work. This included the introduction of a non-audit services fee cap and white list of permitted services. Further details of non-audit fees are included in Note 11 to the financial statements on page 163.

Throughout the year, the Audit Committee assessed non-audit services in progress in line with the transitional guidance within the Revised Ethical Standard and ensured that all prohibited non-audit services were completed prior to 31 December 2020. The Audit Committee continually assesses the effectiveness and independence of the external auditor and fully recognises and supports the importance of the independence of auditor. The Committee is satisfied that the carrying out of the above work did not impair the independence of the external auditor.

As stated in last year's annual report, the Committee conducted a formal tender process in accordance with the provisions of the Code, and in compliance with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies. At that time, the Committee stated that BDO was the optimal provider of audit services and would remain as auditor for 2020. This matter was monitored throughout 2020 and the Committee continues to believe that BDO remains the optimal provider of audit services and should remain as auditor for 2021. This matter will continue to be monitored throughout the year.

John Jackson

Chairman of the Audit Committee
10 March 2021

Statement by the Committee Chairman

Maintaining transparency



Ian Penrose
Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's report on Directors' remuneration for the year to 31 December 2020.

This report describes how the Board has applied the principles of the 2018 UK Corporate Governance Code (the "Code") to Directors' remuneration. Although Playtech is an Isle of Man incorporated entity and, as such, is not required to comply with the UK regulations on Directors' remuneration, we recognise the importance of shareholder transparency. Accordingly, we can confirm that the Company adheres to the UK regulations and the report below is divided into: (i) this Annual Statement; (ii) the new Directors' Remuneration Policy (the "Policy"), subject to approval by shareholders at the 2021 AGM, and (iii) the Annual Report on Remuneration that reports on the implementation of the Company's stated Remuneration Policy for the year to 31 December 2020.

The Annual Report on Remuneration and this Statement will be the subject of an advisory shareholder resolution at the forthcoming AGM. The Directors' Remuneration Policy will be subject to a binding shareholder resolution at the forthcoming AGM.

Remuneration philosophy

Our Remuneration Policy is designed to reward the contributions of senior management as well as incentivise them to drive shareholder returns, and to maintain and enhance Playtech's position as the software and services provider of choice to the gambling sector.

Remuneration is delivered via fixed remuneration and simple and transparent incentive-based plans enabling the Executive Directors to be rewarded for delivering strong financial performance and sustainable returns to shareholders. In fast-moving sectors such as ours we need to apply the policy flexibly in order to deliver the right level of overall pay to Directors.

Far reaching review of remuneration policy

Following the negative voting outcome at the 2020 AGM on the Playtech Directors' Remuneration Report, the Committee has reflected on what we can do to enhance how we operate remuneration to ensure this aligns much more closely to the expectations of our shareholders. The Committee began a wide-ranging review of the current Policy for Executive Directors, to align better with typical market practice, improve reporting transparency and satisfy specific concerns that our shareholders have raised. In undertaking this review, the Committee has sought to draw a line under the poor voting record on remuneration over the past few years by making material changes to the overall level of pay. This has been a lengthy and difficult process, as we had to address some challenging issues. We have also strengthened our decision making processes to ensure these are balanced appropriately going forward.

Mor Weizer, the CEO of Playtech, has been closely involved with these proposed changes and he and Andrew Smith, the CFO, have fully accepted that these changes need to be made in order to move forward with a new approach to executive remuneration. In addition, we believe this revised policy complies in all respects with the Code and we trust that you will agree that these proposals represent significant and appropriate adjustments to executive remuneration. The full proposed Policy is detailed later in this 2020 Directors' Remuneration Report.

As a result of discussions with our remuneration committee adviser, shareholders, discussions with proxy advisers and corporate governance experts and our assessment of current best practice, we have made the following changes to the Policy (full details are set out in the appendix to this letter), together with other major items of note:

- Significant reduction of £200,000 (20%) in CEO salary from £1,000,000 to £800,000 from 1 January 2021;
- Increase in the bonus deferral into shares from 25% over 2 years to 33.3% with immediate effect;
- Payouts under the annual bonus for on-target performance were reduced from 60% to 50% of maximum;
- Reduced executive pension contributions from 20% to 15% effective from 1 July 2021; 12.5% effective from 1 July 2022; 10% effective from 1 October 2022; and from 1 January 2023 to 7.5% which is aligned with the wider workforce;

- Material reduction in the fee for the Chairman, from the previous permanent incumbent receiving £394,000 plus a fully expensed company car, to the £338,000 with no company car for the Chairman Designate. The Interim Chair earned £290,000 plus car allowance;
- Introduced a financial EPS metric to the LTIP scheme, in addition to the TSR metrics;
- There are no pay rises for 2021;
- Adopted a highly responsible approach during the pandemic. We have repaid the UK Government furlough support which amounted to £1m, we did not take any UK Government "Coronavirus" loans, and we actively sought to protect and embrace Playtech's employees and families. In addition, no employees were made redundant as a consequence of the pandemic;
- Significant reduction in 2020 bonus outcomes, with the increase in bonus deferrals to 33.3% applying immediately; and
- Significant increase in Executives' share ownership; the CEO's share ownership increased to 104% of salary in 2020, from 42% on 31 December 2019. When considering the salary reduction taking effect from 1 January 2021, this shareholding is equivalent to 130% of salary. In addition, the CFO's share ownership increased to 73% of salary in 2020, from 32% on 31 December 2019.

Below we present the 2021 remuneration of the CEO across threshold, on-target and maximum performance under the current and proposed Policy. You will see how the annualised threshold, on target and maximum pay has been reduced by £280,000, £700,000 and £1.1 million respectively, once the first stage of pension reduction has come in from July 2021.

We have also enhanced how we have operated reward during 2020 to show our commitment to considered and responsible decision making. For example, the Committee took the decision to defer the grant of the 2020 LTIP award, which was due to be made during the period of high market volatility in March 2020, until October to ensure that we had more information to give us high levels of confidence in the strength of the Company, and that the share price at the point of grant had recovered to the pre-pandemic levels of mid February, so that there are no unjust windfall gains for executive directors. We will continue to take this measured and balance approach going forward and provide full transparency of all decisions in the annual remuneration report.

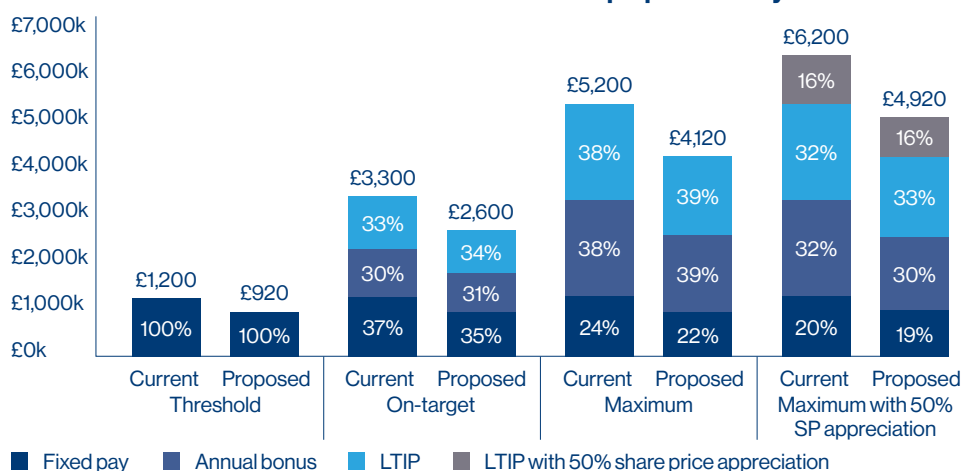
Implementation of policy in 2020

In our 2019 Annual Report on Remuneration we set out a statement of how we intended to operate the Policy in 2020. The Policy was operated in line with these intentions.

As set out in last year's report, the CEO did not receive a salary increase in 2020 and the CFO received an inflationary 2.5% increase. In line with the approved Policy, it is the Committee's intention going forward that salary increases for the Executive Directors will not exceed the general level of increases for the Group's employees.

During the year, the Committee implemented a 20% reduction in the fees / salaries of the Board, senior management and members of management between April and August to support the business during the COVID-19 pandemic. However, as a result of improved trading performance, the pay cut was reversed for senior management and members of management in December.

Illustration of CEO remuneration under the current and proposed Policy



Statement by the Committee Chairman continued

Implementation of policy in 2020 continued

Following further confirmation of improved trading performance to levels of around €300m in February 2021, the Board elected to reverse the remainder of the pay cuts implemented.

The 2020 LTIP awards are subject to relative TSR performance, in line with previous LTIP grants, and a new adjusted EPS performance metric in response to shareholder feedback provided during 2020. Further details on the 2020 LTIP awards are given on pages 111 and 112.

As noted in review of remuneration of above, the Remuneration Committee was cognisant of the potential implications of the COVID-19 pandemic on the Company's share price and considered whether the usual LTIP grant size would require any adjustment to address any potential windfall gains. Whilst the share price was impacted by COVID-19 during 2020, the share price had recovered by the LTIP date of grant and as such, the Remuneration Committee felt that the LTIP grant was appropriate. Despite the delayed grant, the vesting period for the 2020 LTIP grant was not shortened, and so the vesting date was also delayed to be three years after grant.

Performance and pay outcome for 2020 Bonuses

Bonuses for 2020 were significantly lower than in 2019. They amounted to 24% of entitlement for each of the CEO (€534k) and CFO (€173k), compared to 65% (€1.529m) and 69% (€511k) respectively last year. As a result of changes recently introduced, one-third of these payments will be deferred into shares.

Whilst the pandemic adversely affected trading overall, resulting in no payout (out of 70%) for the EBITDA and cash flow financial targets, the Group made good progress against many of the key strategic and operational objectives set at the beginning of the year; namely securing our first US licence and customers in New Jersey, securing the targeted number of new Gameslink customers, improving the Group's liquidity by delivering approximately €50m cash from the sale of surplus land in Italy, and the successful relocation of the Company's tax residence to the UK from the Isle of Man.

Furthermore, the Committee took account of the Executives' leadership and social responsibility during the COVID-19 pandemic, successfully moving the Company's workforce of over 6,400 to remote working in 24 countries, with virtually 100% technical resilience for our global product offerings during that challenging time. The Company adopted a highly responsible approach during the pandemic to protect and embrace Playtech's employees and staff, and a COVID-19 Fund was established to support local communities in which Playtech operates.

This amounts to a total bonus award of 24% (out of 30%) against the strategic and operational objectives, which together with the 0% award for financial targets, results in a total bonus award of 24% (out of 100%) for each of the CEO and CFO.

Playtech has repaid the UK Government's furlough support, it didn't take on any "COVID-19" loans, and did not raise new money from shareholders to support the balance sheet. In addition, no employees were made redundant as a consequence of the pandemic, nor were the general workforce asked to take reductions in compensation that applied to the senior management and Board.

No discretion was exercised in determining the bonus outcomes for 2020.

LTIPs

There was no LTIP granted in 2018 as a result of two profit warnings that year causing a deterioration in the share price. As a result, no award was due to vest in 2020. No discretion was exercised in determining the LTIP outcome for 2020.

How we will operate the policy in 2021 Base salary

The Committee reviewed the Executive Directors' salaries with effect from 1 January 2021. It was decided that Mr Weizer's salary would be reduced to £800,000 with effect from 1 January 2021. In Mr Smith's case, the Committee resolved that his salary would remain unchanged for 2021 at £430,500. The average salary increase awarded across the UK workforce was 2.7%.

Annual bonus

The annual bonus opportunity will remain unchanged at 200% and 150% of salary for the CEO and CFO respectively. Financial performance will drive 70% of the bonus and will be split 50% EBITDA and 20% cash flow. We will again set stretching targets for both. The remaining 30% of the bonus will be based on key strategic targets. The targets will have a graduated approach to differentiating between good and excellent performance, with full disclosure in next year's Annual Report.

In line with the Directors' Remuneration Policy due to be put forward at the 2021 AGM, 33.3% of any annual bonus payment will be deferred into shares for 2 years.

LTIP award

Awards in 2021 will be made at 200% of base salary for the CEO and 150% of base salary for the CFO and will be subject to challenging performance targets. The awards will be subject to relative TSR and adjusted EPS performance, in line with the 2020 LTIP grant. Full details of the performance targets will be disclosed at the time the awards are made and will be in line with the current remuneration policy.

Any vesting will also be dependent on the Committee ensuring that the level of performance achieved is consistent with the underlying financial performance of Playtech over the performance period. Any shares which vest after the end of the three-year performance period must be held for a further two years (subject to any sales required to meet tax due on vesting).

Pension

In line with the requirements of the Code, the Remuneration Committee has developed a plan to align the Executive pension provision with that of the wider workforce by the end of 2022. Subject to approval of the Directors' Remuneration Policy, the pension contributions to Executive Directors will reduce from 20% to 15% of salary effective from 1 July 2021, 12.5% effective from 1 July 2022, 10% effective from 1 October 2022, and ultimately aligned to the wider workforce from 1 January 2023.

Concluding remarks

We have carried out a difficult, lengthy and challenging process to make material changes to the level of pay. In undertaking this review, the Committee has sought to draw a line under the poor voting record on remuneration over the past few years.

On behalf of the Remuneration Committee, I would like to thank shareholders for their extensive and open engagement over the last year. We are committed to a continued focus on good corporate governance.

The Committee and I hope that you find the information in this report helpful and informative, and we welcome any comments or questions ahead of the 2021 AGM.

Ian Penrose

Chairman of the Remuneration Committee
10 March 2021

Directors' Remuneration Policy

For approval at 2021 AGM

The Directors' Remuneration Policy has been subject to a detailed review in 2020 by the Remuneration Committee. The Remuneration Committee has considered the strategic objectives of the business, shareholder feedback on the current policy, developments in corporate governance and market best practice. As a result, the Remuneration Committee has developed a revised remuneration policy which will apply for three years from the date of the 2021 AGM, subject to shareholder approval.

Considerations when forming the remuneration policy

This policy has been formed in accordance with the principles and provisions in the Code. The table below sets out how the Committee has addressed various aspects in the Code:

- **Clarity** – The Committee's policy has been clearly set out in this report, including the individual elements of remuneration and their operation.

- **Simplicity** – This proposed policy is well understood by both management and shareholders and aligns to typical market practice.

- **Risk** – The Committee believes that the incentive structure does not encourage undue risk-taking. There are a number of mechanisms available to the Committee, including discretions and malus and clawback provisions within incentive plans, that allow adjustment in the case that the Committee believes the outcomes are excessive.

- **Predictability** – The policy table and the illustrations of remuneration provide an illustration of potential levels of remuneration that may result from the application of the policy under different performance scenarios. The Committee believes that the range of remuneration scenarios is appropriate for the roles and responsibilities of the Executive Directors, based on the performance required for incentive awards to pay out.

- **Proportionality** – The policy has been designed to give appropriate flexibility in operation, particularly in relation to incentive plan metrics, which allow the Committee to implement the policy from year to year using the metrics that align with the Group's strategy. Furthermore, the policy contains discretion to allow the Committee to adjust remuneration outcomes to ensure that they are reflective of overall performance in the short and long term.

- **Alignment to culture** – As well as aligning with the strategy of the business, the policy has been formed to allow focus on broader stakeholders. In particular, there is an increased focus on employee and shareholder engagement through incentive metrics and Committee discretion.

Remuneration Policy for Executive Directors

The following table summarises each element of remuneration, how it supports the Company's short and long term strategic objectives and changes the Committee is proposing to the current policy based on shareholder feedback.

Element of remuneration	Short-term and long-term strategic objectives	Operation	Opportunity	Framework to assess performance	Proposed changes and associated rationale
Base salary	<p>To attract, retain and motivate high calibre individuals for the role and duties required</p> <p>To provide a market competitive salary relative to the external market</p> <p>To reflect appropriate skills, development and experience over time</p>	<p>Normally reviewed annually by the Remuneration Committee, with any increases typically effective in January</p> <p>Takes account of the external market and other relevant factors including internal relativities and individual performance. In reviewing salary levels, the Remuneration Committee may also take into account the effect of any exceptional exchange rate fluctuations in the previous year</p> <p>Executive Directors decide the currency of payment once every three years (which can be in Pound Sterling, US Dollars or Euros) with the exchange rate being fixed at that time</p>	<p>Other than when an executive changes roles or responsibilities, or when there are changes to the size and complexity of the business, annual increases will not exceed the general level of increases for the Group's employees, taking into account the country where the executive ordinarily works</p> <p>If a significant adjustment is required, this may be spread over a period of time</p>	N/A	No proposed changes to existing approach
Benefits	To help attract and retain high calibre individuals	<p>Benefits may include private medical insurance, permanent health insurance, life insurance, rental and accommodation expenses on relocation and other benefits such as long service awards</p> <p>Other additional benefits may be offered that the Remuneration Committee considers appropriate based on the Executive Director's circumstances</p> <p>Non pensionable</p>	N/A	N/A	No proposed changes to existing approach

Directors' Remuneration Policy continued

For approval at 2021 AGM

Remuneration Policy for Executive Directors continued

Element of remuneration	Short-term and long-term strategic objectives	Operation	Opportunity	Framework to assess performance	Proposed changes and associated rationale
Annual Bonus	<p>Clear and direct incentive linked to annual performance targets</p> <p>Incentivise annual delivery of financial measures and personal performance</p> <p>Corporate measures selected consistent with and complement the budget and strategic plan</p>	<p>Paid in cash and shares</p> <p>Clawback and malus provisions apply whereby bonus payments may be required to be repaid for financial misstatement, misconduct, error, serious reputational damage and corporate failure</p>	<p>200% of salary for the CEO and 150% of salary for other Executive Directors</p> <p>33.3% of any payment is normally deferred into shares for two years which are subject to recovery provisions</p>	<p>Performance measured over one year</p> <p>Based on a mixture of financial performance and performance against strategic objectives</p> <p>Normally, at least 70% of the bonus will be dependent on financial performance</p> <p>Bonus is paid on a sliding scale of 0% for threshold increasing to 100% for maximum performance</p>	<p>33.3% of any payment will be deferred into shares for two years which is subject to recovery provisions</p>
Long Term Incentive Plan (LTIP)	<p>Aligned to key strategic objective of delivering strong returns to shareholders and earnings performance</p>	<p>Grant of performance shares, restricted shares or options</p> <p>Two-year holding period will be applied to vested shares (from 2019 awards), subject to any sales required to satisfy tax obligations on vesting</p> <p>Clawback and malus provisions apply whereby awards may be required to be repaid for instances of financial misstatement, misconduct, error, serious reputational damage and corporate failure</p>	<p>Maximum opportunity of 250% of salary with normal grants of 200% and 150% of salary in performance shares for the CEO and other Executive Directors respectively</p>	<p>Performance measured over three years</p> <p>Performance targets aligned with the Group's strategy of delivering strong returns to shareholders and earnings performance</p> <p>25% of the awards vest for threshold performance</p>	<p>No proposed changes</p>
Pension	<p>Provide retirement benefits</p>	<p>Provision of cash allowance</p>	<p>Pension contributions for existing Executive Directors will be as follows:</p> <ul style="list-style-type: none"> • 20% until 30 June 2021; • 15% effective from 1 July 2021; • 12.5% effective from 1 July 2022; • 10% effective from 1 October 2022; and • From 1 January 2023, alignment with the wider workforce <p>Pension for new Executive Directors will be in line with the pension plan operated for the majority of the workforce in the jurisdiction where the director is based</p>	<p>N/A</p>	<p>A reduction in the pension contributions for Executive Directors as follows:</p> <ul style="list-style-type: none"> • 15% effective from 1 July 2021; • 12.5% effective from 1 July 2022; • 10% effective from 1 October 2022; and • From 1 January 2023, alignment with the wider workforce

Element of remuneration	Short-term and long-term strategic objectives	Operation	Opportunity	Framework to assess performance	Proposed changes and associated rationale
Share ownership guidelines	The Company has a policy of encouraging Directors to build a shareholding in the Company	<p>Executive Directors are expected to accumulate a shareholding in the Company's shares to the value of at least 200% of their base salary</p> <p>Executive Directors are required to retain at least 50% of the net of tax out-turn from the vesting of awards under deferred bonus plan and the LTIP until the minimum shareholding guideline has been achieved</p> <p>Shares must be held for two years after cessation of employment (at lower of the 200% of salary guideline level, or the actual shareholding on departure)</p>	N/A	N/A	No proposed changes
Non-executive Directors	To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role	<p>Fees are set in conjunction with the duties undertaken</p> <p>Additional fees may be paid on a pro-rata basis if there is a material increase in time commitment and the Board wishes to recognise this additional workload</p> <p>Any reasonable business related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed</p>	Other than when an individual changes roles or where benchmarking indicates fees require realignment, annual increases will not exceed the general level of increases for the Group's employees	N/A	The Chairman is no longer entitled to a fully expensed Company car

Directors' Remuneration Policy continued

For approval at 2021 AGM

Explanation of chosen performance measures and target setting

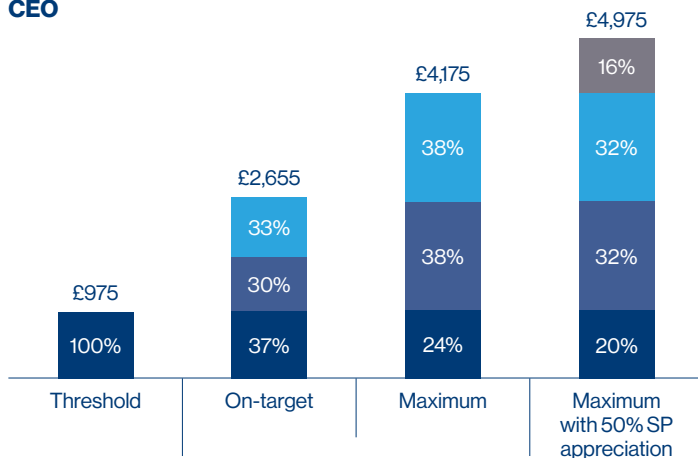
Performance measures will be selected to reflect the key performance indicators which are critical to the realisation of our business strategy and delivery of shareholder returns.

The performance targets are reviewed each year to ensure that they are sufficiently challenging. When setting these targets the Committee will take into account a number of different reference points including, for financial targets, the Company's business plan and consensus analyst forecasts of the Company's performance. Full vesting will only occur for what the Remuneration Committee considers to be excellent performance.

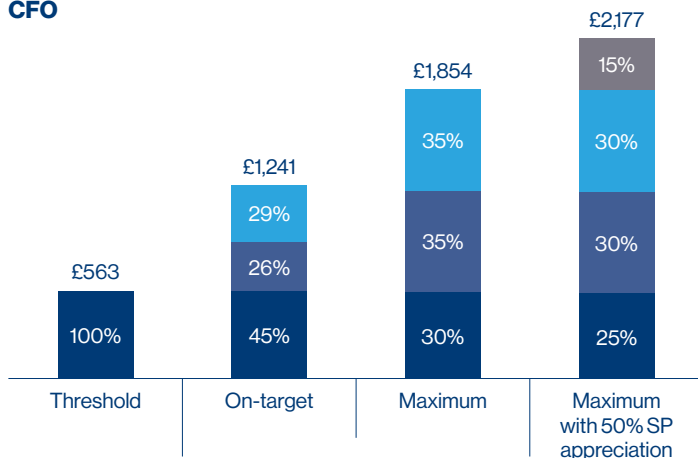
Remuneration scenarios for Executive Directors at different levels of performance

The Company's policy results in a significant proportion of remuneration received by Executive Directors being dependent on Company performance. The graph below illustrates how the total pay opportunities for the Executive Directors for 2021 vary under three performance scenarios: minimum, on-target and maximum.

CEO



CFO



■ Fixed pay ■ Annual bonus ■ LTIP ■ LTIP with 50% share price appreciation

- The value of benefits are in line with the values paid during 2020 as stated in the single figure table.
- Assumptions when compiling the charts are: Threshold = fixed pay only (base salary, benefits and pension). Target = fixed pay plus 50% of annual bonus payable and 55% of LTIP vesting. Maximum = fixed pay plus 100% of annual bonus payable and 100% of LTIP vesting.
- Share price appreciation has been taken into account for the Maximum column on the basis of a 50% increase in the share price across the performance period.

Policy on recruitment or promotion of Executive Directors

Base salary levels will be set to reflect the experience of the individual, appropriate market data and internal relativities. The Remuneration Committee may feel it is appropriate to appoint a new Director on a below market salary with a view to making above market and workforce annual increases on a phased basis to reach the desired salary positioning, subject to individual and Company performance.

Normal policy will be for the new Director to participate in the remuneration structure detailed above, including the maximum incentive levels for the Chief Executive Officer and Chief Financial Officer. The pension contribution will be aligned to the contribution received by the majority of the workforce in the jurisdiction in which the Director is based. Depending on the timing of the appointment, the Remuneration Committee may decide to set different annual bonus performance conditions for the first performance year of appointment from those stated in the policy above. The Committee may also provide relocation expenses/arrangements, legal fees and costs.

The variable pay elements that may be offered will be subject to the maximum limits stated in the policy table. The Remuneration Committee may consider it necessary and in the best interests of the Company and its shareholders to offer additional cash and/or make a grant of shares in order to compensate the individual for remuneration that would be forfeited from the current employer. Such awards would be structured to mirror the value, form and structure of the forfeited awards or to provide alignment with existing shareholders.

In the case of an internal promotion, any commitments entered into prior to the promotion shall continue to apply. Any variable pay elements shall be entitled to pay out according to its original terms on grant.

For the appointment of a new Chairman or Non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Service contracts and exit payments

Executive Directors

Set out in the table below are the key terms of the Executive Directors' terms and conditions of employment. A bonus is not ordinarily payable unless the individual is employed and not under notice on the payment date. However, the Remuneration Committee may exercise its discretion to award a bonus payment pro-rata for the notice period served in active employment (and not on garden leave).

The LTIP rules provide that other than in certain 'good leaver' circumstances awards lapse on cessation of employment. Where an individual is a 'good leaver' the award would vest on the normal vesting date (or cessation of employment in the event of death) following the application of performance targets and a pro-rata reduction to take account of the proportion of the vesting period that has elapsed. The Committee has discretion to partly or completely dis-apply pro-rating or to permit awards to vest on cessation of employment.

Provision	Detail
Remuneration	Salary, bonus, LTIP, benefits and pension entitlements in line with the above Directors' Remuneration Policy Table
Change of control	No special contractual provisions apply in the event of a change of control
Notice period	12 months' notice from Company or employee for the CEO and six months' notice for the CFO <ul style="list-style-type: none"> CEO contract signed on 1 January 2013 CFO contract signed on 10 January 2017
Termination payment	The Company may make a payment in lieu of notice equal to basic salary plus benefits for the period of notice served subject to mitigation and phase payments where appropriate
Restrictive covenants	During employment and for 12 months thereafter

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Their remuneration is determined by the Board within limits set by the articles of association and is set taking into account market data as obtained from independent Non-executive Director fee surveys and their responsibilities. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the Annual General Meeting as required.

The table below is a summary of the key terms of the letters of appointment for the Non-executive Directors.

The letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office and will be available before and after the forthcoming AGM.

Name	Date	Term	Termination
Brian Mattingley	1 June 2021	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
Claire Milne	8 July 2016	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
John Jackson	1 January 2016	Until third AGM after appointment unless not re-elected	
Ian Penrose	1 September 2018	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Anna Massion	2 April 2019	Until third AGM after appointment unless not re-elected	
John Krumins	2 April 2019	Until third AGM after appointment unless not re-elected	

Consideration of employment conditions elsewhere in the Company when setting Directors' pay

The Remuneration Committee when setting the policy for Executive Directors takes into consideration the pay and employment conditions through the Company as a whole.

In determining salary increases for Executive Directors, the Committee considers the general level of salary increase across the Company. Typically, salary increases will be aligned with those received elsewhere in the Company unless the Remuneration Committee considers that specific circumstances exist (as mentioned in the policy table) which require a different level of salary increase for Executive Directors.

As part of the Committee's wider remit under the Code, the Committee will continue to monitor pay policies and practices within the wider group and to provide input and challenge in respect of current policies and practices as well as any proposed future review and changes to ensure that they are appropriate, fair, aligned to the Company's remuneration principles and support the culture and growth of the business.

With respect to employee engagement, the Board engages with the COO and Global Head of Human Resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline and diversity and inclusion.

The Committee's policy is that annual salary increases for Executive Directors will not generally exceed the average annual salary increase for the wider employee population determined with reference to the country in which the Executive ordinarily works, unless there is a particular reason for any increase, such as a change in the Executive's roles and responsibilities or a change in the size and complexity of the business.

The Committee also considers external market benchmarking to inform the Executive's remuneration. External market benchmarking is also considered in relation to remuneration decisions of the wider workforce.

Directors' Remuneration Policy continued

For approval at 2021 AGM

Consideration of shareholders views

The Company is committed to engagement with shareholders and has engaged extensively on remuneration issues since the 2020 AGM.

Shareholders have provided valuable input into the proposed policy and the Company intends to continue to work closely with shareholders on implementation of the policy.

Legacy arrangements

In approving the Remuneration Policy, authority is given to the Company to honour any commitments previously entered into with current or former Directors that have been disclosed previously to shareholders.

Discretion vested in the Remuneration Committee

The Remuneration Committee will operate the annual bonus and LTIP according to their respective rules (or relevant documents) and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following in relation to the LTIP:

- The participants
- The timing of grant of an award
- The size of an award
- The determination of vesting
- Discretion required when dealing with a change of control or restructuring of the Group
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)
- The annual review of performance measures and weighting, and targets for the LTIP from year to year

In relation to the annual bonus plan, the Remuneration Committee retains discretion over:

- The participants
- The timing of a payment
- The determination of the amount of a bonus payment
- Determination of the treatment of leavers
- The annual review of performance measures and weighting, and targets for the annual bonus plan from year to year

In relation to both the Company's LTIP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Given the unique, fast-changing and challenging environment in which the Group operates, the Remuneration Committee considers that it needs some discretion if, acting fairly and reasonably, it feels that the payout is inconsistent with the Company's overall performance taking account of any factors it considers relevant. Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

External directorships

The Group allows Executive Directors to hold a Non-executive position with one other company, for which they can retain the fees earned.

Annual report on remuneration

The sections of this report subject to audit have been highlighted. The figures are shown both in Euros and Pounds, for ease of reference.

Directors' emoluments (in €) (Audited)

Executive Director	Mor Weizer		Andrew Smith	
	2020	2019	2020	2019
Salary ¹	1,124,987	1,143,427	483,724	480,280
Bonus ²	534,285	1,528,580	172,507	511,134
Long-term incentives ^{3,4}	—	—	—	40,258
Benefits ⁵	39,358	29,895	63,539	36,242
Pension	206,447	228,686	88,767	96,045
Total emoluments	1,905,077	2,930,588	808,537	1,163,959
Total fixed pay	1,370,792	1,402,008	636,030	612,567
Total variable pay	534,285	1,528,580	172,507	551,392

Directors' emoluments (restated in £) (Audited)

Executive Director	Mor Weizer		Andrew Smith	
	2020	2019	2020	2019
Salary ¹	999,998	1,000,000	430,000	420,000
Bonus ²	480,000	1,300,000	154,980	434,700
Long-term incentives ^{3,4}	—	—	—	36,168
Benefits ⁵	35,187	26,162	57,017	32,035
Pension	183,334	200,000	78,833	84,000
Total emoluments	1,698,520	2,526,192	720,831	1,006,903
Total fixed pay	1,218,520	1,226,192	565,851	572,203
Total variable pay	480,000	1,300,000	154,980	434,700

- Basic salary of the Executive Directors is determined in Pounds Sterling and then converted into Euros at the average exchange rate applicable during the relevant financial year for the purpose of this report. Mor Weizer's salary was set at £1,000,000 in June 2017 and there was no further increase during 2020. As noted on page 113, the salary for Andrew Smith was increased from £420,000 to £430,500 with effect from 1 January 2020. This was part of a phased approach to deliver the required market positioning and in recognition of the CFO's continued growth in the role. It should also be noted that both Executive Directors waived 20% of their salaries for 5 months in 2020 to support the business during the COVID-19 outbreak, however this was later repaid in February 2021, once the Group's improved financial performance showed consistent sustainability (the share price had returned to levels last seen in Autumn 2018). This is included within the table above.
- The figures for bonuses represent payments as determined by the Remuneration Committee for the Executive Directors based on the Company's performance during each financial year and by reference to their actual salary earned during the respective period. The bonuses were determined in Pounds Sterling and then converted into Euros at the exchange rates applicable as at 31 December 2019 and 31 December 2020 respectively. Details of (a) how the annual performance bonus for the Executive Directors was determined; and (b) the timing of bonus payments, are set out below.
- No LTIP awards were granted in 2018 and therefore no awards were due to vest in 2020.
- The value of the LTIP for 2019 relates to the 2017 awards, which had a three-year performance period ending 31 December 2019. Based on performance over this period, the Remuneration Committee determined that the 2017 awards will lapse in full. For Andrew Smith, this also includes the value of the portion of his 2016 award which vested in 2019, since this was granted prior to his appointment to the Board and was therefore not subject to performance targets. This award vested in two tranches, the first on 1 September 2017 and the second (which is included in the table above) on 1 March 2019. The tranche which vested during 2019 was over 7,979 shares and had a value of €40,258 (£36,168) based on the closing share price of 429.1 pence at the vesting date and the average exchange rate applicable during the 2019 financial year for the purpose of this report. Share price depreciation over the period to the vesting date (based on the original share price of 788.5 pence used to determine the original number of awards granted) is equivalent to €33,718.77 (£30,293).
- Benefits include private medical insurance, permanent health insurance, car and life assurance. The increase in the value of Andrew Smith's benefits was due to an increase in healthcare costs.

No discretion was exercised in determining the remuneration outcomes set out in the single total figure table above.

Annual report on remuneration continued

Non-executive Directors' emoluments (in €) (Audited)

Following the 2.5% increase to Non-executive director fees disclosed last year (to £107,625 per annum from 1 January 2020), there were no further increases in the fees paid to the Non-executive Directors in 2020. Fees are paid in sterling (which is unchanged from 2019) and are translated into Euros in the table below:

Director	Fees		Annual bonus		Benefits		Pension		Total emoluments	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Alan Jackson	173,339	439,085	—	—	71,047	4,536	—	—	244,386	443,621
Claire Milne	245,556	120,134	—	—	—	—	—	—	245,556	120,134
John Jackson	121,055	120,134	—	—	—	—	—	—	121,055	120,134
Ian Penrose	121,055	120,134	—	—	—	—	—	—	121,055	120,134
Anna Massion	121,055	89,718	—	—	—	—	—	—	121,055	89,718
John Krumins	121,055	89,718	—	—	—	—	—	—	121,055	89,718

Non-executive Directors' emoluments (in £) (Audited)

Director	Fees		Annual bonus		Benefits		Pension		Total emoluments	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Alan Jackson	150,880	384,000	—	—	63,521	3,953	—	—	214,401	387,953
Claire Milne	219,800	105,063	—	—	—	—	—	—	219,800	105,063
John Jackson	107,625	105,063	—	—	—	—	—	—	107,625	105,063
Ian Penrose	107,625	105,063	—	—	—	—	—	—	107,625	105,063
Anna Massion	107,625	78,797	—	—	—	—	—	—	107,625	78,797
John Krumins	107,625	78,797	—	—	—	—	—	—	107,625	78,797

1. Alan Jackson was provided with a Company car during the year under a legacy benefit arrangement. Alan Jackson stepped down from the Board on 20 May 2020 and in recognition of his 14 years service on the Board, including 7 years as Chairman, Alan Jackson had an option to keep the company car after stepping down with a value of €71,047 (£63,828). This legacy provision has been removed from the proposed Directors' Remuneration Policy and thus does no longer apply. The incumbent Chairman will not receive a company car, nor car allowance.
2. Claire Milne was appointed as Chair of the Board on 20 May 2020. Anna Massion and John Krumins joined the Board on 2 April 2019.
3. Non-executive Directors are not eligible to receive any variable pay under the Remuneration Policy and thus received no variable pay during 2019 and 2020.
4. It should also be noted that Claire Milne, John Jackson, Ian Penrose, Anna Massion and John Krumins each waived 20% of their fees for 5 months in 2020 to support the business during the COVID-19 outbreak, however this was later repaid in February 2021, once the Group's improved financial performance showed consistent sustainability (the share price had returned to levels last seen in Autumn 2018). This is included within the table above.

Determination of 2020 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a bonus in respect of 2020 of 200% and 150% of salary respectively. 2020 performance was assessed against a mixture of financial and non-financial targets as set out below. The bonus was payable on a sliding scale of 0% for threshold to 100% for maximum performance.

Performance metric	Weighting	Threshold	Maximum	Actual	CEO payout level (% of maximum)	CFO payout level (% of maximum)
Financial (70%)						
Adjusted EBITDA (€m)	50%	345.6	384.0	310	0%	0%
Cash flow (€m)	20%	149.4	182.6	113	0%	0%
Strategic and non-financial (30%)	30%		See below		24%	24%
Total	100%				24%	24%

As set out in the 2019 Directors' Remuneration Report, the financial performance targets were divided this year between Adjusted EBITDA and Cash flow, with 50% and 20% weightings respectively.

Adjusted EBITDA and cash generation are the key financial performance metrics of the Company, most closely representing the underlying trading performance of the business. When setting the EBITDA targets for 2020, the Committee and Board took into consideration both consensus estimates and internal forecasts. The 2020 bonus targets were slightly lower than those set for the 2019 bonus. The Committee judged that these targets were appropriate and reasonable given that they were in line with consensus estimates and reflected a change in the composition of earnings at Playtech, which focused on generating additional EBITDA in each of the core B2B Gaming and Snaitech businesses to offset the declining non-core Asian business, and thereby improve the quality of the Group's overall earnings.

As a consequence, on target performance level (50% payout, which has been reduced from 60% in 2019) was set at EBITDA of €364m. The Committee noted that the adjusted EBITDA for the financial year ended 31 December was €310.4m resulting in 0% of the adjusted EBITDA element of bonus being payable.

The Committee noted that the net cash generated from operating activities was €113m, resulting in 0% of the cash flow element of the bonus being payable.

The non-financial performance targets were selected to underpin key strategic objectives of the Group aligned with the business strategy. Specific non-financial performance considerations included obtaining US licenses, stabilising the Asian business, developing safer gambling protocols, developing new customer and strategic partnerships, disposing of Trade Tech, improving the Group's liquidity by delivering approximately €50m cash from the sale of surplus land in Italy and the successful relocation of the Company's tax residence to the UK from the Isle of Man. The operational highlights set out in the Strategic Report on page 3 demonstrate that the majority of the key strategic objectives set for executives were successfully achieved. The Committee considered that the targets for the strategic objectives element of the bonus had been met in part, and resolved to pay a bonus at a level of 24% (out of a maximum of 30%) to both the CEO and CFO. In making this determination, the Committee also took account of the Executive's leadership and social responsibility through the COVID-19 pandemic and the successful transition of the Company's workforce to remote working with virtually 100% technical resilience during that challenging time.

This 24% bonus entitlement resulted in a total bonus payment of €534,285 for the CEO (48% of salary in 2020) and €172,507 for the CFO (36% of salary in 2020). In line with the proposed policy, 33.3% of this amount will be deferred in shares for two years. As a comparison, the payouts under the annual bonus for 2019 were equivalent to 130% and 103.5% of salary for the CEO and CFO respectively.

The Committee is satisfied that the annual bonus payments to Executive Directors are a fair reflection of corporate and individual performance during the year, and did not use any discretion in determining the outcomes above.

LTIP awards (Audited)

On 26 October 2020 the following awards were made to the Executive Directors under the LTIP:

	Type of award	Total number of awards	Aggregate market value (€)
Mor Weizer	Nil cost option	546,000	2,226,186
Andrew Smith	Nil cost option	176,290	718,780

Awards represent 200% of salary for Mor Weizer and 150% of salary for Andrew Smith based on a share price on grant of 366.3 pence. There has been no change in the exercise price or date since the awards were granted. As noted in the Chairman's statement, the Committee took the decision to defer the grant of the 2020 LTIP award, which was due to be made during the period of high market volatility in March 2020, until October to ensure that we had more information to give high levels of confidence in the strength of the Company, and that the share price at the point of grant had recovered to the pre-pandemic levels of mid February, so that there are no unjust windfall gains for executive directors.

The 2020 LTIP awards are subject to the following performance conditions:

	Weighting	% of award vesting for threshold performance	Threshold	Maximum	Performance period
Diluted EPS attributable to ordinary equity holders	25%	25%	36 Euro cents	53 Euro cents	01.01.2020 – 31.12.2022
Relative TSR – FTSE 250 index (excluding investment trusts)	37.5%	25%	Median of the comparator group	Upper quartile of the comparator group	26.10.2020 – 25.10.2023
Relative TSR – Bespoke	37.5%	25%	Median of the comparator group	Upper quartile of the comparator group	26.10.2020 – 25.10.2023

The bespoke comparator group that Playtech's TSR will be measured against is as follows:

- Entain
- Sportech
- Paddy Power Betfair (since renamed Flutter Entertainment)
- William Hill
- 888 Holdings
- JPJ (since renamed Gamesys Group)
- Rank Group
- Betsson
- International Game Tech
- Kindred Group
- OPAP

For performance between threshold and maximum, vesting will be determined on a straight-line basis. Any vesting will further be dependent on the Committee ensuring that the level of TSR performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

Annual report on remuneration continued

LTIP awards (Audited) continued

In the normal course of events these awards will vest and become exercisable on 26 October 2023, subject to the satisfaction of the performance conditions based on relative TSR and Diluted EPS performance.

On 28 February 2019 the following awards were made to the Executive Directors under the LTIP:

	Type of award	Total number of awards	Aggregate market value (€)
Mor Weizer	Nil-cost option	471,809	2,351,661.04
Andrew Smith	Nil-cost option	148,620	738,152.77

Awards represent 200% of salary for Mor Weizer and 150% of salary for Andrew Smith based on a share price on grant of 423.9 pence.

The 2019 LTIP awards are subject to the following performance conditions:

	Weighting	% of award vesting for threshold performance	Threshold	Maximum	Performance period
Relative TSR – FTSE 250 index (excluding investment trusts)	50%	25%	Median of the comparator group	Upper quartile of the comparator group	01.01.2019 – 31.12.2021
Relative TSR – Bespoke	50%	25%	Median of the comparator group	Upper quartile of the comparator group	01.01.2019 – 31.12.2021

The bespoke comparator group that Playtech's TSR will be measured against is the same as that used in the 2020 LTIP grant, and the full list of constituents is provided on page 111.

For both groups, vesting will increase on a straight-line basis between threshold and maximum. Any vesting will further be dependent on the Committee ensuring that the level of TSR performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

As approved by shareholders at a General Meeting held on 19 December 2019, an additional LTIP award was granted to Mor Weizer during 2019 as set out below:

	Type of award	Total number of awards	% of award vesting for threshold performance	Performance period
Mor Weizer	Nil-cost option	1,900,000	25%	03.12.2019 – 19.12.2024

The additional LTIP award will vest subject to the achievement of share price targets as set out below:

Tranche	Number of shares	Share price target	Performance period (years)
A	300,000	£6.00	3
B	400,000	£7.00	3
C	500,000	£8.00	3
D	700,000	£12.00	5

Each tranche will vest and become immediately exercisable upon the Company satisfying the relevant share price target during the relevant performance period. A post-vesting holding period will apply such that shares acquired following the vesting of any tranche may not be sold or transferred for a period of at least two years following such vesting and, in any event, until at least the third anniversary of the General Meeting at which the award was approved by shareholders.

LTIP awards from 2019 onwards will be subject to a two-year retention period post vesting.

LTIP awards granted from 2019 onwards will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions apply for a period of three years post vesting.

No LTIP awards were granted in 2018 as a result of the deterioration in the share price and thus no awards were due to vest in 2020.

Termination payments (Audited)

No termination payments to Directors were made in 2020.

Payments to past Directors (Audited)

No payments to past Directors were made in 2020.

Implementation of policy for 2021

This section sets out the proposed implementation of the Directors' Remuneration Policy in 2021, subject to its approval by shareholders at the 2021 AGM. The proposed implementation does not contain any deviations from the Directors' Remuneration Policy put forward to shareholders at the 2021 AGM.

Salary review

As stated last year, salary reviews for the Executive Directors take place at the beginning of the calendar year as this will result in the alignment of salary reviews with the Company's financial year.

Accordingly, the Committee reviewed the salaries for both Mr Weizer and Mr Smith in January 2021. It was decided that Mr Weizer's salary would be reduced to £800,000 with effect from 1 January 2021. In Mr Smith's case, the Committee resolved that his salary would remain unchanged for 2021. The average salary increase awarded across the UK workforce was 2.7%.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £800,000 (equivalent to €890,474 at 31 December 2020 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2021
- A. Smith: £430,500 (equivalent to €479,187 at 31 December 2020 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2020

Fees currently payable to Non-executive Directors are:

- Interim Chair: £290,000 (equivalent to €322,797 at 31 December 2020 exchange rate between Sterling and Euro used in the accounts)
- Incoming Chair (1 June 2021) £338,000 (equivalent to €376,225 at 31 December 2020 exchange rate between Sterling and Euro used in the accounts)
- Non-executive Director base fee: £107,625 (equivalent to €119,797 at 31 December 2020 exchange rate between Sterling and Euro used in the accounts)

Non-executive Director fees have not been increased since 1 January 2020.

The Non-executive Director fees recognise core responsibilities and additional duties as Chair of a Board Committee.

Benefits

Benefit will continue to be in line with the approved policy.

Pension

The pension contributions will continue to be 20% for the CEO and CFO respectively until 30 June 2021, reducing to 15% of salary effective from 1 July 2021.

Annual bonus

The annual bonus opportunity will remain unchanged at 200% of salary for the CEO and 150% of salary for the CFO.

For 2021, bonuses for the Executive Directors will be based on the following:

	Weighting	Performance target
Adjusted EBITDA	50%	Commercially confidential
Cash flow	20%	Commercially confidential
Non-financial and strategic objectives	30%	Commercially confidential

The Adjusted EBITDA and cash flow targets will be set in line with the business plan and the targets will be very challenging.

The level of bonus payable by reference to the financial performance of the Company will be determined on a sliding scale. There will be retrospective disclosure of the targets and performance in next year's report.

The annual bonus will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years after payment.

In line with the proposed policy, 33.3% of any bonus earned will be payable in deferred shares.

Long Term Incentive Plan (LTIP)

In line with the normal schedule, the Remuneration Committee is expected to grant LTIP awards this year at 200% of salary for the CEO and 150% of salary for the CFO.

Awards made to Executive Directors will vest on the third anniversary of grant subject to (i) participants remaining in employment (other than in certain 'good leaver' circumstances) and (ii) achievement of challenging performance targets. The awards will be subject to relative TSR and adjusted EPS performance, in line with the 2020 LTIP grant. Full details of the performance targets will be disclosed at the time the awards are made and will be in line with the current Remuneration Policy.

Any vesting will also be dependent on the Committee ensuring that the level of performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

LTIP awards will be subject to a two-year retention period post vesting.

LTIP awards will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years post vesting.

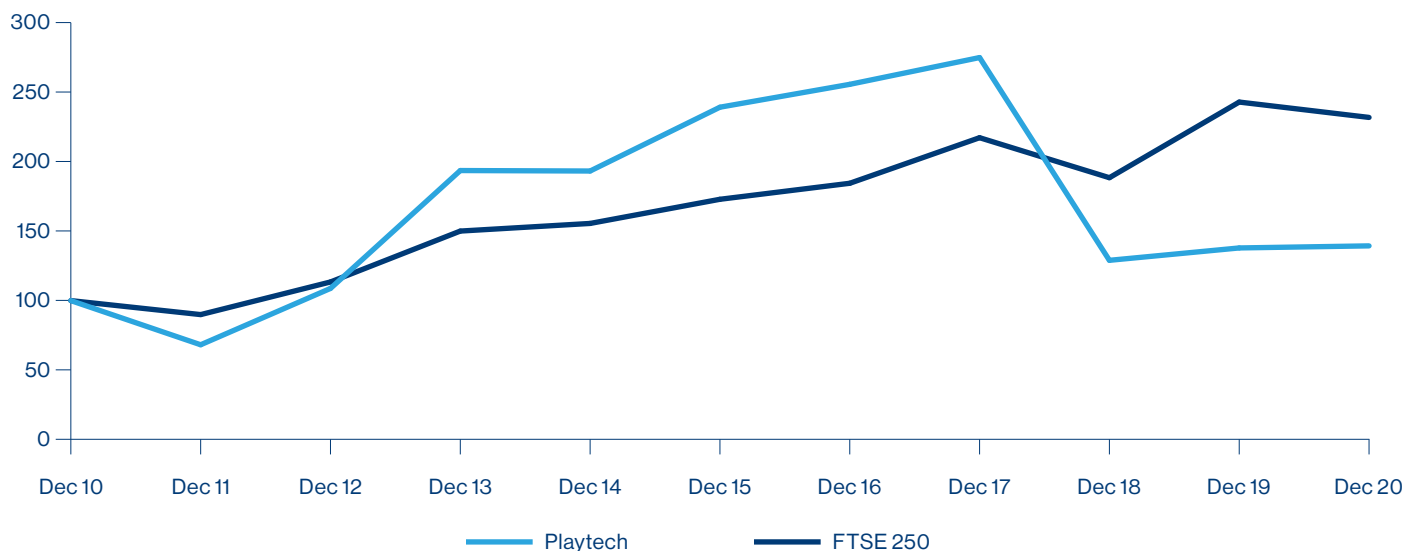
Annual report on remuneration continued

Dilution limits

All of the Company's equity-based incentive plans (other than the Option Plan which was established before the Company's admission to AIM in 2006) incorporate the current Investment Association Guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a ten-year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any ten-year period for executive plans. The Committee monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 31 December 2020.

Review of performance

The following graph shows the Company's total shareholder return (TSR) performance over the past ten years; the Company's TSR is compared with a broad equity market index. The index chosen here is the FTSE 250, which is considered the most appropriate published index.



The Remuneration Committee believes that the new remuneration policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Remuneration Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows the total remuneration of Mor Weizer over the last ten years and annual variable and long-term incentive pay awards as a percentage of the plan maxima.

Remuneration of the CEO (Mor Weizer)	Year ending 31 December									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total remuneration (€'000)	808	800	1,381	1,740	2,449	2,346	4,192	2,055	2,931	1,905
Annual bonus (% of maximum)	23%	100%	100%	100%	87.5%	100%	93%	25%	65%	24%
LTIP vesting (% of maximum)	—	—	—	—	—	—	70%	22%	—	—

Percentage change in remuneration of Directors compared with employees

The following table sets out the percentage change in the salary/fees, benefits and bonus for each Director from 2019 to 2020 compared with the average percentage change for employees. All percentages are calculated based on the GBP value of pay, as this reflects how pay is set, ignoring the impact of exchange rate fluctuations.

	Salary/fees	Benefits	Bonus
Executive Directors			
Mor Weizer	0%	+31.6% ²	-63.1%
Andrew Smith	+2.5%	+75.3% ³	-64.3%
Non-executive Directors			
Alan Jackson	+2.5%	+1,466% ⁴	N/A
Claire Milne	+2.5%	N/A	N/A
John Jackson	+2.5%	N/A	N/A
Ian Penrose	+2.5%	N/A	N/A
Anna Massion	+2.5%	N/A	N/A
John Krumins	+2.5%	N/A	N/A
Wider workforce			
Average employee – UK based ¹	2.7%	+6%	+22%

1. Playtech plc has no employees. The UK workforce was chosen as a comparator group as the Remuneration Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities), and remuneration packages across the Group vary widely depending on local market practices and conditions.

2. The increase in the value of Mor Weizer's benefits was due to the provision of a fully expensed company car.

3. The increase in the value of Andrew Smith's benefits was due to an increase in healthcare costs.

4. As described on page 110, Alan Jackson had an option to keep the company car and this resulted in an increase in the value of his benefits.

Pay ratio information in relation to the total remuneration of the Director undertaking the role of Chief Executive Officer

The table below compares the single total figure of remuneration for the Chief Executive Officer with that of the Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK employee population for 2019 and 2020.

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Method A	43:1	31:1	21:1
2019	Method A	73:1	52:1	35:1

The employees included are those employed on 31 December 2020 and remuneration figures are determined with reference to the financial year to 31 December 2020. The CEO is paid in GBP Sterling and the ratios have been calculated using the CEO's 2020 total single figure of remuneration expressed in GBP Sterling (£1,698,520).

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2020, in line with the approach taken in 2019, as we believe that that is the most robust methodology for calculating these figures.

The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO, with the exception of annual bonuses where the amount paid during the year was used (i.e. in respect of the 2019 financial year) as 2020 employee annual bonuses had not yet been determined at the time this report was produced. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's contracted hours and the proportion of the year they were employed.

The table below sets out the salary and total pay and benefits for the three quartile point employees:

	25th percentile		50th percentile		75th percentile	
	Salary	Total pay and benefits	Salary	Total pay and benefits	Salary	Total pay and benefits
2020	£37,286	£39,306	£46,075	£55,089	£69,987	£80,907

The Committee considers that the median CEO pay ratio is consistent with the relative roles and responsibilities of the CEO and the identified employee. Base salaries of all employees, including our Executive Directors, are set with reference to a range of factors including market practice, experience and performance in role. The CEO's remuneration package is weighted towards variable pay (including the annual bonus and LTIP) due to the nature of the role, and this means the ratio is likely to fluctuate depending on the outcomes of incentive plans in each year.

Annual report on remuneration continued

Pay ratio information in relation to the total remuneration of the Director undertaking the role of Chief Executive Officer continued

The Committee recognises that the 2020 ratios are lower than last year. This is driven by two key factors:

- The primary driver of the change is the decrease in the CEO's single figure of remuneration for 2020. The 2019 single figure included a 65% payout under the annual bonus compared to a 24% payout during 2020. The 2020 single figure therefore is c.34% lower than last year's single figure, leading to a decrease in the pay ratios.
- An increase in the calculated total pay and benefits of the employees at the quartiles. This is driven by an increase in annual bonuses paid to employees during 2020 in relative to 2019.

The Committee also recognises that, due to the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for employees, as well as differences in employment and remuneration models between companies, the ratios reported above may not be comparable to those reported by other companies.

Relative importance of spend on pay

The following table sets out the amounts paid in share buybacks, dividends, and total remuneration paid to all employees:

Payouts (€m)	2020 €m	2019 €m	Change %
Dividends	—	55.6	-100%
Share buybacks	10.1	65.1	-84.5%
Total employee remuneration ¹	358.2	347.2	+3.2%

1. Total employee remuneration for continuing and discontinued operations includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors.

Directors' interests in ordinary shares (Audited)

Director	Ordinary shares		Share awards and share options 31 December		Total interests at December 2020
	2020	2019	2020	2019	
Executive Directors^{1,2,3,4}					
Mor Weizer ⁵	258,750	105,750	3,014,685	2,468,685	3,273,435
Andrew Smith ⁵	78,675	33,675	324,910	148,620	403,585
Non-executive Directors					
Alan Jackson ⁶	25,000	25,000	—	—	25,000
Claire Milne	—	—	—	—	—
John Jackson	5,000	5,000	—	—	5,000
Ian Penrose	17,500	17,500	—	—	17,500
Anna Massion	32,000	10,000	—	—	32,000
John Krumins	10,000	10,000	—	—	10,000

1. There has been a significant increase in Executives share ownership; the CEO's share ownership increased to 104% of salary based on the closing share price of 401.3 pence on 31 December 2020, from 42% on 31 December 2019. When considering the salary reduction taking effect from 1 January 2021, this shareholding is equivalent to 130% of salary. In addition, the CFO's share ownership increased to 73% of salary based on the closing share price of 401.3 pence on 31 December 2020, from 32% on 31 December 2019.

2. Share options are granted for Nil consideration.

3. These options were granted in accordance with the rules of the Playtech Long Term Incentive Plan 2012 (the "Option Plan"). Options under the Option Plan are granted as Nil cost options and in the case of Executive Directors exclusively, the options vest and become exercisable on the third anniversary of the notional grant date. Unexercised options expire ten years after the date of grant, unless the relevant employee leaves the Group's employment, in which case the unvested options lapse and any vested options lapse three months after the date that the employment ends.

4. Mr Weizer and Mr Smith were each granted an award in 2019 over 471,809 shares and 148,620 shares respectively. Performance conditions are based on the three years 2019, 2020 and 2021 with normal vesting scheduled for 1 March 2022.

5. Mr Weizer and Mr Smith were each granted an award in 2020 over 546,000 and 176,290 shares respectively. The Adjusted EPS performance condition is based over the financial year ending 31 December 2022, whilst the relative TSR performance conditions are based over the period of 26 October 2020 – 25 October 2023 with normal vesting scheduled for 26 October 2023.

6. Mr Jackson stepped down as Chairman of the Board on 20 May 2020, his shareholding is therefore illustrated at that date in the table above.

7. There was no movement in share interests between 31 December 2020 and the date of publication.

Role and membership

The Remuneration Committee is currently comprised entirely of three independent Non-executive Directors as defined in the Code. Ian Penrose chairs the Committee, and the other members are Claire Milne and Anna Massion.

Details of attendance at the Remuneration Committee meetings are set out on page 91 and their biographies and experience on pages 86 and 87.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference are available for inspection on the Company's website www.playtech.com and include:

- Determining and agreeing the policy for the remuneration of the CEO, CFO, the Chairman and other members of the senior management team
- Review of the broad policy framework for remuneration to ensure it remains appropriate and relevant
- Review of the design of and determine targets for any performance-related pay and the annual level of payments under such plans
- Review of the design of and approve any changes to long-term incentive or option plans
- Ensuring that contractual terms on termination and payments made are fair to the individual and the Company and that failure is not rewarded

The Remuneration Committee also considers the terms and conditions of employment and overall remuneration of Executive Directors, the Company Secretary and members of the senior management team and has regard to the Company's overall approach to the remuneration of all employees. Within this context the Committee determines the overall level of salaries, incentive payments and performance related pay due to Executive Directors and senior management. The Committee also determines the performance targets and the extent of their achievement for both annual and long-term incentive awards operated by the Company and affecting the senior management. In order to manage any potential conflicts of interest, no Director is involved in any decisions as to his/her own remuneration.

The Remuneration Committee takes advice from both inside and outside the Group on a range of matters, including the scale and composition of the total remuneration package payable to people with similar responsibilities, skills and experience in comparable companies that have extensive operations inside and outside the UK.

During the year the Remuneration Committee received material assistance and advice from the Company Secretary, Brian Moore (who is also secretary to the Committee).

The Remuneration Committee has a planned schedule of at least four meetings throughout the year, with additional meetings and calls held when necessary. During 2020, the Committee met 6 times, 2 meetings were held in person and 4 meeting were held via zoom call, and these meetings, together with a number of conference calls, addressed a wide variety of issues, including:

Month	Principal activity
January	<ul style="list-style-type: none"> • Review of bonus and other incentivisation arrangements in relation to Executive Directors and members of senior management • Review of market Benchmarking and Corporate Governance best practice
February	<ul style="list-style-type: none"> • Finalise bonus payments for Executive Directors • Review of remuneration policy for Executive Directors
June	<ul style="list-style-type: none"> • Review of AGM voting results • Market Benchmarking • Shareholder feedback
July	<ul style="list-style-type: none"> • Approval of LTIP awards to employees
October	<ul style="list-style-type: none"> • Approval of LTIP awards to members of senior management • Review of proposals for new Remuneration Policy • Engagement with shareholders

Annual report on remuneration continued

External advisers

PricewaterhouseCoopers LLP (PwC) were appointed as the Committee's new external independent remuneration advisers in October 2019.

The Remuneration Committee is satisfied that the advice received from PwC was objective and independent. PwC are members of the Remuneration Consultants Group and comply with the voluntary code of conduct of that body which is designed to ensure objective and independent advice is given to remuneration committees. In addition to advising the Committee, PwC provided unrelated Internal Audit services to the Company. The Committee will continue to monitor such engagements in order to be satisfied that they do not affect PwC's independence as an adviser to the Committee.

PwC received fees of £74,500 for their advice during the year to 31 December 2020, determined on a time and materials basis.

Further to the approach to draw a line under the poor voting record on remuneration over the past few years, the Committee also engaged the services of a leading corporate governance adviser to provide further advice and market insights for which they received fees of £31,666 during the year to 31 December 2020.

Engagement with shareholders and shareholder voting

The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration. Following the 2019 AGM result and in advance of the AGM in May 2020, the Company conducted an in-depth shareholder engagement programme in order to better understand shareholders' views in order that these could be taken into account in shaping the revised Remuneration Policy as well as its implementation in 2020.

The Directors' Annual Report on Remuneration and Directors' Remuneration Policy were subject to a shareholder vote at the AGMs on 20 May 2020 and 15 May 2019 respectively, the results of which were as follows:

	For	Against	Withheld
Approval of Remuneration Report	72,260,453 (36.28%)	127,020,086 (63.72%)	24,681,386
Approval of Remuneration Policy	118,149,127 (59.05%)	81,937,009 (40.95%)	607,074

In implementing the Directors' Remuneration Policy during the financial year ending 31 December 2020, the Remuneration Committee sought to balance the parameters of a publicly listed company's remuneration policy with the need to retain and incentivise its leadership team. As a consequence of an extensive shareholder engagement programme, to hear and reflect the views of its shareholders, there have been major improvements to the way in which the Company approaches remuneration.

Following the 2020 AGM, the Remuneration Committee began a wide-ranging review of the remuneration policy for executive directors, to align more closely with typical market practice, improve reporting transparency and satisfy specific concerns raised by shareholders. In undertaking this review, the Committee has sought to draw a line under the poor voting record on remuneration over the past few years by making material changes to the overall level of pay. This has been a lengthy and difficult process, as we had to address some challenging issues. We have also strengthened our decision making processes to ensure these are balanced appropriately going forward. This report incorporates the key changes made by the Remuneration Committee following this consultation, and further consultation with Playtech's shareholders will continue in the run-up to the 2021 AGM. The Board and the Remuneration Committee are committed to keeping the Remuneration Policy under review and continuing their engagement and dialogue with the Company's shareholders and their advisory bodies on these and other matters and welcome their ongoing feedback.

Engagement with the wider workforce

With respect to employee engagement, the Board engages with the COO and Global Head of Human Resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline and diversity and inclusion. The COO is a standing attendee at the Board meetings. In addition, the Company has established a Speak Up hotline, which enables employees to raise concerns confidentially and independently of management. Any concerns raised are reported into the Head of Legal and Head of Compliance for discussion and consideration by the Risk Committee. The Board considers the current mechanisms appropriate for understanding and factoring in stakeholder concerns into plc level decision making. However, the Board will assess whether additional mechanisms can strengthen its understanding and engagement of stakeholder concerns in the future.

During 2020, the Board discussed, reviewed and engaged on a number of stakeholder issues. The following material stakeholder topics discussed by the Board in 2020 including:

- Executive Compensation and Pay.
- Environmental, social and governance matters.
- Developing the business in markets.
- Corporate governance.
- Diversity.
- Inclusion and gender pay gap; regulatory and compliance developments.
- Safer gambling.
- Data protection.
- Environment.
- Anti-money laundering and anti-bribery and corruption.
- Human rights and modern slavery.
- Responsible supply chain and procurement.
- Commercial developments with B2B licensees and third parties.

In 2020, the Board's engagement and understanding of stakeholder interests and perspectives was taken into account as part of the following decisions:

- New and Updated Policies covering: Compliance Procurement Policy, Human rights and modern slavery statement.
- Monitoring of safer gambling protocols and sustainability blueprint.
- Consideration of Directors' Remuneration Policy.
- Monitoring developments on the human resources function and strategy.

By order of the Board

Ian Penrose

Chairman of the Remuneration Committee

10 March 2021

Directors' report

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2020.

The Directors' Report should be read in conjunction with the other sections of this Annual Report: the Strategic Report, Corporate Responsibility Report and the Remuneration Report, all of which are incorporated into this Directors' Report by reference.

The following also form part of this report:

- The reports on corporate governance set out on pages 83 to 125
- Information relating to financial instruments, as provided in the Notes to the financial statements
- Related party transactions as set out in Note 36 to the financial statements

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Statement of Directors' Responsibilities appears on page 125.

Principal activities and business review

The Group 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. As of June 2018, through the acquisition of Snaitech, the Group directly owns and operates a leading sports betting and gaming brand in online and retail in Italy.

The Group's Financials division, named Finalto (formerly TradeTech Group), is a specialist in next-generation B2C and B2B multi-channel trading software and services. In August 2020, the Group, which previously announced it is continuing to evaluate all options for the Financials Division, confirmed that it was in early discussions with a number of parties regarding a potential sale of the division. A formal decision to dispose of this segment was made by the Board before the year end. Post-year end, the Group further announced that it was in exclusive discussions

with a management consortium with a cash offer of up to US\$200m. The Board is confident that the sale will complete before the end of 2021. The assets and liabilities of the division were therefore classified as held for sale at 31 December 2020. The financial results of this division in both years being presented were included in discontinued operations.

Playtech plc is a public listed company, with a premium listing on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the Isle of Man.

The information that fulfils the requirement for a management report as required by Rule 4.1.5 of the Disclosure Guidance and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 2 to 82 which also includes an analysis, the development, performance and position of the Group's business. A statement of the key risks and uncertainties facing the business of the Group at the end of the year is found on pages 78 to 82 of this Annual Report and details of the policies and the use of financial instruments is set out in Note 5 to the financial statements.

Directors and Directors' indemnity

The Directors of the Company who held office during 2020 and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	20.05.2020
Mor Weizer	02.05.2007	—
Andrew Smith	10.01.2017	—
John Jackson	01.01.2016	—
Claire Milne	08.07.2016	—
Ian Penrose	01.09.2018	—
Anna Massion	02.04.2019	—
John Krumins	02.04.2019	—

All of the current Directors will stand for re-election at the forthcoming Annual General Meeting to be held on 26 May 2021.

Save as set out in Note 36 to the financial statements, no Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

The Company also purchased and maintained throughout 2020 Directors' and Officers' Liability Insurance in respect of itself and its Directors.

Corporate governance statement

The Disclosure Guidance and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 83 to 125 and is incorporated into this report by reference.

Disclaimer

The purpose of these financial statements (including this report) is to provide information to the members of the Company. The financial statements have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The financial statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of these financial statements and the Company undertakes no obligation to update these forward-looking statements. Nothing in this document should be construed as a profit forecast.

Results and dividend

The results of the Group for the year ended 31 December 2020 are set out on pages 126 to 207. Due to the ongoing COVID-19 pandemic, the Company is not recommending the payment of a final dividend for the year ended 31 December 2020. This situation will be reviewed throughout 2021.

Going concern, viability, responsibilities and disclosure

The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 6 to the financial statements.

The principal and emerging risks are set out in detail in the Strategic Report on pages 78 to 82 together with a description of the ongoing mitigating actions being taken across the Group. The Board carries out a robust assessment of these risks on an annual basis, with regular updates being presented at Board and Board committee meetings. These meetings receive updates from Finance, Legal, Tax, Operations, Internal Audit, Regulatory & Compliance, Data Protection, Human Resources, IT Security and Group Secretariat. The Group maintains a Risk Register and a COVID-19 Risk Register which are monitored and reviewed on a continuous basis.

During 2020, the Board carried out an assessment of these principal risks facing the Group, including those factors that would threaten its future performance, solvency or liquidity. This assessment considered the current situation and future projections around the COVID-19 pandemic. This ongoing assessment forms part of the Group's strategic plan.

After making appropriate enquiries and having regard to the Group's cash balances and normal business planning and control procedures, to include a detailed analysis of various scenarios associated with the COVID-19 pandemic, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and meet their liabilities for a period of at least 12 months from the date of approval of the financial statements. In respect of the viability assessment, the Directors reviewed a three-year forecast considering the going concern status for the period to December 2023 in accordance with the Group's three-year plan, which is considered to be an appropriate period over which the Group can predict its revenue, cost base and cash flows with a higher degree of certainty, as opposed to more arbitrary forms of forecasts based solely on percentage increases. Within the three-year assessment period, the revolving credit facility expires (albeit with a one-year extension at the option of the company) as well as the 2023 bond. The company is in early stages in respect of the refinancing and sees no basis on which this will not be achieved. Notwithstanding projected profitability over the forecast period, the Directors have no reason to believe that the Group's viability will be threatened over a period longer than that covered by the positive confirmation of long-term viability above. Given the above, the Directors continue to adopt the going concern basis in preparing the accounts.

Significant shareholdings

As of 28 February 2021, the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital, based on 306,356,693 ordinary shares in issue (excluding treasury shares of 2,937,550):

Shareholder	%	No. of ordinary shares
Setanta Asset Management	8.57	26,268,941
T Rowe Price Global Investments	6.52	19,972,604
Boussard & Gavaudan Asset Management	5.78	17,700,494
UBS Wealth Management	4.85	14,858,062
BlackRock	4.49	13,752,002
Vanguard Group	4.18	12,797,956
Dimensional Fund Advisors	3.56	10,900,198
Aberdeen Standard Investments	3.25	9,946,515

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules of their interests in the ordinary share capital of the Company.

The Company has not been notified of any changes to the above shareholders between 28 February 2021 and the date of this report.

Capital structure

As at 28 February 2021, the Company had 309,294,243 issued shares of no-par value, of which 2,937,550 are held as treasury shares. The Company has one class of ordinary share and each share carries the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the articles of association. No person has any special rights of control over the Company's share capital.

The authorities under the Company's articles of association granted at the last Annual General Meeting for the Directors to issue new shares for cash and purchase its own shares remain valid until the forthcoming Annual General Meeting when it is intended that resolutions will be put forward to shareholders to renew the authority for the Company to issue shares for cash and purchase its own shares.

Articles of association

The articles of association contain provisions similar to those which are contained within the articles of association of other companies in the gambling industry, namely to permit the Company to (i) restrict the voting or distribution rights attaching to ordinary shares or (ii) compel the sale of ordinary shares if a "Shareholder Regulatory Event" (as defined in the articles of association) occurs. A Shareholder Regulatory Event would occur if a holder of legal and/or beneficial interests in ordinary shares does not satisfactorily comply with a regulator's request(s) and/or the Company's request(s) in response to

regulatory action and/or the regulator considers that such shareholder may not be suitable (a determination which in all practical effects is at the sole discretion of such regulator), to be the holder of legal and/or beneficial interests in ordinary shares. Accordingly, to the extent a relevant threshold of ownership is passed, or to the extent any shareholder may be found by any such regulator to be able to exercise to significant and/or relevant financial influence over the Company and is indicated by a regulator to be unsuitable, a holder of an interest in ordinary shares may be subject to such restrictions or compelled to sell its ordinary shares (or have such ordinary shares sold on its behalf).

Voting rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of association, on a show of hands every member who is present in person or by proxy and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Directors' report continued

Restrictions on voting

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share have been paid to the Company. In addition, any member who having been served with a notice by the Company requiring such member to disclose to the Board in writing within such reasonable period as may be specified in such notice, details of any past or present beneficial interest of any third party in the shares or any other interest of any kind whatsoever which a third party may have in the shares and the identity of the third party having or having had any such interest, fails to do so may be disenfranchised by service of a notice by the Board.

Transfer

Subject to the articles of association, any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share or on which the Company has a lien. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) delivered for registration to the registered agent, or at such other place as the Board may decide, for registration; and (ii) accompanied by the certificate for the shares to be transferred except in the case of a transfer where a certificate has not been required to be issued by the certificate for the shares to which it relates and/or such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transferor, if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that where any such shares are admitted to AIM, the Official List maintained by the UK Listing Authority or another recognised investment exchange.

Amendment of the Company's articles of association

Any amendments to the Company's articles of association may be made in accordance with the provisions of the Isle of Man Companies Act 2006 by way of special resolution.

Appointment and removal of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Powers of Directors

Subject to the provisions of the Isle of Man Companies Act 2006, the memorandum and articles of association of the Company and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

Appointment of Directors

Subject to the articles of association, the Company may by ordinary resolution, appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any Directors are to retire. Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the articles of association, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the articles of association. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

Retirement of Directors

At each Annual General Meeting one-third of the Directors (excluding any Director who has been appointed by the Board since the previous Annual General Meeting) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under this Article one shall retire).

Removal of Directors

The Company may by ordinary resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75% of the voting rights in relation thereto, remove any Director before the expiration of his period of office notwithstanding anything in the articles of association or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to the articles) by ordinary resolution, appoint another person who is willing to act as a Director in his place. A Director may also be removed from office by the service on him of a notice to that effect signed by all the other Directors.

Significant agreements

There are no agreements or arrangements to which the Company is a party that are affected by a change in control of the Company following a takeover bid, and which are considered individually significant in terms of their impact on the business of the Group as a whole.

The rules of certain of the Company's incentive plans include provisions which apply in the event of a takeover or reconstruction.

Related party transactions

Details of all related party transactions are set out in Note 36 to the financial statements. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected persons are carried out on an arm's length basis and are disclosed in the financial statements.

Purchase of own shares

In order to maximise the efficiency of shareholder returns, the Board continued with its policy to reallocate part of its payout ratio into share repurchases. Accordingly, in February 2020, the Company entered into irrevocable, non-discretionary arrangement with Goodbody Stockbrokers UC to repurchase shares on its behalf worth up to €40 million. The share repurchase programme commenced on 28 February 2020. Due to the COVID-19 pandemic and concerns around cash preservation and liquidity, a decision was taken to end the share repurchase programme on 18 March 2020. A total of 4,463,339 ordinary shares were repurchased under the programme and these shares were retained in treasury. Following completion of the programme, the Company held 9,965,889 ordinary shares in treasury and the Company's total issued share capital stood at 309,294,243 ordinary shares.

In February 2021, the Company transferred 7,028,339 ordinary shares held in treasury to the Company's Employee Benefit Trust. The purpose of the transfer was to fund certain scheduled awards, which are due to vest under certain of the Company's employee share schemes. Following this transfer, the Company holds 2,937,550 ordinary shares in treasury.

During the year ended 31 December 2020, a total of 4,463,339 ordinary shares were repurchased and these represent 1.45% of the current issued share capital of the Company, being 306,356,693 ordinary shares (excluding 2,937,550 treasury shares).

Political and charitable donations

During the year ended 31 December 2020, the Group made charitable donations of €6.3m (2019: €822,000), primarily to charities that fund research into, and for the treatment of, problem gambling but also to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Group made no political donations during this period (2019: €Nil).

Sustainability and employees

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 46 to 69.

Employee engagement continues to be a top priority across the Group and, in accordance with principle D of the Code, we are looking at ways to increase engagement with our workforce and further update will be included in next year's Annual Report. Various initiatives involving our employees are set out in the Strategic Report on pages 2 to 82 and in the statement dealing with our relationship with stakeholders on pages 94 and 95.

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the performance of the Group and has run information days for employees in different locations across the Group during the year. Details of our engagement with stakeholders are set out on pages 94 and 95. Some employees are stakeholders in the Company through participation in share option plans. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and the Company's website, www.playtech.com.

Branches

The Company's subsidiary Playtech Software Limited has established branches in Argentina and Gibraltar. PT Turnkey Services Limited has established a branch in Gibraltar. Playtech Retail Limited has established a branch in the Philippines. Playtech Software Limited (UK) has established

a branch in Gibraltar. Intelligent Gaming Systems Limited has established a branch in Argentina. Safecap Cyprus has established branches in Gibraltar and Bulgaria. Quickspin AB has established a branch in Malta. Consolidated Financial Holdings A/S has established a branch in the UK. CFH Clearing Limited has established a branch in Denmark. V.B. Video (Cyprus) Limited has established a branch in Cyprus. VF 2011 Limited has established a branch in Gibraltar and S-Tech Limited has established a branch in the Philippines.

Regulatory disclosures

The information in the following tables is provided in compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules (DTRs).

The DTRs also require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 84 to 125 and is incorporated into this Directors' Report by reference.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information	None
9.8.4(4)	Long-term incentive scheme only involving a Director	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waivers of future emoluments	None
9.8.4(7)	Non pro-rata allotments for cash	None
9.8.4(8)	Non pro-rata allotments for cash by major subsidiaries	None
9.8.4(9)	Listed company is a subsidiary of another	N/A
9.8.4(10)	Contracts of significance	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	None
9.8.4(12)	Waivers of dividends	None
9.8.4(12)	Waivers of future dividends	None
9.8.4(14)	Agreement with a controlling shareholder	None

Directors' report continued

Additional information provided pursuant to Listing Rule 9.8.6

Listing Rule	Information included	Disclosure
9.8.6(1)	Interests of Directors (and their connected persons) in the shares of the Company at the year end and not more than one month prior to the date of the notice of AGM	See page 116
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and not more than one month prior to the date of the notice of AGM	See page 121
9.8.6(3)	The going concern statement	See pages 120 and 121
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	25,469,496 ordinary shares which authority will expire at the AGM and is proposed to be renewed
9.8.6(4)(b)	Off market purchases of own shares during the year	None
9.8.6(4)(c)	Off market purchases of own shares after the year end	None
9.8.6(4)(d)	Non-pro-rata sales of treasury shares during the year	None
9.8.6(5)	Compliance with the principles of the UK Corporate Governance Code	See the statement on page 89
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	See the statement on page 89
9.8.6(7)	Re Directors proposed for re-election: the unexpired term of their service contract and a statement about Directors without a service contract	The CEO and CFO serve under service contracts described on page 93 The Chairman and the Non-executive Directors serve under letters of appointment described on page 94

Additional information under Rule 4.1 of the Disclosure and Transparency Rules

DTR	Requirement	How fulfilled
4.1.3	Publication of Annual Financial Report within four months of the end of the financial year	This document is dated 10 March 2021, being a date less than four months after the year end
4.1.5	Content of Annual Financial Report	The audited financial statements are set out on pages 126 to 207 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 2 to 82 The Statement of Directors' Responsibilities can be found on page 125
4.1.6	Audited financial statements	The audited financial statements set out on pages 126 to 207 comprise consolidated accounts prepared in accordance with IFRS and the accounts of the Company
4.1.7	Auditing of financial statements	The financial statements have been audited by BDO LLP
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 2 to 82 includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business, a review of the Company's business and on pages 78 to 82 a description of the principal risks and uncertainties
4.1.11(1)	Important events since the year end	The Strategic Report on pages 2 to 82 gives details of important events since the year end. See Note 41 to the audited financial statements on page 193
4.1.11(2)	Future development	The Strategic Report on pages 2 to 82 gives an indication of the likely future development of the Company
4.1.11(3)	Research & development	The Strategic Report on pages 2 to 82 gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See the statement on page 122
4.1.11(5)	Branch offices	See the statement on page 123
4.1.11(6)	Use of financial instruments	See Note 5 to the audited financial statements on pages 143 to 153
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 125

Statement of Directors' responsibilities

The Directors have elected to prepare the Annual Report and the financial statements for the Company and the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors are responsible under applicable law and regulation for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Accounting Standard 1 (revised) requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- Select suitable accounting policies and then apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and

enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Directors at the date of this report consider that the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

Financial statements are published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names and functions are listed within the Governance section on pages 86 and 87, confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face

Annual General Meeting

The Annual General Meeting in 2020 was held in May in Castletown, Isle of Man. Due to COVID-19 restrictions around travel and public gatherings, most of the directors were unable to be present and the meeting was held as a closed meeting. The Annual General Meeting provides an opportunity for the Directors to communicate personally the performance and future strategy to non-institutional shareholders and for those shareholders to meet with and question the Board. All results of proxy votes are read out, made available for review at the meeting, recorded in the minutes of the meeting and communicated to the market and via the Group website.

The Annual General Meeting for 2021 is scheduled for 26 May 2021. The notice convening the Annual General Meeting for this year, and an explanation of the items of non-routine business, are set out in the circular that accompanies the Annual Report.

Auditors

So far as each Director is aware, at the date of the approval of the financial statements there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as the Company's auditors will be submitted to the shareholders at this year's AGM.

Approved by the Board and signed on behalf of the Board

Andrew Smith
Chief Financial Officer
10 March 2021

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Independent auditor's report

To the members of Playtech Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Act 2006;

We have audited the financial statements of Playtech Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent company financial statements, as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, following a retender we were reappointed by the Board of Directors to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. In respect of the financial year ended 31 December 2020, we were reappointed by resolution of the members of the company at the annual general meeting held on 20 May 2020. The period of total uninterrupted engagement including retenders and reappointments is 16 years, covering the years ending 31 December 2005 to 31 December 2020.

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A critical evaluation of management's assessment of the entity's ability to continue as a going concern, covering the period of 12 months from the date of approval of the financial statements by:
 - Evaluating the process management followed to make its assessment, including confirming the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the entities markets, strategies and risks.
 - Understanding, challenging and corroborating the key assumptions included by management in their cash flow forecasts against prior year, our knowledge of the business and industry, and other areas of the audit.
 - Checking through enquiry with management, review of board minutes and review of external resources for any key future events that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows and cash reserves.
 - Assessing management's stress test scenarios, including those in respect of COVID-19 considerations, and challenging whether other reasonably possible scenarios could occur and including in our assessment where appropriate.
 - Sensitising cash flow forecasts prepared by management included the preparation of a reverse stress test to analyse the level of reduction in trade that could be sustained before a covenant breach or liquidity event would be indicated. We assessed the assumptions and accuracy of these calculations.
- Confirming the financing facilities, repayment terms and financial covenants to supporting documentation. We reviewed management's assessment of covenant compliance throughout the forecast period to 31 December 2022, in line with periods of relaxed and normal covenants, including compliance within sensitised cash flow forecasts.
- Considering the adequacy of the disclosures relating to Going Concern included within the annual report against the requirements of the accounting standards and consistency of the disclosure against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Independent auditor's report continued

To the members of Playtech Plc

Overview

Coverage	97% (2019: 99%) of Group adjusted profit before tax 100% (2019: 86%) of Group revenue 96% (2019: 94%) of Group total assets	
Key audit matters	2020	2019
	✓	✓
Revenue recognition	✓	✓
Impairment of goodwill in respect of the Sports B2C cash generating unit	✓	✓
Potential legal claims	✓	✓
Non-current assets held for sale and discontinued operations	✓	
Compliance risk – taxation		✓
Compliance risk – legal and regulatory		✓
<p>The 2019 key audit matter of Compliance Risk – Legal and Regulatory has been refined in the current year to separate audit risks for legal and regulatory matters. Regulatory Compliance risk is no longer considered to be a key audit matter due to the conclusion of a material regulatory compliance issue. Potential legal claims has been included as a key audit matter due to the level of management judgement involved in consideration of two potentially material matters.</p> <p>Taxation was also considered a key audit matter in the prior year. In the prior year significant management judgement was included in respect of the completeness of the Group's tax provision as a result of material open enquiry. Following the conclusion of this enquiry it is no longer considered a key audit matter.</p> <p>As at 31 December 2020 the Group have classified the Financial Trading division to non-current assets held for sale. Due to the complex nature of the accounting standards applicable to the classification and measurement of the division this has been classified as a key audit matter for FY2020.</p>		
Materiality	<p>Group financial statements as a whole €5.0m (2019: €5.9m) based on 5% of the average of the last 3 years normalised adjusted profit before tax (2019: 5% of adjusted profit before tax).</p>	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole. We tailored the extent of the work to be performed at each component, either by us, as the Group audit team, or component auditors within the BDO network based on our assessment of the risk of material misstatement at each component.

Of the 9 full scope components that were considered significant (defined as those that contributed greater than 15% of Adjusted Profit Before Tax, or where the risks of the component were significantly different to the Group risks), 5 were audited by the Group audit team and the remaining 4 by component auditors within the BDO network. For 21 components not considered significant components, component auditors or the Group team performed review procedures or specific audit scope procedures on certain balances based on their relative size, risks in the business and our knowledge of those entities. Given the key audit matter in respect of revenue recognition, full audit procedures have been performed on all significant components and sample testing has been performed on all other components. Our work on the other components in respect of revenue recognition comprised analytical procedures and certain tests of detail.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed based on significance in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with significant component auditors included attending key meetings remotely (including those with local management), directing the scope and approach of the audit, and performing a detailed review remotely of the audit files.

An overview of the scope of our audit continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition (with reference to Note 5 and Note 9)</p> <p>The Group's revenue streams and the related accounting policies applied during the period are detailed in note 5 to the financial statements.</p> <p>In respect of the Group's business to business ("B2B") gambling operations, revenue is recognised on a revenue share basis and is dependent on the calculation of the Group's revenue share due from customers based on underlying results of its customers. Revenue for the Group is typically derived from high volume and low value transactions.</p> <p>In respect of the Group's business to customer ("B2C") gambling operations, in particular, Snaitech, revenue is dependent on the interfacing of systems for retail and betting and is therefore reliant on the effective operation of IT automated controls and manual processes.</p> <p>Due to the nature of revenue and the complexity of the IT systems, there is a risk over the accuracy and existence of revenue.</p>	<p>We developed an understanding of the key revenue processes from inception to disclosure in the financial statements and assessed the design and implementation of the controls over the Group's revenue cycles. In completing this work we utilised our own IT specialists to assess the IT General Controls in respect of the key operating systems supporting the above transaction flows.</p> <p>We assessed whether the revenue recognition policies adopted by the Group comply with relevant accounting standards.</p> <p>Our testing approach for revenue was tailored for the different revenue streams and entities across the Group.</p> <p>B2B revenue</p> <p>We critically examined and assessed the treatment of significant new contracts and a sample of amended revenue contracts in the year to ensure the performance obligations were identified appropriately and that revenue was recognised in line with the Group's accounting policies and relevant accounting standards.</p> <p>We completed substantive audit procedures, which included agreeing revenue on a sample basis to underlying contracts, customer data and payments received from the customers.</p> <p>For a sample of licensees, data analytic techniques have been used to extract the underlying gaming data and reperform the revenue calculation for the full year.</p> <p>B2C Revenue</p> <p>Revenue of Snaitech was audited with the assistance of our IT specialists. This was primarily performed through testing the design and implementation of key automated controls.</p> <p>With the assistance of our IT audit team we identified the key systems underpinning the revenue process and the controls tested and considered the operating effectiveness of these systems including user access controls and change management.</p> <p>Testing of the operating effectiveness of relevant key controls is linked to the approval of sales with a sample also verified to cash receipt.</p> <p>As Group auditor we have directed the scope and approach of this testing and reviewed the work performed.</p> <p>Revenue of the remaining B2C operations was tested using IT audit data analytic techniques to extract the underlying gaming data and re-perform the revenue calculation and related player balances for the year. We compared these calculations against the amounts recorded in the financial statements and agreed a sample of movements on player or client accounts back to deposits and withdrawals in processor statements.</p> <p>Key observations:</p> <p>We noted no material exceptions in the testing performed.</p>

Independent auditor's report continued

To the members of Playtech Plc

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of goodwill in respect of the Sports B2C cash generating unit (CGU) (with reference to Note 5 and Note 18)	<p>The Group performs annual impairment reviews of goodwill for all CGUs.</p> <p>This review also covers the carrying value of other intangible assets, property plant and equipment, and other assets of the CGUs.</p> <p>Impairment reviews require significant estimate and judgement from management based on assumptions in respect of future trading performance. Due to the impact of COVID-19 on the Group there is increased uncertainty surrounding management's trading assumptions in respect of certain CGUs.</p> <p>For the identified CGU considered to be a key audit matter intermittent lockdowns in Germany and Austria where the CGU has a retail presence and dependence on sports events has increased the level of estimation in cash flow assumptions.</p> <p>The impairment test is also based on key assumptions in respect of the appropriate discount rates and longer-term growth rates.</p> <p>Management have recognised a goodwill impairment of €40.4m in respect of the Sports B2C CGU.</p>	<p>We tested management's allocation of assets for the CGU and verified the allocation based on our knowledge of the Group and its operations.</p> <p>We challenged management's assumptions and assessed the achievability of the forecasts included in the impairment model using a number of techniques including assessing accuracy of historic forecasting, industry trends and our knowledge of the business and industry.</p> <p>We also challenged management on any significant changes in assumptions compared to prior year and inconsistencies across the other impairment reviews.</p> <p>We utilised our own valuation specialists, particularly around the mechanics and mathematical accuracy of the modelling and assessing the adequacy of the discount rates applied, comparing this against the cost of capital for the Group and other comparable companies in the industry.</p> <p>We considered management's sensitivities and performed our own sensitivities in respect of key assumptions, including short and long term trading performance, to assess the potential impairment of goodwill.</p> <p>Key Observations</p> <p>Based on the procedures we performed we did not identify any matters which may suggest that the carrying value of goodwill and the impairment charge recognised is not materially correct.</p>
Potential legal claims (with reference to Notes 28 and 40)	<p>The Group is subject to two potential material legal claims in respect of historic acquisitions which remain ongoing at year end.</p> <p>These potential claims are complex and management have appointed external legal counsel.</p> <p>Management estimate and judgement is required in determining the amounts to be recognised as provisions or disclosed as contingent liabilities.</p> <p>Management are required to assess each ongoing potential legal claim in line with the criteria set out in IAS 37 Provisions, Contingent Liabilities and Contingent Assets and make appropriate disclosures.</p> <p>Management concluded that an immaterial provision was required for one of the potential claims with the other being recorded as a contingent liability due to uncertainty over the claim being brought, future economic outflow (if any) or inflow of benefits as well as timing of such an event.</p>	<p>We have reviewed and critically challenged management's assessment of the potential legal disputes against the criteria set out in IAS 37.</p> <p>Management's assessment has been reviewed and considered, drawing on underlying supporting documentation including correspondence between the Group, its legal advisers and the potential claimants.</p> <p>We have obtained written confirmation from the Group's external legal advisers in support of management's assessment.</p> <p>We held discussions with the external legal advisers to confirm our understanding of facts and challenge the conclusion reached by management.</p> <p>We assessed the adequacy of the contingent liability disclosures in notes 28 and 40.</p> <p>Key Observations</p> <p>Based on the procedures performed we did not identify anything which may suggest that the contingent liability disclosures and provision recorded within Notes 28 and 40 are not in line with the accounting standard or the available evidence.</p>

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Non-current Assets Held for Sale and Discontinued Operations (with reference to Note 24)</p>	<p>Management have determined that the financial trading division (Finalto), met the requirements of IFRS 5 to be recognised as an asset 'Held for Sale' at 31 December 2020 and to present the results in the income statement as a discontinued operation for the current and prior year.</p> <p>Upon the transfer of the division as 'Held for sale', management were required to assess the CGUs for impairment. This assessment is performed under IAS 36, where the recoverable value is measured as the higher of value in use and fair value less costs to sell. Management determined that no impairment was required based on this test.</p> <p>The classification of these assets to Non-current assets held for sale was subject to estimate and judgement by management.</p> <p>Following the transfer to held for sale management were required to assess the carrying value of the disposal group based on an estimate of fair value less costs to sell.</p> <p>As a result of this assessment management have recorded an impairment of €221m.</p> <p>Management are required to make appropriate disclosures within the financial statements.</p>	<p>We have critically challenged and assessed supporting evidence provided by management as to whether the disposal group met the IFRS 5 conditions for disclosure as held for sale and discontinued operations at balance sheet date.</p> <p>With the support of our valuation specialists we have scrutinised the key assumptions in respect of the impairment model prepared by management including consideration of the key assumptions.</p> <p>We challenged management's assumptions and assessed the achievability of the forecasts included in the impairment model using a number of techniques including assessing accuracy of historic forecasting, industry trends and our knowledge of the business and industry.</p> <p>We also challenged management on any significant changes in assumptions compared to prior year and inconsistencies across the other impairment reviews.</p> <p>We have challenged and where possible tested to supporting documentation management's assessment of fair value less costs to sell and resulting impairment. This assessment also considered the commercial basis for the disposal given the impairment loss recorded.</p> <p>Based on our understanding of the disposal group we have tested the discontinued activity disclosures in the income statement and relevant disclosures.</p> <p>Key Observation Based on procedures performed we did not identify anything which may suggest that that the disposal group did not meet the definition of IFRS 5 and that the impairment recorded and disclosures made in note 24 are not reasonable and accurate.</p>

Independent auditor's report continued

To the members of Playtech Plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020 £m	2019 £m	2020 £m	2019 £m
Materiality	5.0	5.9	3.9	1.5
Basis for determining materiality	5% of a Normalised three year average of Adjusted profit before tax	5% of Adjusted profit before tax	2% of Total assets capped to 75% of Group materiality	2% of Total assets capped in line with Group to 40% of Group materiality
Rationale for the benchmark applied	Given the impact of COVID-19 on profits for the year a three year average of adjusted profit before tax has been used. In calculating materiality the 2018 adjusted profit before tax was reduced to reflect the downturn in profits from Asia in the later years Adjusted measures have been used as we believe this more appropriately reflects the Group's underlying performance	Adjusted measures have been used as we believe this more appropriately reflects the Group's underlying performance of the Group	We considered total assets to be the most appropriate measure for the basis of materiality as the Parent Company is primarily an investment holding company	We considered total assets to be the most appropriate measure for the basis of materiality as the Parent Company is primarily an investment holding company
Performance materiality	3.5	4.1	2.7	1.1
Basis for determining performance materiality	70% of Group materiality	70% of Group materiality	70% of Company materiality	70% of Company materiality

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €100k (2019: €260k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Component materiality

We set materiality for each component of the Group based on a percentage of materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €0.5m to €4.5m (2019: €0.5m to €3.5m). Performance materiality was set at 70% (2019: 70%) of component materiality.

Performance materiality

In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors), the control environment, and Management's attitude towards proposed adjustments.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Directors' Remuneration Report

The Parent company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The Directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a UK registered listed company. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 120 and 121; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on pages 120 and 121.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 125; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 121; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 97; and • The section describing the work of the audit committee set out on pages 96 to 99.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report continued

To the members of Playtech Plc

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Group to understand where they considered there was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to management override and revenue recognition. (Revenue recognition has been assessed as a Key Audit Matter above.) We considered the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; enquiries with the Legal and Compliance Director, Group Management; and focused testing as referred to in the Key Audit Matters section above. Third party confirmations were obtained directly from the Group's legal counsel to audit the completeness of claims and legal matters made available to us.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent company's members, as a body, in accordance with section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Oliver Chinneck (Responsible Individual)

For and on behalf of BDO LLP,
London, United Kingdom
10 March 2021

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

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Note	2020		2019 (Restated)**	
		Actual €'000	Adjusted €'000*	Actual €'000	Adjusted €'000*
Continuing operations					
Revenue	9	1,078,460	1,078,460	1,440,533	1,440,533
Distribution costs before depreciation and amortisation		(726,728)	(719,073)	(976,276)	(969,795)
Administrative expenses before depreciation and amortisation		(112,476)	(92,221)	(119,691)	(89,254)
Impairment of financial assets		(16,401)	(13,611)	(10,863)	(6,227)
EBITDA	10	222,855	253,555	333,703	375,257
Depreciation and amortisation		(188,106)	(149,130)	(187,949)	(146,345)
Impairment of tangible and intangible assets	10	(45,352)	—	(1,887)	—
Finance income	12A	1,131	1,131	9,699	2,577
Finance cost	12B	(64,554)	(61,540)	(66,692)	(55,309)
Share of profit from joint ventures		121	121	621	621
Share of profit from associates	19B	955	955	1,020	1,020
Fair value change on acquisition of associate	34A	6,520	—	—	—
Loss on disposal of associate	19B	(8,907)	—	—	—
Unrealised fair value changes on equity investments		598	—	(270)	—
Profit on disposal of asset classified as held for sale	24	22,082	—	—	—
Profit/(loss) before taxation		(52,657)	45,092	88,245	177,821
Tax expenses	13	(20,382)	(17,874)	(31,768)	(39,791)
Profit/(loss) from continuing operations		(73,039)	27,218	56,477	138,030
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax	8	(224,327)	20,076	(75,445)	(12,900)
Profit/(loss) for the year – total	10	(297,366)	47,294	(18,968)	125,130
Other comprehensive income/(loss):					
<i>Items that are or may be classified subsequently to profit or loss:</i>					
Exchange (loss)/gain arising on translation of foreign operations		(19,875)	(19,875)	6,733	6,733
<i>Items that will not be classified to profit or loss:</i>					
Loss on re-measurement of employee termination indemnities		(96)	(96)	(334)	(334)
Total comprehensive (loss)/income for the year		(317,337)	27,323	(12,569)	131,529
Profit/(loss) for the year attributable to:					
Owners of the Company		(297,279)	47,381	(19,571)	124,527
Non-controlling interests		(87)	(87)	603	603
		(297,366)	47,294	(18,968)	125,130
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(317,250)	27,410	(13,172)	130,926
Non-controlling interests		(87)	(87)	603	603
		(317,337)	27,323	(12,569)	131,529
Earnings per share attributable to the ordinary equity holders of the Company					
Profit or loss – total					
Basic (cents)	14	(99.6)	15.9	(6.5)	41.3
Diluted (cents)	14	(99.6)	15.2	(6.5)	40.4
Profit or loss from continuing operations					
Basic (cents)	14	(24.5)	9.2	18.5	45.5
Diluted (cents)	14	(24.5)	8.8	18.1	44.6

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

** Comparative information has been re presented due to a discontinued operation, see Note 8.

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Additional paid in capital €'000	Employee termination indemnities €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Put/Call options reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of Company €'000	Non- controlling interests €'000	Total equity €'000
Balance at 1 January 2020	600,954	(278)	659,802	(16,175)	—	(16,376)	(1,420)	1,226,507	(4,301)	1,222,206
Total comprehensive income for the year										
Loss for the year	—	—	(297,279)	—	—	—	—	(297,279)	(87)	(297,366)
Other comprehensive loss for the year	—	(96)	—	—	—	—	(19,875)	(19,971)	—	(19,971)
Total comprehensive loss for the year	—	(96)	(297,279)	—	—	—	(19,875)	(317,250)	(87)	(317,337)
Transactions with the owners of the Company										
Contributions and distributions										
Exercise of options	—	—	(1,733)	1,718	—	—	—	(15)	—	(15)
Employee stock option scheme	—	—	8,487	—	—	—	—	8,487	—	8,487
Share buyback	(8,829)	—	(1,320)	—	—	—	—	(10,149)	—	(10,149)
Total contributions and distributions	(8,829)	—	5,434	1,718	—	—	—	(1,677)	—	(1,677)
Change in ownership interests										
Acquisition of non-controlling interests without change in control	—	—	(20,711)	—	—	16,376	—	(4,335)	4,369	34
Acquisition of subsidiary with non-controlling interests	—	—	—	—	—	(3,654)	—	(3,654)	365	(3,289)
Total changes in ownership interests	—	—	(20,711)	—	—	12,722	—	(7,989)	4,734	(3,255)
Total transactions with owners of the Company	(8,829)	—	(15,277)	1,718	—	12,722	—	(9,666)	4,734	(4,932)
Balance at 31 December 2020	592,125	(374)	347,246	(14,457)	—	(3,654)	(21,295)	899,591	346	899,937
Balance at 1 January 2019	627,764	56	718,907	(17,863)	45,392	(30,820)	(8,153)	1,335,283	7,797	1,343,080
Total comprehensive income for the year										
(Loss)/profit for the year	—	—	(19,571)	—	—	—	—	(19,571)	603	(18,968)
Other comprehensive income/(loss) for the year	—	(334)	—	—	—	—	6,733	6,399	—	6,399
Total comprehensive income/(loss) for the year	—	(334)	(19,571)	—	—	—	6,733	(13,172)	603	(12,569)
Transactions with the owners of the Company										
Contributions and distributions										
Dividend paid	—	—	(55,545)	—	—	—	—	(55,545)	(4,412)	(59,957)
Exercise of options	—	—	(1,803)	1,688	—	—	—	(115)	43	(72)
Employee stock option scheme	—	—	18,102	—	—	—	—	18,102	—	18,102
Redemption of convertible bond	—	—	45,392	—	(45,392)	—	—	—	—	—
Share buyback	(26,810)	—	(38,322)	—	—	—	—	(65,132)	—	(65,132)
Total contributions and distributions	(26,810)	—	(32,176)	1,688	(45,392)	—	—	(102,690)	(4,369)	(107,059)
Changes in ownership interests										
Acquisition of non-controlling interests without change in control	—	—	(7,358)	—	—	14,444	—	7,086	(8,332)	(1,246)
Total changes in ownership interests	—	—	(7,358)	—	—	14,444	—	7,086	(8,332)	(1,246)
Total transactions with owners of the Company	(26,810)	—	(39,534)	1,688	(45,392)	14,444	—	(95,604)	(12,701)	(108,305)
Balance at 31 December 2019	600,954	(278)	659,802	(16,175)	—	(16,376)	(1,420)	1,226,507	(4,301)	1,222,206

Consolidated balance sheet

As at 31 December 2020

	Note	2020 €'000	2019 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	357,115	376,378
Right-of-use assets	17	66,702	74,659
Intangible assets	18	1,097,205	1,499,396
Investments	19	50,442	52,265
Trade receivables	21	18,405	13,600
Other non-current assets	20	70,449	37,950
		1,660,318	2,055,378
CURRENT ASSETS			
Trade receivables	21	153,220	192,844
Other receivables	22	98,344	141,154
Cash and cash equivalents	23	683,681	671,540
		935,245	1,005,538
Assets classified as held for sale	24	468,891	36,798
TOTAL ASSETS		3,064,454	3,097,714
EQUITY			
Additional paid in capital	25	592,125	600,954
Employee termination indemnities		(374)	(278)
Employee benefit trust	25	(14,457)	(16,175)
Put/Call options reserve		(3,654)	(16,376)
Foreign exchange reserve		(21,295)	(1,420)
Retained earnings		347,246	659,802
Equity attributable to equity holders of the Company		899,591	1,226,507
Non-controlling interests		346	(4,301)
TOTAL EQUITY		899,937	1,222,206
NON-CURRENT LIABILITIES			
Loans and borrowings	26	308,875	64,396
Bonds	27	873,129	871,190
Lease liability	17	61,547	65,274
Deferred revenues		2,128	2,332
Deferred tax liability	31	75,163	78,338
Contingent consideration and redemption liability	29	8,508	2,520
Other non-current liabilities	32	12,433	14,244
		1,341,783	1,098,294
Liabilities directly associated with assets classified as held for sale	24	309,169	3,595
CURRENT LIABILITIES			
Loans and borrowings		—	206
Trade payables	30	47,694	62,420
Lease liability	17	21,019	25,515
Progressive operators' jackpots and security deposits		100,211	98,152
Client deposits		—	113,879
Client funds		28,924	126,309
Income tax payable		12,017	22,019
Gaming and other taxes payable	33	126,949	98,288
Deferred revenues		9,735	6,857
Contingent consideration and redemption liability	29	1,162	58,605
Provisions for risks and charges	28	18,077	19,508
Other payables	32	147,777	141,861
		513,565	773,619
TOTAL LIABILITIES		2,164,517	1,875,508
TOTAL EQUITY AND LIABILITIES		3,064,454	3,097,714

The financial information was approved by the Board and authorised for issue on 10 March 2021.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020 €'000	2019 Restated €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(297,366)	(18,968)
Adjustment to reconcile net income to net cash provided by operating activities (see below)		692,147	389,699
Net taxes paid		(27,857)	(49,793)
Net cash from operating activities		366,924	320,938
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(2,542)	(1,424)
Acquisition of property, plant and equipment		(41,694)	(61,384)
Dividends received	19A, 19B	121	699
Acquisition of intangible assets		(21,999)	(24,320)
Acquisition of subsidiaries (see below)	34A, 34B	(19,829)	(1,402)
Cash of subsidiaries on acquisition (see below)	34A, 34B	8,509	1,039
Capitalised development costs		(55,762)	(65,529)
Acquisition of associates and joint ventures	19B	—	(6,453)
Investment in other investments	19D	(6,535)	—
Proceeds from sale of property, plant and equipment		541	973
Proceeds from the sale of discontinued operations, net of cash, and surplus land held for sale	24	49,843	5,000
Net cash used in investing activities		(89,347)	(152,801)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the owners of the Company	25	—	(55,545)
Dividends paid to non-controlling interests		—	(4,412)
Interest payable on bonds, bank borrowings and other borrowings		(39,748)	(29,509)
Issue of bonds, net of issue costs	27	—	345,672
Share buyback	25	(10,149)	(65,132)
Repayment of bonds	27	—	(297,000)
Repayment of loans and borrowings		(206)	—
Proceeds from loans and borrowings	26	245,828	63,906
Payment of deferred and contingent consideration and redemption liability (see below)		(63,720)	(48,071)
Principal paid on lease liability		(21,491)	(20,950)
Interest paid on lease liability		(5,895)	(6,280)
Net cash from/(used in) financing activities		104,619	(117,321)
INCREASE IN CASH AND CASH EQUIVALENTS		382,196	50,816
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		674,186	622,197
Exchange gain on cash and cash equivalents		4,797	1,173
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,061,179	674,186
Cash and cash equivalent – continuing operations	23	684,308	671,540
Cash and cash equivalent treated as held for sale	23	376,871	2,646
		1,061,179	674,186
Less: Expected credit loss on cash and cash equivalent		(627)	—
		1,060,522	674,186

	Note	2020 €'000	2019 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation of property, plant and equipment		48,802	51,585
Amortisation of intangible assets		149,076	148,506
Amortisation of right-of-use assets		21,990	22,096
Gain on early termination of lease contracts		(1,110)	—
Share of profit from joint ventures	19A	(121)	(621)
Share of profit from associates	19B	(955)	(1,020)
Fair value change on step-acquisition of associate	34A	(6,520)	—
Impairment of other non-current assets		1,264	4,432
Impairment of investment in associates	19B	—	443
Impairment of right-of-use assets	17	2,755	827
Impairment of property, plant and equipment	16	8,716	895
Impairment of intangible assets	18	33,880	113,863
Impairment of asset held for sale		221,255	—
Profit on disposal of discontinued operations	24	(586)	—
Profit on disposal of asset classified as held for sale	24	(22,082)	—
Loss on disposal of associate	19B	8,907	—
Changes in fair value of equity investments		(598)	270
Interest on bonds, bank borrowings and other borrowings		41,878	35,863
Interest on convertible bonds		—	9,851
Interest on lease liability		5,895	6,280
Income tax expense		23,198	35,339
Employee stock option plan expenses		21,079	18,102
Movement in deferred and contingent consideration and redemption liability		8,310	(69,940)
Expected credit loss on cash and cash equivalents		627	—
Exchange gain on cash and cash equivalents		(4,797)	(1,173)
Unrealised exchange gain		(5,511)	—
Other		494	90
Changes in operating assets and liabilities:			
Change in trade receivables		34,558	2,442
Change in other receivables		360	(5,901)
Change in trade payables		(13,342)	(10,912)
Change in progressive, operators jackpot, security deposits		1,974	9,551
Change in client funds and deposits		76,579	22,046
Change in other payables		34,929	(12,200)
Change in provisions for risks and charges		(1,431)	7,413
Change in deferred revenues		2,674	1,572
		692,147	389,699
Acquisition of subsidiaries			
	Note	2020 €'000	2019 €'000
Acquisitions in the year			
A. Acquisition of Statscore SP Z.O.O.	34A	6,500	—
B. Acquisition of Best In Game SRL	34B	13,329	—
Acquisitions in previous years			
A. Acquisition of Areascom SpA		—	—
B. Other acquisitions	35A	—	1,402
		19,829	1,402

Consolidated statement of cash flows continued

For the year ended 31 December 2020

Cash of subsidiaries on acquisition

	Note	2020 €'000	2019 €'000
Acquisitions in the year			
A. Acquisition of Statscore SP Z.O.O.	34A	60	—
B. Acquisition of Best In Game SRL	34B	8,449	—
Acquisitions in previous years			
A. Acquisition of Areascom SpA		—	324
B. Other acquisitions		—	715
		8,509	1,039

Payment of contingent consideration and redemption liabilities on previous acquisitions

	2020 €'000	2019 €'000
Acquisitions in previous years		
A. Acquisition of Rarestone Gaming PTY Ltd	4,140	4,469
B. Acquisition of ACM Group	—	3,420
C. Acquisition of Consolidated Financial Holdings	—	21,979
D. Acquisition of Quickspin AB	—	14,345
E. Acquisition of Playtech BGT Sports Limited	41,558	—
F. Other acquisitions	2,789	3,858
	48,487	48,071
G. Interest in Aquila Global Group SAS ("Wplay")	15,233	—
	63,720	48,071

The cash outflows, as stated in the financial statements for the year ended 31 December 2019, relating to payments of long-term deferred and contingent consideration on the acquisition of subsidiaries and the payments of redemption liabilities to acquire non-controlling interests in previous periods has been restated during the period. As a result, they have been reclassified from investing to financing cash flows. This presentational change in the cash flow statement has no impact on actual cash flows nor on any of the other primary statements.

Notes to the financial statements

Note 1 – General

Playtech plc (the “Company”) is a company domiciled in the Isle of Man. The Company was incorporated in the 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.

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

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 financial statements (Notes 8 and 24), 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, Jefferies, UBS, Citi etc;
- B2B clearing and execution for other retail brokers, where the Group acts as the execution venue and market-maker; and
- B2B technology and risk management services, where the Group provides platform, CRM, reporting and risk-management technology to the retail broker market.

Where the Group acts as the execution venue, or provides execution services, these activities are undertaken in entities regulated by the UK’s Financial Conduct Authority (“FCA”), the Australian Securities & Investments Commission (ASIC), the Cyprus Securities and Exchange Commission (CySEC), the British Virgin Islands’ Financial Services Commission (FSC), and the South African Financial Sector Conduct Authority (FSCA).

Note 2 – Basis of preparation

These consolidated financial statements have been 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). They were authorised for issue by the Company’s Board of Directors on 10 March 2021.

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

Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide 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 financial statements.

Considering recent developments, which include the second wave that forced governments back into ongoing lockdowns, as well as the debate over the outcome (and timing of this outcome) the vaccines will have, 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 6.

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, and the latest updates on the ongoing lockdowns and vaccine announcements, the Group is not in a position to accurately assess the magnitude of the impact of COVID-19 on the Group’s operations and future financial results, as this will principally depend on the effectiveness of vaccine, the overall contribution in stopping the pandemic, as well as the regulatory and fiscal measures taken to support the economy and mitigate the impact of the virus.

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

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

Notes to the financial statements continued

Note 2 – Basis of preparation continued

Going concern basis

In adopting the going concern basis in the preparation of the consolidated 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 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 ongoing lockdowns and COVID-19 vaccine announcements, were also taken into consideration in our assessment.

Despite the impact on cash flows of COVID-19, the Group continues to hold a strong liquidity position with adjusted gross cash of €651.1 million (31 December 2019: €335.8 million). As a precautionary measure, in the early stages of the pandemic Playtech accessed approximately €6 million in government support schemes in the UK and other markets. This was to ensure the Group could protect jobs given the prevailing uncertainty over the severity of the impact on the business from the pandemic. Despite the impact of the restrictions on parts of our business and given the overall resilient performance over the course of 2020, this support is currently in the process of being repaid and therefore excluded from our results for 2020. Whilst there are a number of risks to the Group's trading performance from COVID-19 and its impact on the global economy, the Directors are confident of its ability to continue as a going concern.

The Directors have reviewed liquidity and covenant forecasts for the Group, which have been updated for the expected impact of COVID-19 on trading as well as the relaxed covenants agreed with the Group's facility providers until 30 June 2021. 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 Group's 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 with an option of extension 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 26 and 27. The RCF covenants have been relaxed 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 12 months to 30 June 2021 (31 December 2019: 3:1)
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last 12 months to 30 June 2021 (31 December 2019: 4:1)

If the Group's results are in line with its base case projections it would not be in breach of the financial covenants for a period of no less than 12 months from approval of these 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 further impacts the 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 with further impacts caused by the pandemic, together with additional sensitivities around the UK, Italy and Asia, but with mitigations similar to the ones taken in 2020 (including salary and capital expenditure reductions and continued suspension of distributions). Under this scenario EBITDA would fall on average by 23% per month compared to the base case and the Company would have breached one of its covenants (Net Debt/Adjusted EBITDA) but at the same time would have sufficient liquidity to repay the RCF, should payment be demanded by its facility providers. This would however not result in a breach of the bond covenants and the Group would have adequate cash reserves to be able to continue as a going concern over the relevant going concern period.

Reverse stress test

The reverse test was used to find what would be the level of EBITDA and consequently the cash burn that would lead to a breach in the bonds' financial covenants before the end of the relevant going concern period. Under this test, management assumed the following:

- A further deterioration of revenue and EBITDA as a result of the assumed ongoing second lockdown;
- Downturn in cash generation; and
- No further mitigating actions taken.

As a result of completing this assessment 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 fall on average by 86% per month compared to the base case until the end of 2021;
- In the event that revenues decline, 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 consolidated financial statements.

Note 3 – Functional and presentation currency

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

Note 4 – New standards, interpretations and amendments adopted by the Group

New standards, interpretations and amendments adopted from 1 January 2020

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020, but do not have a material impact on the consolidated financial statements of the Group.

New standards, interpretations and amendments not yet effective

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

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

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

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

Note 5 – Significant accounting policies

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

A. Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in the statement of comprehensive income.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the statement of comprehensive income.

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The difference between the consideration and the carrying value of the NCI is recognised as profit/loss in the retained earnings.

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

A. Basis of consolidation continued

(iv) Interest in equity accounted investees

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate, joint venture or structured entity, as appropriate.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over these policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the entity or arrangement and have rights to the net assets of the joint venture. Joint arrangement includes the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all of the following features or attributes;

- restricted activities,
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors,
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Structured entities are entities in which shareholding percentage may exist or may not, and therefore voting or similar rights are not the dominant factor in deciding who controls the entity. The control is defined through the existence of contractual agreements.

Where the Group holds an option to acquire equity in an entity, this is included in the assessment of control unless the option is not exercisable or, in limited circumstances, even if it is not currently exercisable and their impact on the assessment of significant influence when the option is currently exercisable.

Equity accounted associates

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises in the statement of comprehensive income.

On disposal of the associate, or loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

Joint venture

The Group accounts for its interests in joint ventures in the same manner as investment in associates (refer above).

Structured entities

An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured agreements are initially recognised at cost and are subsequently considered for impairment. Where there is objective evidence that the investment in a structured agreement has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Where there is a loss of joint control due to a change in the contractual arrangements and a joint venture becomes either an associate or structured arrangement, the investment continues to be measured using the equity method. Given that there is no change in the measurement requirements, the loss of joint control is not an event that warrants remeasurement of the retained interest at fair value.

Where the Group is remunerated for services and software provided to the arrangement through a revenue share or share of profit, the Group recognises this income as revenue in accordance with IFRS 15.

(v) Equity investments held at fair value

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

(vi) Transactions eliminated on consolidation

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

Note 5 – Significant accounting policies continued

B. Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

C. Discontinued operation

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

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

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

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

D. Revenue recognition

The majority of the Group's revenue is derived from selling services with revenue recognised at a point in time when services have been delivered to the customer. Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Group's activities. Revenue is recognised when economic benefits are expected to flow to the Group, where economic benefits are not expected to flow, revenue is not recognised. Specific criteria and performance obligations are described below for each of the Group's material revenue streams.

Type of service	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B royalty income	<p>Royalty income relates to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces).</p> <p>Royalty income is based on the underlying gaming revenue earned by our licensees based on the contractual terms in place. Revenue is recognised when performance obligation is met which is when the gaming transaction occurs.</p>
B2B fixed-fee income	<p>Fixed-fee income includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed-fee and stepped according to the monthly usage of the service/technology. The usage measurement is reset on a monthly basis.</p> <p>The performance obligation is met and revenue is recognised once the obligations under the contracts have been met. Where amounts are billed and obligations are not met, revenue is deferred.</p> <p>Amounts are billed on a monthly basis. Additional fees charged according to the usage of the service/technology are billed and recognised on the month that the services are provided.</p>
B2B cost-based revenue	<p>Cost-based revenue is the total revenue charged to the licensee based on the actual costs incurred from production and an additional percentage charged on top as a margin.</p> <p>Cost-based revenues are recognised on delivery of the service.</p>
B2B revenue received from the sale of hardware	<p>Revenue received from the sale of hardware is the total revenue charged to customers upon the sale of each hardware product. The performance obligation is met and revenue is recognised on delivery of the hardware and acceptance by the customer.</p>

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

D. Revenue recognition continued

Type of service	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B profit share income	<p>Profit share income relates to certain services provided to customers defined as structured agreements. Profit share is based on a pre-defined profit of the customers.</p> <p>Profit share is recognised when the performance obligation is met which is when the defined period for measuring the profit is over.</p>
B2C revenue	<p>In respect of B2C and white label revenues, the Group acts as principal with the end customer, with specific revenue policies as follows:</p> <ul style="list-style-type: none"> • The revenues from land based gaming machines are recognised net of the winnings, jackpots and certain flat-rate gaming tax. • The revenue from Online gaming (games of skill/casino/bingo) are recognised net of the winnings, jackpots, bonuses and certain flat-rate gaming tax. In respect of the casino and bingo, revenue is recognised at the conclusion. Revenue from games of skill are recognised at the time of the bet. • The revenues related to the acceptance of fixed odds bets are considered financial instruments under IFRS 9 and are recognised net of certain flat-rate gaming tax, winnings, bonuses and the fair value of open bets. • Revenues related to fixed odds bets are recognised at the conclusion of the event. • Poker revenues in the form of commission (i.e. rake) is recognised at the conclusion of each poker hand. The performance obligation is the provision of the poker games to the players. • All the revenues from gaming machines are recorded net of players' winnings and certain gaming taxes but inclusive of compensation payable to managers, operators and platforms, as well as the concession fees payable to the ADM. Revenue is recognised at the time of the bet. <p>Where the gaming tax incurred is directly measured by reference to the individual customer transaction and related to the stake (described as "Flat-rate tax" above), this is deducted from revenue.</p> <p>Where the tax incurred is measured by reference to the Group's net result from betting and gaming activity, this is not deducted from revenue and is recognised as an expense.</p>
Financial trading income	<p>Financial trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange.</p> <p>Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.</p> <p>The performance obligation is met in the accounting periods in which the trading transaction occurs and is concluded.</p>

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

E. Share-based payments

Certain employees participate in the Group's share option plans. The fair value of the equity settled options granted is charged to the statement of comprehensive income on a straight-line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes and Binomial valuation model. Where equity settled share options are settled in cash at the Group's discretion the debit is taken to equity.

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

Where, at the outset, the Group decided that there was no obligation to settle in cash but it subsequently did so at its own discretion and has no past practice or stated policy of settling in cash, the expense recognised is based on the fair value at grant date. Where the entity has a present obligation to settle in cash the liability is measured at the end of each reporting period at the fair value of the liability.

Note 5 – Significant accounting policies continued

F. Income tax

Income tax expense comprises current and deferred tax.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

G. Property, plant and equipment

(i) Recognition and measurement

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of comprehensive income.

(ii) Subsequent expenditure

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

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

G. Property, plant and equipment continued

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of comprehensive income.

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

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

Land is not depreciated.

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

Carrying amounts are reviewed on each reporting date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

H. Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

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

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Business combinations

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Internally generated intangible assets (development costs)

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

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

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(ii) Subsequent expenditure

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

Note 5 – Significant accounting policies continued

H. Intangible assets and goodwill continued

(iii) Amortisation

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

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

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

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

I. Assets held for sale

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

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

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

J. Financial instruments

Initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

J. Financial instruments continued

(i) Financial assets continued

Financial assets at fair value through profit or loss

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

Derecognition

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

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

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

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

Impairment

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

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

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

(ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Note 5 – Significant accounting policies continued

J. Financial instruments continued

(ii) Financial liabilities continued

Derecognition

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

(iii) Offsetting

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

K. Share capital

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

L. Share buyback

The Group cannot hold treasury shares under the Company's memorandum and articles of association and therefore the shares are cancelled after the buyback. Consideration paid for the share buyback is recognised against the additional paid in capital. Any excess of the consideration paid over the weighted average price of shares in issue is debited to the retained earnings.

M. Employee Benefit Trust

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

N. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in statement of comprehensive income.

O. Dividends

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

P. Impairment of non-financial assets

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

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

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

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

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

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

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

Q. Provisions

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

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

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

R. Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

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

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

S. Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Note 5 – Significant accounting policies continued

S. Fair value measurement continued

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in the statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

T. Adjusted results

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

The Board of Directors believes that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including the below. Adjusted EBITDA and Adjusted Profit/Loss after making these exclusions are therefore presented alongside the reported EBITDA and reported Profit/Loss in the consolidated statement of comprehensive income.

Management regularly uses the 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. Furthermore, compensation of the executives is based in part on the performance of the business based on these adjusted measures.

Accordingly, these are the key performance metrics used by the Board of Directors when assessing the Group's financial performance. Such exclusions include:

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

In the last few years the Group has acquired new businesses on a regular basis, however, the costs incurred due to these acquisitions are not considered to be an ongoing trading cost and usually cannot be changed or influenced by management.

Underlying adjusted results exclude the following items in order to present a more accurate 'like-for-like' comparison over the comparable period:

- The impact of acquisitions made in the period or in the comparable period and the directly related finance and professional costs relating to the acquisitions; and
- Currency fluctuations affecting the results in the period and the comparable period. In view of the fact that the Group has transaction in foreign currencies and may be affected from the fluctuations of the currencies all transactions in foreign currency transactions are converted to Euro using the exchange rate of the comparable period.

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

Note 6 – Significant accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements and estimates that 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 goodwill and other intangible assets, the recoverability of deferred taxes, determination of the fair value of contingent consideration and redemption liability 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:

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

Notes to the financial statements continued

Note 6 – Significant accounting judgements, estimates and assumptions continued

Judgements

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

Structured agreements

IFRS 12 defines a "Structured entity" as an entity designed so that voting rights are not the dominant factor in assessing control and the relevant activities are directed by means of a contractual arrangement. The application of the definition involves judgement as well as the identification of the investor-investee relationship. The following are considered in assessing which party controls the entity:

- The purpose and design of such entities
- The rights which investee holds
- The rights held by other parties in the investee
- Exposure to the majority of the risks and rewards from the entity
- The decision making rights and the power over those activities that significantly affect the structured entity's return

The Group currently holds a number of call options to acquire equity interests in third parties connected with the structured agreements (see Note 19C). In the case of the structured agreements, the Group is the local partner's strategic technology partner delivering its products together with operational and marketing services across the local partner's online operations. In addition to a framework agreement which governs the relationship of the structured agreement relationship, the Group provides software and services under a separate agreement for which it is remunerated for the provision of software based on a revenue share and separately for the provision of services which are remunerated based on the reimbursement of certain costs and a contractual share of the operating profit of the local partner's business (a "Profit Share"). Management is required to consider the accounting for the options and their impact on the assessment of control when the option is currently exercisable or, in limited circumstances, even if it is not currently exercisable and their impact on the assessment of significant influence when the option is currently exercisable.

Judgement is therefore required to assess the impact of any potential voting rights held under the options and also the extent of any influence held over the entity's activities afforded by contractual arrangements. Where options are held primarily as a protective right they do not give power over the structure, existing operating agreements or financing structures. In such circumstances, management would currently assess the likelihood of exercise as remote.

The definition of "control" in the absence of shareholding rights is judgemental and therefore difficult to determine. Exposure to the risk and rewards, as well as decision making rights can be identified by the agreement between the two parties, however, what is considered exposure to the "majority" of the risks and rewards and "power" over the investees' activities are also judgemental areas. The Group has made judgements in respect of classifying arrangements as structured agreements (see Note 19).

Prior to exercise, if the options (which may allow the Group to acquire the equity interests for no further payments above the investments already made) were assessed as part of the control and significant influence assessment rather than as protective rights, this would not materially change the investments recognised in the balance sheet or amounts recognised in the income statement under the equity method of accounting. However, exercising the option would give rise to the recognition of an equity interest which would result in certain agreements no longer meeting the definition of a structured agreement as voting rights would become more dominant and the investments would most likely be accounted for as an associate.

Revenue from contracts with customers

The Group applies judgement in determining whether it is acting as a principal or an agent specifically on the revenue earned under the B2B royalty income stream. This income falls within the scope of IFRS 15 Revenue from contracts with customers. In making these judgements, the Group considers, by examining each contract with its business partners, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. The business model of this division is predominately a revenue share model which is based on royalties earned from B2C business partners' revenue. Based on this activity, we consider the Group to be an agent and revenue is therefore recognised as the net amount of royalties received. The majority of this B2B revenue is recognised at a point in time that is determined when the gaming or betting activity used as the basis for the revenue share calculation takes place, and furthermore is only recognised when collection is virtually certain with a legally enforceable right to collect.

Internally generated intangible assets

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

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

Initial capitalisation of cost is based on management's judgement that the technological and economic feasibility is confirmed, usually when product development has reached a defined milestone and future economic benefits expect to be realised according to an established project management model. Following capitalisation, an assessment is performed in regards to project recoverability which is based on the actual return of the project. During the year, the Group capitalised €55.8 million (2019: €65.5 million) and the carrying amount capitalised development costs as at 31 December 2020 was €118.4 million (2019: €126.1 million).

Note 6 – Significant accounting judgements, estimates and assumptions continued

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 judgemental and therefore IFRS 5 sets out criteria for the sale to be considered as highly probable as follows:

- Management must be committed to a plan to sell the asset;
- An active programme 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 Casual and Social Gaming Business during 2019. As disclosed in Note 24, part of the Casual and Social Gaming Business disposed in 2020 and the remaining part disposed in January 2021.

In addition to the above, management have included the Financial segment in held for sale assets and therefore IFRS 5 requirements have been applied. The segment is available for immediate sale and can be sold in its current condition subject to the approval by the shareholders and the regulator. Management announced a plan to sell the Financial segment during 2020, launched an active programme to locate a buyer and the sale is expected to be completed within one year from the date of the initial classification. Judgement is applied on the above classification, on the grounds that disposal will take place during 2021, and both shareholders and regulators will provide their approval.

Impairment of investments

The Group assesses on a yearly basis whether there is any indication of impairment which may affect the carrying value of the investments. The carrying values of associates, joint ventures, structured agreements and other investments might be affected by the economic environment in which the companies are operating in. The Group mainly consider the financial results of the investments, as well as Return on Investment Ratio (ROI) which are strong indications of the investment’s recoverability. There are no significant uncertainties over assumptions made due to the actual data used to perform assessment over profitability and ROI ratio. No impairment indications exist this year, given the profitable position of investments and the significant return on our investment.

Adjusted performance measures

As noted in Note 5 paragraph T, management uses the adjusted financial measures by excluding certain non-cash and one-off items from the actual results. The determination of whether non-cash items or one-off items should form part of the adjusted results, is a matter of judgement and it’s based on whether the inclusion/exclusion from the results represent more closely the consistent trading performance of the business.

Provision for risks and charges and potential liabilities

The Group operates in a number of regulated markets and is subject to lawsuits and potential lawsuits regarding complex legal problems, which are subject to a different degree of uncertainty in different jurisdictions and under different laws. For all material ongoing and potential legal and regulatory claims against the Group, an assessment is performed to consider whether an obligation or possible obligation exists and to determine the probability of any potential outflow to determine whether a claim results in the recognition of a provision or disclosure of a contingent liability. See Note 40 for further details.

Estimates and assumptions

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit (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 sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of 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 for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18.

Notes to the financial statements continued

Note 6 – Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

Income taxes

The Group is subject to income tax in several jurisdictions and 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.

This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made. Where management conclude that it is not probable that the taxation authority will accept an uncertain tax treatment, they calculate the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax, credits or tax rates. The effect of uncertainty for each uncertain tax treatment is reflected by using the expected value – the sum of the probability and the weighted amounts in a range of possible outcomes. More details are included in Note 13.

Determination of fair value of intangible assets acquired on business combinations

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. This is defined through valuation reports obtained by experts, who determined the value of identifiable assets acquired through a business combination at the acquisition date by reference to key assumptions. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 34 and 35.

Impairment of financial assets

In response to COVID-19 the Group undertook a review of trade receivables and other financial assets exposures, as applicable, and the Expected Credit Losses (ECL) for each. The review considered the macro-economic 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 however 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. More details are included in Note 38.

Determining the discount rate of a lease liability under IFRS 16

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The possible effects of a change in the incremental borrowing rate are an increase or decrease in the lease liability, right-of-use asset, amortisation and finance costs recognised.

The possible effects of an increase of 1% in the interest rate would a decrease in amortisation and an increase in interest expense by €0.8 million and €1.0 million respectively. The possible effects of a decrease of 1% in the interest rates would be an increase in amortisation and a decrease in interest expense by €1 million and €1.1 million respectively.

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.

Calculation of legal provisions

The Group ascertains a liability in the presence of legal disputes or ongoing lawsuits when it believes it is probable that a financial outlay will take place and when the amount of the losses can be reasonably estimated. The Group is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary depending on future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its legal advisers and experts on legal and tax-related matters. More details are included in Note 28.

Note 7 – Segment information

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

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

The operating segments identified are:

- Gaming B2B: including Casino, Services, Sport, Bingo, Poker and Other
- Gaming B2C: Snaitech, Sun Bingo and Casual (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 10).

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

Year ended 31 December 2020	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming continuing operations €'000	Financial discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Revenue	412,974	81,860	494,834	596,339	(12,713)	1,078,460	121,883	8,072	129,955	1,208,415
Adjusted EBITDA	—	—	125,897	127,658	—	253,555	56,462	431	56,893	310,448
Adjusted Profit attributable to the owners of the Company	—	—	7,705	19,600	—	27,305	19,949	127	20,076	47,381
Total assets	—	—	1,304,108	1,293,622	—	2,597,730	465,880	844	466,724	3,064,454
Total liabilities	—	—	959,531	895,817	—	1,855,348	308,612	557	309,169	2,164,517

Year ended 31 December 2019	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming continuing operations €'000	Financial discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Revenue	440,023	113,892	553,915	900,475	(13,857)	1,440,533	67,915	17,005	84,920	1,525,453
Adjusted EBITDA	—	—	214,819	160,438	—	375,257	7,812	(4,573)	3,239	378,496
Adjusted Profit attributable to the owners of the Company	—	—	89,609	47,818	—	137,427	(4,450)	(8,450)	(12,900)	124,527
Total assets	—	—	1,104,630	1,275,339	—	2,379,969	713,368	4,377	717,745	3,097,714
Total liabilities	—	—	761,261	857,829	—	1,619,090	252,823	3,595	256,418	1,875,508

Geographical analysis of non-current assets

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

	2020 €'000	2019 €'000
Italy	826,739	855,436
Isle of Man	151,842	448,881
Austria	140,833	179,709
UK	100,878	111,240
Cyprus	63,079	75,050
Sweden	72,778	71,641
British Virgin Islands	59,534	62,410
Denmark	—	42,137
Alderney	79,883	49,587
Gibraltar	38,109	39,248
Malta	21,958	25,969
Latvia	15,561	15,173
Ukraine	5,144	7,427
Estonia	9,533	8,657
Republic of Colombia	22,405	22,405
Australia	16,194	19,007
Rest of World	35,848	21,401
	1,660,318	2,055,378

Notes to the financial statements continued

Note 8 – Discontinued operation

As identified in Note 24, the Group has treated its Casual and Social Gaming Business and Financial segment as discontinued in these results.

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

	2020		2019	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Revenue	8,072	8,072	17,005	17,005
Distribution costs before depreciation and amortisation	(7,545)	(7,545)	(21,290)	(21,290)
Administrative expenses before depreciation and amortisation	(392)	(96)	(290)	(288)
EBITDA	135	431	(4,575)	(4,573)
Depreciation and amortisation	(178)	(178)	(3,252)	(2,567)
Impairment of intangible assets	—	—	(23,686)	—
Finance costs	(42)	(42)	(266)	(266)
Profit on disposal of discontinued operations (Note 24)	586	—	—	—
Profit/(loss) before taxation	501	211	(31,779)	(7,406)
Tax expenses	(84)	(84)	(1,035)	(1,044)
Profit/(loss) from discontinued operations, net of tax	417	127	(32,814)	(8,450)

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

	2020		2019	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Revenue	121,883	121,883	67,915	67,915
Distribution costs before depreciation and amortisation	(49,107)	(50,028)	(39,313)	(38,892)
Administrative expenses before depreciation and amortisation	(25,696)	(15,270)	(23,018)	(17,185)
Impairment of financial assets	(1,780)	(123)	(4,026)	(4,026)
EBITDA	45,300	56,462	1,558	7,812
Depreciation and amortisation	(27,960)	(12,299)	(27,791)	(11,264)
Impairment of intangible assets	—	—	(90,013)	—
Impairment of asset held for sale	(221,255)	—	—	—
Finance income	380	380	76,915	3,917
Finance cost	(18,478)	(18,478)	(764)	(764)
Profit/(loss) before taxation	(222,013)	26,065	(40,095)	(299)
Tax expenses	(2,731)	(6,116)	(2,536)	(4,151)
Profit/(loss) from discontinued operations, net of tax	(224,744)	19,949	(42,631)	(4,450)
Profit/(loss) from discontinued operations, net of tax – Total	(224,327)	20,076	(75,445)	(12,900)

Earnings per share from discontinued operations

Basic (cents)	(75.1)	6.7	(25.0)	(4.3)
Diluted (cents)	(75.1)	6.4	(25.0)	(4.3)

The net cash flows incurred by the Casual and Social Gaming Business in the period, are as follows:

	2020 €'000	2019 €'000
Operating	(636)	3,809
Investing	—	(3,931)
Financing	(163)	(229)
Net cash outflow	(799)	(351)

Note 8 – Discontinued operation continued

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

	2020 €'000	2019 €'000
Operating	110,167	33,333
Investing	(4,357)	(14,668)
Financing	(1,799)	(27,437)
Net cash inflow/(outflow)	104,011	(8,772)

Note 9 – Revenue from contracts with customers

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

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

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

Revenue analysis by geographical location of licensee, product type 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.

For the year ended 31 December 2020

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Italy	24,971	522,718	(6,247)	541,442	2,195	—	2,195	543,637
United Kingdom	150,026	54,389	(3,557)	200,858	76,061	—	76,061	276,919
Philippines	70,150	—	—	70,150	143	—	143	70,293
Malta	54,712	—	—	54,712	965	—	965	55,677
Mexico	54,912	—	—	54,912	420	—	420	55,332
Spain	22,802	27	(3)	22,826	827	—	827	23,653
Germany	2,097	16,121	(2,060)	16,158	1,715	—	1,715	17,873
Gibraltar	16,461	—	—	16,461	37	—	37	16,498
Greece	13,853	—	—	13,853	266	—	266	14,119
Curaçao	10,586	—	—	10,586	69	—	69	10,655
United Arab Emirates	13	—	—	13	9,158	—	9,158	9,171
Cyprus	782	—	—	782	7,438	—	7,438	8,220
Norway	6,051	—	—	6,051	133	—	133	6,184
Finland	5,822	—	—	5,822	85	—	85	5,907
Poland	5,310	—	—	5,310	34	—	34	5,344
Rest of World	56,286	3,084	(846)	58,524	22,337	8,072	30,409	88,933
	494,834	596,339	(12,713)	1,078,460	121,883	8,072	129,955	1,208,415

Notes to the financial statements continued

Note 9 – Revenue from contracts with customers continued

Revenue analysis by geographical location of licensee, product type and timing of transfer of performance obligations continued

For the year ended 31 December 2020 continued

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Total B2B	494,834	—	(12,713)	482,121	—	—	—	482,121
Snaitech	—	522,172	—	522,172	—	—	—	522,172
Sun Bingo	—	53,775	—	53,775	—	—	—	53,775
B2C Sport and Other B2C	—	20,392	—	20,392	—	8,072	8,072	28,464
Total B2C	—	596,339	—	596,339	—	8,072	8,072	604,411
Financial	—	—	—	—	121,883	—	121,883	121,883
	494,834	596,339	(12,713)	1,078,460	121,883	8,072	129,955	1,208,415

Timing of transfer of performance obligations	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Recognised at point in time (other sales)	472,848	596,339	(12,713)	1,056,474	121,883	8,072	129,955	1,186,429
Recognised at the point in time (hardware sales)	20,479	—	—	20,479	—	—	—	20,479
Recognised over time	1,507	—	—	1,507	—	—	—	1,507
	494,834	596,339	(12,713)	1,078,460	121,883	8,072	129,955	1,208,415

For the year ended 31 December 2019

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Italy	22,031	834,867	(7,802)	849,096	1,745	—	1,745	850,841
United Kingdom	204,252	45,678	(2,953)	246,977	33,229	—	33,229	280,206
Philippines	97,704	—	—	97,704	40	—	40	97,744
Malta	40,229	—	—	40,229	162	—	162	40,391
Mexico	29,748	—	—	29,748	243	—	243	29,991
Spain	23,305	217	(23)	23,499	561	—	561	24,060
Greece	23,595	—	—	23,595	(209)	—	(209)	23,386
Gibraltar	16,878	—	—	16,878	22	—	22	16,900
Germany	2,120	14,572	(1,925)	14,767	1,371	—	1,371	16,138
Ireland	12,521	—	—	12,521	203	—	203	12,724
Finland	9,265	—	—	9,265	55	—	55	9,320
Austria	4,648	5,121	(1,149)	8,620	158	—	158	8,778
United Arab Emirates	—	—	—	—	7,185	—	7,185	7,185
Cyprus	1,147	—	—	1,147	5,894	—	5,894	7,041
Curacao	6,986	—	—	6,986	13	—	13	6,999
Rest of World	59,486	20	(5)	59,501	17,243	17,005	34,248	93,749
	553,915	900,475	(13,857)	1,440,533	67,915	17,005	84,920	1,525,453

Note 9 – Revenue from contracts with customers continued

Revenue analysis by geographical location of licensee, product type and timing of transfer of performance obligations continued

For the year ended 31 December 2019 continued

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Total B2B	553,915	—	(13,857)	540,058	—	—	—	540,058
Snaitech	—	829,723	—	829,723	—	—	—	829,723
Sun Bingo	—	40,633	—	40,633	—	—	—	40,633
Casual, B2C Sport and Other B2C	—	30,119	—	30,119	—	17,005	17,005	47,124
Total B2C	—	900,475	—	900,475	—	17,005	17,005	917,480
Financial	—	—	—	—	67,915	—	67,915	67,915
	553,915	900,475	(13,857)	1,440,533	67,915	17,005	84,920	1,525,453

Timing of transfer of performance obligations	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming – continuing operations €'000	Financial – discontinued operations €'000	B2C – discontinued operations €'000	Total discontinued operations €'000	Total €'000
Recognised at point in time (other sales)	494,929	900,475	(13,857)	1,381,547	67,915	17,005	84,920	1,466,467
Recognised at the point in time (hardware sales)	56,153	—	—	56,153	—	—	—	56,153
Recognised over time	2,833	—	—	2,833	—	—	—	2,833
	553,915	900,475	(13,857)	1,440,533	67,915	17,005	84,920	1,525,453

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. Furthermore, no individual licensee in 2020 and 2019 individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group.

The Group's contract liabilities, in other words deferred income, primarily include advance payment for hardware and services, which are typically used in 12 months, and also include the set-up fees paid by the licensee in 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 €11.9 million (2019: €9.2 million).

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

	2020 €'000
Balance 1 January	9,189
Recognised during the year	20,739
Realised in the consolidated statement of comprehensive income	(18,065)
	11,863

During 2019, the Group earned non-recurring market-making revenue and EBITDA of \$5.5 million through its trading contract with AMC (Mauritius) plc which is ultimately own by the shareholders of ACM Group Limited, from which the Group acquired technology, intellectual property and certain customer assets on 10 October 2017. No similar income was earned in 2020.

Notes to the financial statements continued

Note 10 – Adjusted items

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

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

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

For the year ended 31 December 2020	Note	Revenue €'000	Administration and distribution expenses and impairment of financial assets €'000	EBITDA from continuing operations €'000	Profit/(Loss) from continuing operations attributable to the owners of the Company €'000	Total Profit/(Loss) attributable to the owners of the Company €'000
Reported as actual		1,078,460	855,605	222,855	(72,952)	(297,279)
Employee stock option expenses ¹		—	(16,541)	16,541	16,541	21,079
Professional fees on acquisitions		—	(1,755)	1,755	1,755	5,032
Additional consideration payable for put/call option ²		—	(5,296)	5,296	5,296	5,296
Movement in contingent consideration and redemption liability (finance costs and administrative expenses row) ³		—	(1,156)	1,156	4,170	4,170
Charitable donation ⁴		—	(3,162)	3,162	3,162	3,162
Provision for other receivables ⁵		—	(2,790)	2,790	2,790	6,432
Fair value change of equity instruments ⁶		—	—	—	(598)	(598)
Deferred tax on acquisitions (tax expense row)		—	—	—	(11,672)	(13,253)
Tax relating to prior years (tax expense row)	13	—	—	—	4,899	3,096
Amortisation of intangibles on acquisitions (depreciation and amortisation row)		—	—	—	38,976	54,638
Impairment of tangible, intangible assets and right-of-use asset	16, 17, 18	—	—	—	45,352	45,352
Impairment of discontinued operations	24C	—	—	—	—	221,255
Fair value change on acquisition of associate	34A	—	—	—	(6,520)	(6,520)
Profit on disposal of asset classified as held for sale	24	—	—	—	(22,082)	(22,669)
Tax on disposal of asset classified as held for sale (tax expenses row)	24	—	—	—	9,281	9,281
Loss on sale of associate	19B	—	—	—	8,907	8,907
Adjusted measure		1,078,460	824,905	253,555	27,305	47,381
Constant currency impact		12,782	9,973	2,809	4,791	21,547
Adjusted result on constant currency basis		1,091,242	834,878	256,364	32,096	68,928
Adjusted result related to acquisitions on constant currency basis		(1,932)	(2,262)	330	(334)	(334)
Underlying adjusted result on constant currency basis		1,089,310	832,616	256,694	31,762	68,594

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

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

3. 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 relate to acquisitions are outside the normal course of business and therefore have been added back to Adjusted EBITDA.

4. 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. Of this pledge, €3.2 million was paid in the current financial year.

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

6. 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 – Adjusted items continued

For the year ended 31 December 2019	Revenue €'000	Administration and distribution expenses and impairment of financial assets €'000	EBITDA from continuing operations €'000	Profit/(Loss) from continuing operations attributable to the owners of the Company €'000	Total Profit/(Loss) attributable to the owners of the Company €'000
Reported as actual	1,440,533	1,106,830	333,703	55,874	(19,571)
Employee stock option expenses	—	(13,252)	13,252	13,252	18,102
Professional fees on acquisitions	—	(522)	522	522	1,926
Additional consideration payable for put/call option	—	(10,180)	10,180	10,180	10,180
Movement in contingent consideration and redemption liability	—	(6,285)	6,285	(837)	(73,833)
Cost of fundamental business reorganisation	—	(15)	15	15	15
Effect from the amendments on the terms of Sun contract back dated	—	(6,425)	6,425	6,425	6,425
Impairment of investment in associate	—	(443)	443	443	443
Provision for other receivables	—	(4,432)	4,432	4,432	4,432
Fair value change of equity instruments	—	—	—	270	270
Notional interest on convertible bonds	—	—	—	9,851	9,851
Finance costs on acquisitions	—	—	—	1,532	1,532
Deferred tax on acquisitions	—	—	—	(12,100)	(13,713)
Tax relating to prior years	—	—	—	4,077	4,067
Amortisation of intangible assets on acquisitions	—	—	—	41,604	58,816
Impairment of intangible assets and right-of-use assets	—	—	—	1,887	115,585
Adjusted measure	1,440,533	1,065,276	375,257	137,427	124,527
Constant currency impact	—	—	—	4,304	1,173
Adjusted result on constant currency basis	1,440,533	1,065,275	375,257	141,731	125,700
Adjusted result related to acquisitions on constant currency basis	—	—	—	—	—
Underlying adjusted result on constant currency basis	1,440,533	1,065,275	375,257	141,731	125,700

Note 11 – Auditors' remuneration

	2020 €'000	2019 €'000
Group audit and Parent Company (BDO)	1,030	1,379
Audit of subsidiaries (BDO)	1,241	775
Audit of subsidiaries (non-BDO)	287	450
Total audit fees	2,558	2,604
Non-audit services provided by Parent Company auditor and its international member firms		
Other non-audit services	321	314
Tax advisory services	167	267
Total non-audit fees	488	581

Notes to the financial statements continued

Note 12 – Financing income and costs

A. Finance income

	2020 €'000	2019 €'000
Interest income	1,131	2,577
Movement in deferred and contingent consideration and redemption liability	—	7,122
	1,131	9,699

B. Finance cost

Net foreign exchange loss	(2,149)	(4,303)
Notional interest on convertible bonds	—	(9,851)
Nominal interest on convertible bonds	—	(1,349)
Interest on bonds	(36,743)	(33,849)
Interest on lease liability	(5,480)	(5,767)
Interest on loans and borrowings and other	(5,764)	(639)
Bank facility fees	(1,941)	(3,306)
Bank charges	(9,463)	(7,628)
Movement in deferred and contingent consideration and redemption liability	(3,014)	—
	(64,554)	(66,692)
Net financing costs	(63,423)	(56,993)

Note 13 – Tax expenses

	2020 €'000	2019 €'000
Income tax expense for the current year	12,911	23,226
Income tax relating to prior years	3,876	4,183
Withholding tax	388	168
Deferred tax	3,207	4,191
Total tax charge	20,382	31,768

The tax charge for the year can be reconciled to accounting profit from continuing operations as follows:

	2020 €'000	2019 €'000
(Loss)/Profit before tax	(52,657)	88,245
Tax at effective rate in Isle of Man	—	—
Income tax on profits of subsidiary operations	20,382	31,768
Total tax charge	20,382	31,768

The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. The international tax laws and practices in respect of the digital economy continue to evolve in many jurisdictions where the Group has significant assets or people presence. The Group's international presence means that it is possible that the amount of tax that will eventually become payable may differ from the amount provided in the financial statements.

The Group's underlying adjusted current effective tax rate of 22% (2019: 13%) 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 Isle of Man standard rate of corporation tax of 0%.

During the year, the Group recognised an overseas tax charge of €4.9 million which relates to the settlement of open enquiries with tax authorities.

The deferred tax is due to the reversal of temporary differences arising on the identification of the intangible assets acquired in the current and prior years. Refer to Note 31 for more detailed information in respect of deferred taxes.

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 UK company. This restructuring is not expected to have a significant impact on the Group's underlying effective tax rate.

Note 14 – Earnings per share

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

	2020		2019	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Profit/(loss) attributable to owners of the Company	(297,279)	47,381	(19,571)	124,527
Basic (cents)	(99.6)	15.9	(6.5)	41.3
Diluted (cents)	(99.6)	15.2	(6.5)	40.4

	2020		2019	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Profit/(loss) attributable to the owners of the Company from continuing operations	(72,952)	27,305	55,874	137,427
Basic (cents)	(24.5)	9.2	18.5	45.5
Diluted (cents)	(24.5)	8.8	18.1	44.6

	2020		2019	
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	298,357,055	298,357,055	301,790,246	301,790,246
Denominator – diluted				
Weighted average number of equity shares	298,357,055	298,357,055	301,790,246	301,790,246
Weighted average number of option shares	12,455,965	12,455,965	6,258,364	6,258,364
Weighted average number of shares	310,813,020	310,813,020	308,048,610	308,048,610

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

EPS for discontinued operations is disclosed in Note 8.

Note 15 – Employee benefits

Total staff costs comprise the following:

	2020 €'000	2019 €'000
Salaries and personnel-related costs	337,043	329,098
Employee stock option costs	21,079	18,102
	358,122	347,200
Average number of personnel:		
Distribution	5,776	5,382
General and administration	668	666
	6,444	6,048

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

- Playtech 2005 Share Option Plan (“the Plan”) and Israeli plans. Options granted under these plans vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- GTS 2010 Company Share Option Plan (CSOP). Options granted under this plan vest on the first day on which they become exercisable which is three years after grant date.
- Long Term Incentive Plan 2012 (LTIP). Awards (options, conditional awards or a forfeitable share award) granted under this plan vest on the first day on which they become exercisable which is typically between 18-36 months after grant date.

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

Notes to the financial statements continued

Note 15 – Employee benefits continued

During 2012, the Group amended some of the rules of the equity-based Plan. The amendments allow the Group, at the employees consent, to settle fully vested and exercisable options for cash instead of issuing shares.

During 2020 the Group granted:

- 4,983,428 nil cost awards at fair value per share of £2.97 – £2.99
- 2,483,140 nil cost awards subject to Diluted EPS, relative total shareholder return (TSR) against constituents of FTSE 250 but excluding investment trusts index, and relative TSR against a sector comparator group of 9-12 peer companies. The fair value per share according to the Monte Carlo simulation model is between £2.03 and £3.34. Inputs used were as follows:

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

During 2019 the Group granted:

- 620,429 nil cost awards subject to relative TSR against constituents of the FTSE 250 but excluding investment trusts index and relative TSR against constituents of a sector comparator group of 11 peer companies. The fair value per share according to the Monte Carlo simulation model is between £1.93 and £2.13. Inputs used were as follows:

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
3	£4.224	4.96%	0.85%	2.84	34%

- 3,998,179 nil cost awards out of which some are subject to relative TSR against constituents of the FTSE 250 but excluding investment trusts index, relative TSR against constituents of a sector comparator group of 11 peer companies and individual conditions relating to business area and EBITDA performance. The fair value per share according to the Monte Carlo simulation model is between £2.22 and £3.91. Inputs used, where applicable, were as follows:

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
2.62–3	£4.491	4.66%	0.48%	2.46	36%

- 1,900,000 nil cost awards subject to the volume weighted average price of shares exceeding the share price target set out over a period of 30 consecutive business days. The fair value per share according to the Monte Carlo simulation model is between £0.24 and £1.1. Inputs used were as follows:

Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
£3.88	4.22%	0.54%	3–5	30.9%

At 31 December 2020 and 2019 the following options were outstanding:

	2020 Number	2019 Number
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	—	18,000
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	—	30,500
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	25,700	25,700
Shares vested on 1 March 2018 at nil cost	102,844	102,844
Shares vested between 1 September 2016 and 1 March 2018 at nil cost	83,929	100,596
Shares vested on 1 March 2019 at nil cost	31,972	31,972
Shares vested between 1 September 2017 and 1 March 2019 at nil cost	163,308	202,161
Shares vested on 21 December 2019 at nil cost	59,469	91,446
Shares vested between 1 September 2017 and 1 April 2019 at nil cost	27,520	33,372
Shares will vest on 1 March 2020 at nil cost	384,406	522,992
Shares vested on 1 September 2019 at nil cost	—	16,703
Shares will vest on 1 March 2021 at nil cost	2,606,507	2,729,622
Shares will vest between 1 March 2021 and 1 March 2022	4,374,371	4,565,881
Shares will vest by 19 December 2024	1,900,000	1,900,000
Shares will vest between 1 March 2023 and 26 October 2023	7,126,752	—
	16,886,778	10,371,789

Total number of shares exercisable as of 31 December 2020 is 879,148 (2019: 653,294).

Note 15 – Employee benefits continued

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

	2020 Number of options	2019 Number of options	2020 Weighted average exercise price	2019 Weighted average exercise price
Outstanding at the beginning of the year	10,371,789	5,017,921	£0.03	£0.06
Granted	7,466,568	6,518,608	Nil	Nil
Forfeited	(733,791)	(952,116)	£0.3	£0.00
Exercised	(217,788)	(212,624)	£0.00	£0.00
Outstanding at the end of the year	16,886,778	10,371,789	£0.03	£0.03

Included in the number options exercised during the year are 16,961 options (2019: 12,410) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £3.018 (2019: £4.166).

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

Expiry date	Exercise price	2020 Number	2019 Number
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	—	48,500
10 March 2021	£3.5225	25,700	25,700
21 December 2025	Nil	186,773	203,440
Between 21 December 2026 and 31 December 2026	Nil	275,936	346,766
Between 1 March 2027 and 28 June 2027	Nil	372,047	516,485
23 July 2028	Nil	2,658,606	2,765,017
Between 27 February 2029 and 19 December 2029	Nil	6,240,964	6,465,881
Between 17 July 2030 and 26 October 2030	Nil	7,126,752	—
		16,886,778	10,371,789

TradeTech ESOP

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

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

The overall term of the ESOP is ten years. These options are settled in equity once exercised. The Second Plan was exercised fully in 2020 and was changed to be settled in cash. Option prices are either denominated in USD, depending on the option grant terms.

Total number of share options exercisable as of 31 December 2020 is 8,000 (2019: 6,000).

	2020 Number	2019 Number
Shares vested between 1 December 2015 and 31 December 2018 at an exercise price of \$70 per share	4,000	4,000
Shares vested between 1 January 2019 and 31 December 2019 at an exercise price of \$70 per share	2,000	2,000
	6,000	6,000
Shares vested between 1 January 2019 and 1 September 2020 at an exercise price of \$70 per share	2,000	2,000
Shares vested between June 2020 and November 2020 at nil cost	—	7,898
	2,000	9,898
	8,000	15,898

Notes to the financial statements continued

Note 15 – Employee benefits continued

TradeTech ESOP continued

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP:

	2020 Number of options	2019 Number of options	2020 Weighted average exercise price	2019 Weighted average exercise price
Outstanding at the beginning of the year	15,898	20,898	\$35.23	\$43.54
Granted through the year	—	—	—	—
Forfeited	(327)	(5,000)	—	\$70.00
Exercised	(7,571)	—	—	—
Outstanding at the end of the year	8,000	15,898	\$70.00	\$35.23

Included in the number of options exercised during the year is 7,571 (2019: Nil) where a cash alternative was received. The weighted average share price at the date of exercise of options in 2020 was \$9.67.

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

	2020 Number	2019 Number
Share options to be expired between 1 December 2024 and 10 March 2025 at an exercise price of \$70 per share	8,000	8,000
Share options to be expired between June 2027 and November 2027 at nil cost	—	7,898
	8,000	15,898

Note 16 – Property, plant and equipment

	Computer software and hardware €'000	Gaming machines €'000	Office furniture and equipment €'000	Buildings, leasehold buildings and improvements €'000	Total €'000
Cost					
At 1 January 2020	108,314	67,869	32,373	303,687	512,243
Additions	14,272	19,600	5,464	2,340	41,676
Acquired through business combinations (Note 34A)	—	—	9	—	9
Disposals	(300)	(238)	(530)	(66)	(1,134)
Write offs	(4,394)	(680)	(701)	(1,484)	(7,259)
Reclassifications	3	3	(3)	(3)	—
Reclassification to assets classified as held for sale (Note 24)	(2,644)	(29)	(1,651)	(1,473)	(5,797)
Effect of movement in exchange rates	(217)	(3)	(152)	(133)	(505)
At 31 December 2020	115,034	86,522	34,809	302,868	539,233
Accumulated depreciation and impairment losses					
At 1 January 2020	78,077	21,175	15,376	21,237	135,865
Charge	14,974	21,921	5,386	6,477	48,758
Impairment loss	1,144	2,020	2,018	3,534	8,716
Disposals	(288)	(130)	(298)	(37)	(753)
Write offs	(4,339)	(557)	(575)	(1,473)	(6,944)
Reclassifications	(36)	—	—	36	—
Reclassification to assets classified as held for sale (Note 24)	(1,890)	(25)	(832)	(490)	(3,237)
Effect of movement in exchange rates	(169)	(3)	(74)	(41)	(287)
At 31 December 2020	87,473	44,401	21,001	29,243	182,118
Net book value					
At 31 December 2020	27,561	42,121	13,808	273,625	357,115

In the total impairment loss of €8.7 million, an amount of the €8.3 million relates to the Sports B2C CGU. Refer to Note 18.

Note 16 – Property, plant and equipment continued

	Computer software and hardware €'000	Gaming machines €'000	Office furniture and equipment €'000	Buildings, leasehold buildings and improvements €'000	Total €'000
Cost					
At 1 January 2019	106,229	71,095	26,197	330,840	534,361
Additions	18,173	28,472	6,596	8,261	61,502
Acquired through business combinations	—	359	91	9	459
Disposals	(917)	(4,729)	(1,181)	(459)	(7,286)
Write offs	(14,953)	(3,217)	(755)	(230)	(19,155)
Reclassifications	(22)	167	1,741	(1,886)	—
Reclassification to inventory	—	(24,280)	—	—	(24,280)
Reclassification to assets classified as held for sale	(238)	—	(193)	(32,850)	(33,281)
Effect of movement in exchange rates	42	2	(123)	2	(77)
At 31 December 2019	108,314	67,869	32,373	303,687	512,243
Accumulated depreciation and impairment losses					
At 1 January 2019	77,439	22,295	10,910	13,629	124,273
Charge	16,664	21,007	5,630	8,284	51,585
Impairment loss	13	—	9	873	895
Disposals	(887)	(4,542)	(682)	(99)	(6,210)
Write offs	(14,948)	(3,212)	(729)	(161)	(19,050)
Reclassifications	(38)	44	392	(398)	—
Reclassification to inventory	—	(14,418)	—	—	(14,418)
Reclassification to assets classified as held for sale	(187)	—	(171)	(891)	(1,249)
Effect of movement in exchange rates	21	1	17	—	39
At 31 December 2019	78,077	21,175	15,376	21,237	135,865
Net book value					
At 31 December 2019	30,237	46,694	16,997	282,450	376,378
At 1 December 2019	28,790	48,800	15,287	317,211	410,088

Note 17 – Leases

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

	Office leases €'000	Hosting €'000	Total €'000
At 1 January 2020	69,109	5,550	74,659
Additions/modifications	14,460	6,270	20,730
Reclassification to assets classified as held for sale (Note 24)	(4,243)	—	(4,243)
Acquired through business combinations (Note 34A – 34B)	149	—	149
Amortisation charge	(16,554)	(5,284)	(21,838)
Impairment loss	(2,755)	—	(2,755)
At 31 December 2020	60,166	6,536	66,702

In the total impairment loss of €2.8 million, an amount of the €2.0 million relates to the Sports B2C CGU. Refer to Note 18.

	Office rent €'000	Hosting costs €'000	Total €'000
At 1 January 2019	78,368	5,076	83,444
Additions/modifications	9,909	5,209	15,118
Reclassification of lease incentive	(4,161)	—	(4,161)
Reclassification to assets classified as held for sale	(585)	—	(585)
Acquisitions through business combinations	3,765	—	3,765
Amortisation charge	(17,360)	(4,735)	(22,095)
Impairment loss	(827)	—	(827)
At 31 December 2019	69,109	5,550	74,659

Notes to the financial statements continued

Note 17 – Leases continued

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

	2020 €'000	2019 €'000
At 1 January	90,789	90,867
Additions/modifications	21,534	14,709
Reclassification to assets classified as held for sale (Note 24)	(5,589)	(615)
Acquired through business combinations (Notes 34A – 34B)	161	4,170
Accretion of interest	5,859	6,281
Payments	(27,222)	(27,228)
Effect of movement in exchange rates	(2,966)	2,605
At 31 December	82,566	90,789
Current	21,019	25,515
Non-current	61,547	65,274
	82,566	90,789

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

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

	2020 €'000	2019 €'000
Amortisation expense of right-of-use assets	21,838	22,095
Interest expense on lease liabilities	5,859	6,281
Impact of early termination of lease contracts	(1,110)	(394)
Variable lease payments (included in distribution costs)	311	—
Variable lease payments (included in administrative expenses)	301	—
	27,199	27,982

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

Note 18 – Intangible assets

	Patents, domain names & licence €'000	Technology IP €'000	Development costs €'000	Customer list & affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2020	218,353	101,847	305,316	633,491	974,767	2,233,774
Additions	16,829	155	58,489	1,074	1,238	77,785
Acquired through business combinations	125	2,992	—	4,597	14,888	22,602
Disposals	(38)	—	—	—	—	(38)
Write offs	(26)	—	(5,179)	—	—	(5,205)
Reclassifications	—	—	—	802	(802)	—
Reclassification to assets classified as held for sale (Note 24)	(31,566)	(18,379)	(38,446)	(97,860)	(217,572)	(403,823)
Effect of movement in exchange rates	(2,953)	(1,719)	(3,431)	(9,154)	(20,351)	(37,608)
At 31 December 2020	200,724	84,896	316,749	532,950	752,168	1,887,487
Accumulated amortisation and impairment losses						
As of 1 January 2020	73,088	68,625	179,208	324,263	89,194	734,378
Charge	34,860	11,876	52,478	49,881	(11)	149,084
Impairment loss	105	—	1,800	2,895	29,080	33,880
Reclassification to assets classified as held for sale (Note 24)	(11,147)	(13,650)	(27,821)	(59,465)	—	(112,083)
Write offs	—	—	(4,883)	—	—	(4,883)
Effect of movement in exchange rates	(1,008)	(1,276)	(2,421)	(5,389)	—	(10,094)
At 31 December 2020	95,898	65,575	198,361	312,185	118,263	790,282
Net book value						
As of 31 December 2020	104,826	19,321	118,388	220,765	633,905	1,097,205

Note 18 – Intangible assets continued

During the year, the research and development costs net of capitalised development costs were €90.0 million (2019: €93.5 million).

	Patents, domain names & licence €'000	Technology IP €'000	Development costs €'000	Customer list & affiliates €'000	Goodwill €'000	Total €'000
Cost						
At 1 January 2019	199,136	106,226	264,690	631,625	961,110	2,162,787
Additions	18,884	975	65,495	250	4,261	89,865
Write offs	(636)	(1,106)	(10,922)	—	(14)	(12,678)
Reclassifications	743	—	(743)	—	—	—
Reclassification to assets classified as held for sale	(506)	(4,650)	(13,708)	(526)	(15,572)	(34,962)
Assets acquired on business combinations	10	—	—	—	18,452	18,462
Effect of movement in exchange rates	722	402	504	2,142	6,530	10,300
At 31 December 2019	218,353	101,847	305,316	633,491	974,767	2,233,774
Accumulated amortisation and impairment losses						
As of 1 January 2019	42,044	57,676	146,997	271,937	—	518,654
Charge	31,556	15,668	49,600	51,730	—	148,554
Impairment	—	840	6,951	324	105,748	113,863
Reclassification to assets classified as held for sale	(32)	(4,650)	(13,666)	(526)	(15,572)	(34,446)
Write offs	(636)	(1,106)	(10,922)	—	—	(12,664)
Effect of movement in exchange rates	156	197	248	798	(982)	417
At 31 December 2019	73,088	68,625	179,208	324,263	89,194	734,378
Net book value						
As of 31 December 2019	145,265	33,222	126,108	309,228	885,573	1,499,396
At 1 January 2019	157,092	48,550	117,693	359,688	961,110	1,644,133

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 15 cash-generating units (CGU) (2019: 15). Two of these CGUs were transferred to assets classified as held for sale.

Management determines which of these CGUs are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill; or
- Significant acquisitions during the year; or
- Significant contingent consideration exists at the reporting date.

Based on the above criteria in respect of the goodwill, management has concluded that the following are significant:

	Carrying value 2020 €'000	Carrying value 2019 €'000
Markets (included in held for sale)	—	168,039
Services	109,903	110,142
Sports B2B	132,487	132,487
Snai	237,205	229,500
Statscore	12,410	—
	492,005	640,168

Management reviews CGUs for impairment bi-annually, or on the occurrence of an impairment indicator. As a consequence of the COVID-19, some revenue streams have experienced significant reductions due to lack of sporting events and closure of the retail betting shops. Even though partial recovery has been achieved, the effects of the virus and the second COVID-19 wave has extended the closures with intermittent lockdowns effected in early 2021. With the exception of Markets, which is included in held for sale, the recoverable amounts of CGUs have been determined from value in use calculations based on cash flow projections covering five years plus a terminal value, which have been updated for COVID-19 and management's probability-based estimates of the impact on future periods based on different scenarios. Management has considered the ongoing economic uncertainty caused by the global pandemic, and the higher level of judgement and uncertainty in forecasts.

An impairment loss has been recognised during the year totalling €41.2 million in the Sports B2C CGU (within the B2C segment), primarily as a result of the impact of COVID-19 on its retail operations, the estimated recovery period, and the uncertainty in future cash flows. This has caused full write down of the carrying value of the Sports B2C CGU. The impairment loss was first taken to reduce the carrying amount of the goodwill allocated to the CGU being €27.9 million with the remaining impairment allocated to all other assets within the CGU (other intangible assets €3.0 million, Property, plant and equipment €8.3 million and Right-of-use asset €2.0 million). No further goodwill impairment has been recognised during the year as the recoverable amounts are higher than the carrying amounts for the remaining CGUs (2019: Nil).

Notes to the financial statements continued

Note 18 – Intangible assets continued

There is a potential risk for future impairment should there be a significant change in the economic outlook, versus those trends management anticipates in its forecasts, as a result of the ongoing impact of COVID-19.

With the exclusion of CGUs deemed sensitive to impairment from a reasonably possible change in key assumptions, which have been reviewed in further detail below, management forecasts for 2021 anticipate growth of between 0% and 10% when compared to pre-COVID levels. Forecasts for the subsequent periods (years 2-5) applied an annual growth rate for revenue and expenses of between 34% and 41% based on the underlying economic environment in which the CGU operates. Beyond this period, management has applied an annual growth rate of 2%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current level of licences. Management has applied post-tax discount rates to the cash flow projections between 11% and 17%.

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

The Sports B2C CGU (which comprises the B2C sports operation in Germany and Austria) is a significant CGU for the Group and has been significantly impacted by COVID-19. Management have assessed probability-based scenarios for the future cash flows of the CGU, which has resulted in an impairment of €41.2 million (2019: €Nil). The recoverable amount of the CGU has been calculated at a negative €4.5 million, based on value in use. The recoverable amount of the Sports B2C CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 49% to 417% over the 2-5-year forecast period (when compared to pre-COVID levels), long-term growth rate of 2% and discount rate of 18.9%. No reasonable possible changes in assumptions would materially impact the impairment recognised, accordingly, no sensitivity analysis has been presented.

The recoverable amount of the Poker CGU, with net assets of €30.7 million, has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the 2-5-year forecast period, 2% long-term growth rate and a post-tax discount rate of 14%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 78% or revenue growth was lower by 7.9%.

The Bingo Retail CGU, with net assets of €24.5 million, has been significantly impacted by COVID-19. The recoverable amount of the Bingo Retail CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 0% to 4% over the 2-5-year forecast period, and 2% long-term growth rate and a post-tax discount rate of 14.2%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 30.7% or revenue growth was lower by 6%.

The recoverable amount of the Eyecon CGU, with net assets of €28.9 million, has been determined using cash flow forecasts that include annual revenue growth rates of between 8% to 10% over the 2-5-year forecast period, 2% long-term growth rate and a post-tax discount rate of 12.2%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 35.8% or revenue growth was lower by 4.6%.

The recoverable amount of the Quickspin CGU, with net assets of €65.8 million, has been determined using cash flow forecasts that include annual revenue growth rates of between 7.50% to 17% over the 2-5-year forecast period, 2% long-term growth rate and a post-tax discount rate of 11%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 26.3% or revenue growth was lower by 2.5%.

The Statscore CGU with net assets of €13.5 million has been deemed as a sensitive CGU due to the startup activities of the unit and first year performance under Playtech group. The recoverable amount of the Statscore CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 17% to 50% over the 2-5-year forecast period, 2% long-term growth rate and a post-tax discount rate of 18%. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 39.6% or revenue growth was lower by 4.1%.

Note 19 – Investments

	2020 €'000	2019 €'000
A. Investment in joint ventures	—	22,405
B. Investment in associates	1,495	13,075
C. Investment in structured agreements	39,190	16,785
D. Other investments	9,757	1,130
	50,442	53,395

A. Investment in joint ventures

The Group has joint venture in International Terminal Leasing (ITL), however the carrying amount is Nil as the Group has recovered the full amount of the initial investment. Any future profits will be recognised directly to the consolidated statement of comprehensive income.

The agreement with Wplay was accounted for as a joint arrangement on 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 has been reclassified as an investment in structured agreements.

Note 19 – Investments continued

A. Investment in joint ventures continued

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

	2020 €'000	2019 €'000
Investment in joint venture at 1 January	22,405	408
Additions during the year	—	22,405
Reclassification to structured entities (Note 19C)	(22,405)	—
Share of profit	121	621
Return of investment	(121)	(653)
Subsidiary acquired in steps	—	(376)
Investment in joint venture at 31 December	—	22,405

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 million (€12.5 million). In 2015 the Group invested an additional £0.7 million (€0.9 million). During 2020, the Group disposed of the shares in BGO for a total consideration of €1. As a result of these transactions, the Group realised a loss on disposal of €8.9 million recognised in the consolidated statement of comprehensive income.

Other individually immaterial investments

At 31 December 2020 the Group's value of other investments was €1.5 million (2019: €5.3 million). During 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 were transferred to assets held for sale (refer to Note 24D).

Furthermore, during the current year the Group acquired an additional 40% of Statscore SP Z.O.O ("Statscore"). Prior to the acquisition and as at 31 December 2019 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. The step-acquisition is further discussed in Note 34A.

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

	2020 €'000	2019 €'000
Investment in associates at 1 January	13,075	12,448
Additions during the year	—	96
Disposal during the year	(8,907)	—
Share of profit	955	1,020
Fair value change on step-acquisition of associate	6,520	—
Return of investment	—	(46)
Impairment	—	(443)
Subsidiary acquired in steps	(7,981)	—
Transfer to asset classified as held for sale (Note 24D)	(2,167)	—
Investment in associates at 31 December	1,495	13,075

C. Investment in structured agreements

Caliplay

During 2014 the Group entered into a long-term structured agreement relationship 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").

The remuneration (including the Profit Share) due to the Group for the provision of services under the Caliplay Structured Agreement is recognised in revenue and revenues from these services in the year totalled €33.3 million (2019: €11.8 million).

The Group has no equity holding in Caliplay or Akalli, but has an option to exchange its Profit Share for an equity interest in the Caliplay business of up to 49%. There would be no additional exercise price payable above the cumulative payments already made by Playtech as part of the agreement which at the balance sheet date totalled €16.8 million. Management has currently assessed the option largely as a protective right and it has not been considered as part of the assessment of control and significant influence. In so doing, Caliplay continues to be accounted for as a structured agreement. The Group has not made any future funding commitments to Caliplay and no additional financial support beyond the initial investment has been provided.

Notes to the financial statements continued

Note 19 – Investments continued

C. Investment in structured agreements continued

Wplay

In 2019, the Group entered into a long-term structured agreement relationship with Aquila Global Group SAS (“Wplay”), which is a leading gaming and betting brand in Colombia (the “Wplay Structured Agreement”).

The remuneration (including the Profit Share) due to the Group for the provision of services under the WPlay Structured Agreement is recognised in revenue and revenues from these services in the year totalled €2.4 million (2019: €Nil).

The Group has no equity holding in Wplay, but has an option to exchange its Profit Share for an equity interest in the WPlay business of up to 49.9%. The option is exercisable on or after August 2021. There would be no additional exercise price payable above the cumulative payments already made by Playtech as part of the agreement which at the balance sheet date totalled €22.4 million. Under the existing agreements with Wplay, the Group has future funding commitments totalling \$6.0 million payable on certain performance milestones but no other financial support has been provided and no further commitment to provide financial support exists.

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

	2020 €'000	2019 €'000
Investment in structured agreements at 1 January	16,785	16,785
Reclassification from joint ventures (Note 19A)	22,405	—
Investment in structured agreements at 31 December	39,190	16,785

D. Other investments

Guatemala

In 2020, the Group entered into a long-term structured agreement relationship with Tenlot Guatemala which is a member of the Tenlot Group. Tenlot Guatemala has 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 June 2020. In addition, the Group was granted a 10% equity holding in Super Sports S.A.. The Group also has a option to exchange its Profit Share into an equity interest of up to an additional 80% in Super Sports S.A.. The option can be exercised any time.

Costa Rica

In 2020, the Group entered into a long-term structured agreement relationship in Costa Rica with the Tenlot Group.

The Group has 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) in June 2020. 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 exchange its Profit Share into an equity interest of up to 81% in Tenbet. The option can be exercised at any time from the end of 18 months of Tenbet going live. Under the existing agreements, the Group has provided Tenbet with a credit facility of €1 million out of which \$150,000 had been drawn down as at 31 December 2020.

Panama

In June 2020, the Group entered into a long-term structured agreement relationship with Onjoc in Panama. The Group has no equity holding in Onjoc, but has an option to exchange its Profit Share into an equity interest of up to 50% in Onjoc. The option can be exercised any time subject to certain revenue targets.

General

The Group has call options to acquire equity in connection with its structured agreements as described above. In the case of Super Sports, Tenbet and Onjoc, these entities had not commenced operations at the reporting date.

Note 20 – Other non-current assets

	2020 €'000	2019 €'000
Security deposits	3,245	3,767
Guarantee for gaming licences	2,799	3,080
Deferred tax (Note 31)	3,302	1,571
Related parties (Note 36)	—	3,727
Prepaid costs relating to Sun Bingo contract	49,597	16,699
Other	11,506	9,106
	70,449	37,950

Note 21 – Trade receivables

	2020 €'000	2019 €'000
Trade receivables	156,376	196,704
Related parties (Note 36)	15,249	9,740
Trade receivables – net	171,625	206,444
Split to:		
Non-current assets	18,405	13,600
Current assets	153,220	192,844
	171,625	206,444

Note 22 – Other receivables

	2020 €'000	2019 €'000
Prepaid expenses	31,171	30,944
VAT and other taxes	8,914	12,472
Advances to suppliers	2,873	1,200
Related parties (Note 36)	—	845
Security deposits for regulators	13,501	33,888
Prepaid costs relating to Sun Bingo contract	9,539	11,016
Receivable for legal proceedings and disputes	16,387	16,387
Other receivables	15,959	34,402
	98,344	141,154

Note 23 – Cash and cash equivalents

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

	2020 €'000	2019 €'000
Continuing operations		
Cash at bank	677,554	638,924
Cash at brokers	—	22,718
Deposits	6,754	9,898
	684,308	671,540
Less: expected credit loss (Note 38A)	(627)	—
	683,681	671,540
Treated as held for sale		
Cash at bank	124,664	2,646
Cash at brokers	249,018	—
Deposits	3,189	—
	376,871	2,646
Cash and cash equivalents in the statement of cash flows	1,061,179	674,186
Less: expected credit loss (Note 38A)	(627)	—
	1,060,552	674,186

Notes to the financial statements continued

Note 23 – Cash and cash equivalents continued

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

	2020 €'000	2019 €'000
Continuing operations		
Funds attributed to jackpots	75,538	74,166
Security deposits	24,673	23,986
Client deposits	—	113,879
Client funds	28,924	126,309
	129,135	338,340
Treated as held for sale		
Client deposits	109,495	—
Client funds	170,867	—
	280,362	—

Note 24 – Assets held for sale

	2020 €'000	2019 €'000
Assets		
A. Property, plant and equipment	—	32,417
B. Casuals CGU	844	4,381
C. Financial CGU	465,880	—
D. Investment in associates	2,167	—
	468,891	36,798

A. On 14 May 2019, the Group entered into a preliminary sale and purchase agreement for the disposal of its real estate located in Milan, Italy ("Area Sud" and "Area Nord"). The value of the real estate was therefore classified as held for sale at 31 December 2019. On 21 April 2020, the sale and purchase agreement of Area Sud was finalised for a total consideration of €18.8 million, of which €5 million was already received on the sign off of the preliminary agreement in the prior year, with the balance received in the current year. Furthermore, on 21 July 2020, the sale and purchase agreement of Area Nord was finalised for a total consideration of €35.7 million, which was also received in July 2020.

As a result of these transactions, the Group realised a profit on disposal of €22.1 million in the consolidated statement of comprehensive income.

B. Following the decision made by the Board of Directors in the prior year to dispose of the Casual and Social Gaming businesses, the value of these divisions were classified as held for sale at 31 December 2019 and their results included in 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, included within the total profit/(loss) from discontinued operations (refer to Note 8).

Post -year end, on 11 January 2021, the Group entered into a separate agreement for the disposal of "Yoyo", also included in this division, for a total consideration of \$9.5 million. This will result in an estimated profit on disposal of €7.6 million, which will be recognised in the year ending 31 December 2021. Once this transaction is completed, the Social and Casual CGU will be fully disposed.

C. At 31 December 2020 the Board decided to classify its Financials segment as held for sale. The results of these operations are presented as discontinued operations in the consolidated statement of comprehensive income and the comparatives have been restated to show the discontinued operation separately from the continuing operations. Management is committed to a plan to discontinue the Financials division with a sale expected by the end of 2021 and therefore all assets and liabilities relating to it have been presented separately in the consolidated balance sheet. Results of the discontinued operations for the years presented can be found in Note 8.

The carrying value of the disposal group classified as held for sale at year end was compared to its recoverable amount through a sale, less costs to sell. A potential buyer has been identified and the negotiations are at an advanced stage. The expected selling price is \$200.0 million out of which \$170.0 relates to cash consideration, \$15.0 deferred consideration and \$15.0 contingent consideration subject to certain conditions. In addition, the Group will retain the movement of the working capital which is expected to be \$48.7 million. Selling costs are expected to be circa \$4.7 million.

Note 24 – Assets held for sale continued

As a result of this, an impairment was recognised of €221.3 million in the consolidated statement of comprehensive income, included in discontinued operations (see Note 8). The difference between this and the impairment loss stated below of €219.6 million is due to the difference between the average foreign exchange rate used in the income statement versus the spot rate at 31 December 2020 used in the balance sheet, which is recognised in the foreign exchange reserve, noting that this CGU trades and reports in US Dollars. The total value at the date of transfer of the financials CGU is as follows:

	Transferred to HFS €'000	Impairment €'000	As at 31 December 2020 €'000
Assets			
Property, plant and equipment	2,560	—	2,560
Right-of-use assets	4,243	—	4,243
Goodwill	217,572	(217,572)	—
Other intangibles	74,168	(1,992)	72,176
Trade receivables	833	—	833
Cash and cash equivalents	376,475	—	376,475
Other receivables	9,593	—	9,593
	685,444	(219,654)	465,880
Liabilities			
Deferred tax liability			6,188
Trade payables			1,795
Client deposits			109,495
Client funds			170,867
Income tax payable			3,810
Lease liability			5,589
Other payables			10,868
			308,612
Net assets of Financials CGU			157,268

The total major class of assets and liabilities of the disposal groups (Casual and Financial CGU) classified as held for sale as at 31 December 2020, are as follows:

	€'000
Assets	
Property, plant and equipment	2,610
Right-of-use assets	4,502
Intangible assets	72,203
Trade receivables	940
Cash and cash equivalents	376,871
Other receivables	9,598
Assets classified as held for sale	466,724
Liabilities	
Deferred tax liability	6,318
Trade payables	1,820
Client deposits	109,495
Client funds	170,867
Income tax payable	3,861
Lease liability	5,782
Other payables	11,026
Liabilities directly associated with the asset classified as held for sale	309,169

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 31 December 2020 were €21.3 million.

Notes to the financial statements continued

Note 25 – Shareholders' equity

A. Share capital

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

	2020 Number of Shares	2019 Number of Shares
Authorised	N/A	N/A
Issued and paid up	299,328,354	303,791,693

The Group has no authorised share capital but is authorised under its memorandum and articles of association to issue up to 1,000,000,000 shares of no par value.

In 2020 the Group cancelled 4,463,339 shares as part of its share repurchase programme for a total consideration of €10.1 million (2019: 13,552,910 shares for a total consideration of €65.1 million).

B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust (refer to Note 5E) by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 200,827 shares (2019: 200,214) were issued to Executive Management after meeting the performance conditions at a cost of €1.7 million (2019: €1.7 million). As at 31 December 2020, a balance of 1,724,539 (2019: 1,925,366) shares remains in the trust with a cost of €14.5 million (2019: €16.2 million).

C. Share options exercised

During the year 217,788 (2019: 212,624) share options were exercised, of which 16,961 were cash-settled (2019: 12,410). During the period, Tradetech LTIP Share options with book value totalling €12.2 million became fully vested and in order to reflect the expected settlement in cash, they have been reclassified from equity to liabilities.

D. Distribution of dividends

The Group did not pay any dividends during the current year. As per the announcement to the market in March 2020, the 2019 final dividend of €0.12 per share was not proposed at the Annual General Meeting. In June 2019, the Group distributed €37,159,079 as a final dividend for the year ended 31 December 2018 (€0.12 per share). In October 2019, the Group distributed €18,866,968 as an interim dividend in respect of the period ended 30 June 2019 (€0.061 per share). A number of shareholders waived their rights to receive dividends amounting to €480,890.

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

F. Non-controlling interests

During 2020, the Group acquired additional interest in Playtech BGT Sports Ltd (from 90% at 31 December 2019 to 100% at 31 December 2020) and Sunfox Game GmbH (from 93.3% at 31 December 2019 to 100% at 31 December 2020). The total carrying amount of the subsidiaries net liabilities in the Group's consolidated financial statements on the date of the acquisition was €3.9 million.

	2020 €'000
Carrying amount of non-controlling interest acquired	(4,369)
Consideration paid to non-controlling interest	(36,711)
	(41,080)

The decrease in equity attributable to the owners of the Company comprised:

- A net decrease in retained earnings of €20.7 million (made up from an overall decrease in retained earnings of €37.0 million, offset by the transfer of €16.4 million from the put/call options reserve).
- An additional loss of €20.4 million recognised in the retained earnings from the date of the initial recognition until the exercise of the option.
- A decrease in the put/call option reserve of €16.4 million (transferred to retained earnings).

Note 26 – Loans and borrowings

The main credit facility of the Group is a revolving credit facility (RCF) with up to €317.0 million available until November 2023 with an option to extend for an additional year. Interest payable on the loan is based on Euro Libor rates. As at 31 December 2020 the credit facility drawn amounted to €308.9 million (31 December 2019: €64.4 million).

The Group took a prudent and disciplined approach to its banking relationships and proactively approached its lenders and agreed to amend the covenants in its RCF for the 31 December 2020 and 30 June 2021 tests as follows:

- Leverage: Net Debt/Adjusted EBITDA revised to 5:1 for the year ended 31 December 2020 and 4.5:1 for the last 12 months to 30 June 2021 (31 December 2019: 3:1).
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last 12 months to 30 June 2021 (31 December 2019: 4:1).

The covenants will return to previous levels of 3x Net Debt/Adjusted EBITDA and 4x Adjusted EBITDA/Interest from 31 December 2021 onwards, or sooner should the Company decide to make shareholder distributions within those periods.

As at 31 December 2020 and 2019 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.

Note 27 – Bonds

	Convertible bonds €'000	2018 Bond €'000	2019 Bond €'000	Total €'000
As of 1 January 2019	287,149	523,706	—	810,855
Issue of bonds	—	—	345,672	345,672
Notional interest expenses on convertible bonds	9,851	—	—	9,851
Interest expenses on bonds	—	1,315	497	1,812
Repayment of bond	(297,000)	—	—	(297,000)
As at 31 December 2019	—	525,021	346,169	871,190
Interest expenses on bonds	—	1,319	620	1,939
As at 31 December 2020	—	526,340	346,789	873,129

Convertible bonds

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds maturing in November 2019 and convertible into fully paid ordinary shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were fully repaid on 19 November 2019 at their principal amount.

Bonds

(a) 2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes ("2018 Bond") maturing in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price was 100% of its principal amount and bears interest from 12 October 2018 at the rate of 3.75% per annum payable semi-annually, in arrears, on 12 April and 12 October commencing on 12 April 2019.

The fair value of the bond at 31 December 2020 was €539 million (31 December 2019: €552 million).

(b) 2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes ("2019 Bond") maturing in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price is 100% of its principal amount and bears interest from 7 March 2019 at a rate of 4.25% per annum payable semi-annually, in arrears, on 7 September and 7 March commencing on 7 September 2019.

The fair value of the bond at 31 December 2020 was €363 million (31 December 2019: €373 million).

As at 31 December 2020 and 2019 the Group met the required interest cover financial covenant of 2:1 Interest/Adjusted EBITDA ratio (31 December 2019: 2:1), for the combined 2018 and 2019 Bonds.

Notes to the financial statements continued

Note 28 – Provisions for risks and charges

	Legal and regulatory €'000	Contractual €'000	Other €'000	Total €'000
As of 1 January 2019	6,481	2,858	2,756	12,095
Acquired through business combinations	—	—	318	318
Charged to the statement of comprehensive income	5,177	(400)	2,744	7,521
Utilised/realised in the year	(503)	(91)	168	(426)
31 December 2019	11,155	2,367	5,986	19,508
Charged to the statement of comprehensive income	736	2,000	(1,497)	1,239
Utilised/realised in the year	(1,568)	(11)	(1,091)	(2,670)
31 December 2020	10,323	4,356	3,398	18,077

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 licences 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 considers it has a robust defence to the claims raised, and has provided for the likely settlement where an outflow of funds is probable. The uncertainty relates to complex contractual dealings with a wide range of customers in various jurisdictions, and because as noted above the Group operates in certain jurisdictions where contractual disputes can take considerable time to be resolved in the local legal system. 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, where 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 advisers 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 29 – Contingent consideration and redemption liability

	2020 €'000	2019 €'000
Non-current contingent consideration consists of:		
Acquisition of Rarestone Gaming PTY Ltd	—	2,520
Interest in Aquila Global Group SAS ("Wplay")	3,918	—
	3,918	2,520
Non-current redemption liability consists of:		
Acquisition of Statscore SP Z.O.O. (Note 34A)	4,590	—
	4,590	—
Total non-current contingent consideration and redemption liability	8,508	2,520
Current contingent consideration consists of:		
Acquisition of Playtech BGT Sports Limited	—	5,000
Acquisition of Rarestone Gaming PTY Ltd	—	1,284
Interest in Aquila Global Group SAS ("Wplay")	—	16,050
Other acquisitions	1,162	4,318
	1,162	26,652
Current redemption liability consists of:		
Acquisition of Playtech BGT Sports Limited	—	31,860
Other acquisitions	—	93
	—	31,953
Total current contingent consideration and redemption liability	1,162	58,605

Note 29 – Contingent consideration and redemption liability continued

During the year, 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. As a result of this acquisition, the put/call option reserve decreased by €16.3 million.

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

	2020 €'000	2019 €'000
Acquisition of ACM Group	—	129,295
Acquisition of Eyecon Limited	25,045	26,456
Acquisition of Rarestone Gaming PTY Ltd	—	4,143
Acquisition of HPYBET Austria GmbH	15,000	15,000
Acquisition of Playtech BGT Sports	—	95,000
Interest in Aquila Global Group SAS ("Wplay")	4,892	21,285
Acquisition of Statscore SP Z.O.O.	15,000	—
Other acquisitions	7,250	4,015
	67,187	295,194

Note 30 – Trade payables

	2020 €'000	2019 €'000
Suppliers	35,124	52,219
Customer liabilities	12,492	10,124
Other	78	77
	47,694	62,420

Note 31 – Deferred tax liability

The movement on the deferred tax liability is as shown below:

	2020 €'000	2019 €'000
At the beginning of the year	76,767	71,598
Reclassification to asset classified as held for sale	(6,188)	1,028
Arising on the acquisitions during the year	357	1,125
Reversal of temporary differences, recognised in the statement of comprehensive income	1,700	2,923
Foreign exchange movements	(775)	93
At the end of the year	71,861	76,767
Split to:		
Deferred tax liability on acquisitions	71,472	90,645
Deferred tax liability	4,520	1,020
Deferred tax asset (set off with deferred tax liability)	(829)	(13,327)
	75,163	78,338
Deferred tax asset (Note 20)	(3,302)	(1,571)
	71,861	76,767

Deferred tax assets and liabilities are offset only when there is a legal enforceable right of offset, in accordance to IAS 12. On 31 December 2020, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carryforward 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. This assessment is based on Board approved forecasts including expected future taxable profits.

Notes to the financial statements continued

Note 32 – Other payables

	2020 €'000	2019 €'000
Non-current liabilities		
Payroll and related expenses	8,936	9,247
Non-current guarantee deposits	—	839
Other	3,497	4,158
	12,433	14,244
Current liabilities		
Payroll and related expenses	72,224	66,056
Accrued expenses	53,374	46,318
Related parties (Note 36)	47	77
VAT payable	5,801	4,954
Interest payable	10,441	10,346
Other payables	5,890	14,110
	147,777	141,861

Note 33 – Corporate, gaming and other taxes payable

	2020 €'000	2019 €'000
Gaming tax	126,591	98,288
Other	358	—
	126,949	98,288

Note 34 – Acquisitions during the year

A. Acquisition of Statscore SP Z.O.O.

On 13 January 2020, the Group acquired an additional 40% of Statscore SP Z.O.O. ("Statscore") for a total cash consideration of €6.5 million. Prior to the acquisition, the Group held 45% of Statscore which was accounted for as an associate (refer to Note 19B). 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. The remaining 15% of the shares are held by the founder.

Additional consideration capped at €2.2 million in cash will be payable subject to the employment of the founder as well as achieving target EBITDA. In this respect, this has been treated as employment remuneration.

As part of the acquisition, the Group now holds a call option to purchase the remaining 15% of Statscore as follows:

- (1) To purchase 7.5% within three months of the third anniversary if certain conditions are met and regardless of whether the founder remains employed. The option price, which is capped at €5.0 million, depends on the last 12-month EBITDA Target of €4.0 million and is measured as follows:
 - (a) If EBITDA Target is satisfied, then the option price is seven times EBITDA of the last 12 months multiplied by the percentage of the additional acquisition.
 - (b) If EBITDA Target is not satisfied, then the option price is five times EBITDA of the last 12 months multiplied by the percentage of the additional acquisition.
- (2) To purchase 7.5% within three months of the six year anniversary if certain conditions are met and regardless of whether the founder remains employed. The option price, which is capped at €10.0 million, depends on the last 12-month EBITDA Target of €8.0 million and is measured as follows:
 - (a) If EBITDA Target is satisfied, then the option price is nine times EBITDA of the last 12 months multiplied with the percentage of the additional acquisition.
 - (b) If EBITDA Target is not satisfied, then the option price is seven times EBITDA of the last 12 months multiplied by the percentage of the additional acquisition.

The founder has an irrecoverable put option to require the Group to purchase the 15% of Statscore subject to certain conditions.

The initial fair value of this option of €3.6 million was recognised as a non-current redemption liability and was reflected in the Group's consolidated statement of changes in equity within the put/call option reserve. The fair value as at 31 December 2020, which was calculated using the Monte Carlo simulation methodology, was €4.6 million.

Note 34 – Acquisitions during the year continued

A. Acquisition of Statscore SP Z.O.O. continued

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Fair value on acquisition €'000	
Property, plant and equipment	9	
Intangible assets	3,506	
Right-of-use of asset	111	
Other non-current assets	5	
Trade and other receivables	111	
Cash and cash equivalent	60	
Deferred tax liability	(666)	
Tax liabilities	(2)	
Lease liability	(123)	
Trade payables and other payables	(579)	
Non-controlling interests	(365)	
Net identified assets (85% acquired)	2,067	
Goodwill	12,410	
Fair value of consideration	14,477	
Cash consideration	6,500	
Fair value of existing equity interest	7,977	
Total consideration	14,477	
Adjustments to fair value include the following:		
	Amount €'000	Amortisation %
Customer relationship	514	16.7%
IP Technology	2,992	10%
	3,506	

Management used the income approach, and in particular the Relief from Royalty method, to determine the value in use of the Customer relationships. The discount rate assumed is equivalent to the WACC for the Customer relationships.

The MPEEM income approach was used by management to determine the value in use of the IP Technology. The discount rate assumed is equivalent to the WACC for the IP Technology.

A reasonable movement in the inputs to the valuation methodologies does not materially change the intangible asset values.

The main factor leading to the recognition of goodwill is the assembled workforce with vast experience and strong past performance, other future revenue and cost synergies. In accordance with IAS 36, the Group will regularly monitor the carrying value of net assets relating to Statscore.

Management has not disclosed Statscore contribution to the Group's profit since the acquisition nor has it disclosed the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2020, because the amounts are not material.

Notes to the financial statements continued

Note 34 – Acquisitions during the year continued

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.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Fair value on acquisition €'000
Intangible assets	3,047
Right-of-use of asset	38
Other receivables	329
Cash and cash equivalent	8,449
Other non-current liabilities	(166)
Deferred tax liability	(815)
Lease liability	(38)
Trade payables and other payables	(160)
Progressive and operators' jackpot	(84)
Client funds	(62)
Tax liabilities	(813)
Net identified assets	9,725
Goodwill	3,604
Fair value of consideration	13,329
Cash consideration	13,329
Cash purchased	(8,449)
Net cash payable	4,880

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Customer relationship	2,922	12.5

Management also used the income approach, and in particular the Relief from Royalty method, to determine the value in use of the Customer relationships within Best In Game. The discount rate assumed is equivalent to the WACC for the Customer relationships.

A reasonable movement in the inputs to the valuation methodology does not materially change the intangible asset values.

The main factor leading to the recognition of goodwill is synergies and further strategic aspects. The acquisition forms part of the Snaitech CGU.

Management has not disclosed Best In Game contribution to the Group's profit since the acquisition nor has it disclosed the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2020, because the amounts are not material.

Note 35 – Acquisitions in previous year

A. Acquisition of Areascom SpA

On 28 January 2019, the Group acquired 100% of Areascom SpA (“Areascom”) for a total cash consideration of €Nil, and as part of this transaction recapitalised the business by injecting €15.5 million equity capital.

B. Other acquisitions

During the prior year, the Group acquired the shares of various companies for a total cash consideration of €1.4 million. One of these was a stepped acquisition from 50% to 100% which gave a fair value at the date of transition to subsidiary of €0.4 million (Note 19A).

Note 36 – Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

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 year ended 31 December 2020, Group companies entered into the following transactions with related parties who are not members of the Group:

	2020 €'000	2019 €'000
Revenue		
Associates and joint ventures	3,715	1,974
Structured agreements	58,504	32,795
	62,219	34,769
Share of profit from joint ventures	121	621
Share of profit from associates	955	1,020
Operating expenses		
Structured agreements and associates	209	1,016
Interest income		
Structured agreements and associates	188	1,310

The following are the balances with related parties:

	2020 €'000	2019 €'000
Associates	—	3,727
Total non-current related parties receivable	—	3,727
Associates and joint ventures	—	942
Structured agreements	15,249	9,643
Total current related party receivables	15,249	10,585
Structured agreements and associates	47	77
Total current related parties payable	47	77
Directors' compensation		
Short-term benefits of Directors	2,981	3,136
Share-based benefits of Directors	—	40
Bonuses to Executive Directors	707	2,040
	3,688	5,216

Total compensation for the key management personnel (which also includes the Directors' compensation) is €14.7 million (2019: €14.5 million).

Notes to the financial statements continued

Note 37 – Subsidiaries

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds licence in Alderney for online gaming and Bingo B2C operations
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services group
PT Entertimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLTs
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLTs
Finalto (IOM) Limited (ex. Tradetech Markets Limited)	Isle of Man	100%	Owns the intellectual property rights and marketing and technology contracts of the Financial division
Safecap Limited	Cyprus	100%	Primary trading company of the Financial division. Licensed investment firm and regulated by Cysec
TradeFXIL limited	Israel	100%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	100%	Financial division back office customer support
Magnasale Limited	Cyprus	100%	Financial division. Licensed and regulated investment firm
Stronglogic Services Limited	Cyprus	100%	Maintains the Financial division marketing function for EU operations
Quickspin AB	Sweden	100%	Owns video slots intellectual property
Best Gaming Technology GmbH	Austria	100%	Trading company for sports betting
Playtech BGT Sports Limited	Cyprus	100%	Owns sports betting intellectual property solutions and trading company for sports betting
ECM Systems Ltd	UK	100%	Owns bingo software intellectual property and bingo hardware
Consolidated Financial Holdings AS	Denmark	100%	Owns the intellectual property which provides brokerage services, liquidity and risk management tool
CFH Clearing Limited	UK	100%	Primary trading company of CFH Group
Eyecon Limited	Alderney	100%	Develops and provides online gaming slots
Finalto Trading Limited (ex. Tradetech Alpha Limited)	UK	100%	Regulated FCA broker providing trading, risk management and liquidity solutions
Rarestone Gaming PTY Ltd	Australia	100%	Development company

Note 37 – Subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
HPYBET Austria GmbH GmbH	Austria	100%	Operating shops in Austria
Snaitech SPA	Italy	100%	Italian retail betting market and gaming machine market
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Techplay S.A. Software Limited	Israel	100%	Develops online software
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
PokerStrategy Ltd	Gibraltar	100%	Operates poker community business
Snai Rete Italia S.r.l.	Italy	100%	Italian retail betting market
PT Services UA LTD	Ukraine	100%	Designs, develops and manufactures software
Trinity Bet Operations Ltd	Malta	100%	Retail and Digital Sports Betting
Euro live Technologies SIA	Latvia	100%	Global broadcaster providing innovative video stream services for users worldwide
Gaming Technology Solutions Limited	UK	100%	Provision of B2B services within Bingo, Virtual Sports, Sports Betting and Games Development

Note 38 – Financial instruments and risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments of the Group, from which financial instrument risks arises, are as follows:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in equity securities
- Trade and other payables
- Bonds
- Loans and borrowings
- Contingent consideration and redemption liability

Notes to the financial statements continued

Note 38 – Financial instruments and risk management continued

Financial instrument by category

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

	Measurement Category	Carrying amount		Fair value		
		2020 €'000	2019 €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Non-current financial assets						
Equity securities	FVTPL	3,222	1,130	3,222	—	—
Trade receivables	Amortised cost	18,405	13,600	—	—	—
Current financial assets						
Trade receivables	Amortised cost	153,220	192,844	—	—	—
Other receivables	Amortised cost	98,344	141,154	—	—	—
Cash and cash equivalents	Amortised cost	683,641	671,540	—	—	—
Non-current liabilities						
Bonds	Amortised cost	873,129	871,190	—	—	—
Loans and borrowings	Amortised cost	308,875	64,396	—	—	—
Lease liability	Amortised cost	61,547	65,274	—	—	—
Contingent consideration and redemption liability	FVTPL	8,508	2,520	—	—	8,508
Current liabilities						
Trade payables	Amortised cost	47,694	62,420	—	—	—
Lease liability	Amortised cost	21,019	25,515	—	—	—
Other payables	Amortised cost	147,777	141,861	—	—	—
Progressive operators' jackpots and security deposits	Amortised cost	100,211	98,152	—	—	—
Client deposits	Amortised cost	—	113,879	—	—	—
Client funds	Amortised cost	28,924	126,309	—	—	—
Contingent consideration and redemption liability	FVTPL	1,162	58,605	—	—	1,162

The fair value of the contingent consideration and redemption liability is calculated by discounting the estimated cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.

The carrying amount does not materially differ from the fair value of the financial assets and liabilities.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

A. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. After the impairment analysis performed at the reporting date, the expected credit losses (ECL) are €2.5 million (2019: €Nil).

Cash and cash equivalents

The Group held cash and cash equivalents of €684.3 million as at 31 December 2020 (2019: €671.5 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Caa- to AA+, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables. The ECL on cash balances as at 31 December 2020 is €0.6 million.

Note 38 – Financial instruments and risk management continued

A. Credit risk continued

Cash and cash equivalents continued

The possible effects of an increase of 0.1% in the ECL rate of cash balances would be an increase in ECL of €0.4 million. The possible impact of a decrease of 0.1% in the ECL rate of trade receivables would be a decrease in ECL of €0.4 million.

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
Continuing operations			
At 31 December 2020	684,308	340,211	344,097
At 31 December 2019	671,540	450,464	221,076
Discontinued operations			
At 31 December 2020	376,871	313,093	63,778
At 31 December 2019	2,646	1,622	1,024

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

As at 31 December 2020, the Group has trade receivables of €171.6 million (2019: €206.4 million) which is net of an allowance for ECL of €1.9 million (2019: €Nil).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are calculated based in past default experience and an assessment of the future economic environment. The ECL is calculated with reference to the ageing and risk profile of the balances.

The carrying amounts of financial assets represent the maximum credit exposure.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Total €'000	Not past due €'000	1-2 months overdue €'000	More than 2 months past due €'000
31 December 2020				
Expected credit loss rate	1.1%	0.8%	0.9%	1.8%
Gross carrying amount	173,504	93,441	33,600	46,463
Expected credit loss	(1,879)	(752)	(307)	(820)
Trade receivables – Net	171,625	92,689	33,293	45,643

ECL for the year ended 31 December 2019 was immaterial.

The possible effects of an increase of 0.1% in the ECL rate of trade receivables would be an increase in ECL of €0.2 million. The possible impact of a decrease of 0.1% in the ECL rate of trade receivables would be a decrease in ECL of €0.2 million.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020 €'000	2019 €'000
Balance 1 January	55,528	52,950
Charged to statement of comprehensive income	12,733	6,293
Provision acquired through business combination	—	472
Utilised	(6,684)	(4,187)
Transfer to asset classified as held for sale	(55)	—
Balance 31 December	61,522	55,528

Notes to the financial statements continued

Note 38 – Financial instruments and risk management continued

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Please refer to Note 2 for the steps taken by management to reduce liquidity risk of the Group.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are the gross and undiscounted, and include contractual interest payments. Balances due within 1 year equal their carrying balances as the impact of discounting is not significant.

2020	Carrying amount €'000	Contractual cash flows			
		Total €'000	Within 1 year €'000	1–5 years €'000	More than 5 years €'000
Trade payables	47,694	47,694	47,694	—	—
Progressive and other operators' jackpots	100,211	100,211	100,211	—	—
Client funds	28,924	28,924	28,924	—	—
Contingent consideration and redemption liability	9,670	10,307	1,162	4,077	5,068
Other payables	160,210	160,210	147,777	12,433	—
Loans and borrowings	308,875	321,231	6,178	315,053	—
Bonds	873,129	1,021,438	34,750	629,250	357,438
Provisions for risks and charges	18,077	18,077	18,077	—	—
Lease liability	82,566	95,861	23,294	55,901	16,666
	1,629,356	1,803,953	408,067	1,016,714	379,172
2019					
Trade payables	62,420	62,420	62,420	—	—
Progressive and other operators' jackpots	98,152	98,152	98,152	—	—
Client deposits	113,879	113,879	113,879	—	—
Client funds	126,309	126,309	126,309	—	—
Contingent consideration and redemption liability	61,125	61,175	58,605	2,570	—
Other payables	156,105	156,105	141,861	14,244	—
Loans and borrowings	64,602	69,754	1,494	68,260	—
Bonds	871,190	1,056,188	34,750	649,125	372,313
Provisions for risks and charges	19,508	19,508	19,508	—	—
Lease liability	90,789	104,919	27,949	45,400	31,570
	1,664,079	1,868,409	684,927	779,599	403,883

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equities prices, will affect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when the Group's operations enter into foreign transactions, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

Note 38 – Financial instruments and risk management continued

C. Market risk continued

Currency risk continued

31 December 2020	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Continuing operations					
Cash and cash equivalents	539,044	43,771	84,938	16,555	684,308
Client funds	(115,376)	—	(13,754)	(5)	(129,135)
Cash and cash equivalents less client funds	423,668	43,771	71,184	16,550	555,173

31 December 2020	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Discontinued operations					
Cash and cash equivalents	105,125	189,090	54,261	28,395	376,871
Client funds	(68,570)	(179,025)	(11,583)	(21,184)	(280,362)
Cash and cash equivalents less client funds	36,555	10,065	42,678	7,211	96,509

31 December 2019	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Continuing operations					
Cash and cash equivalents	321,207	230,249	75,075	45,009	671,540
Client funds	(118,209)	(167,541)	(23,394)	(29,196)	(338,340)
Cash and cash equivalents less client funds	202,998	62,708	51,681	15,813	333,200

31 December 2019	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Discontinued operations					
Cash and cash equivalents	1,203	977	459	7	2,646
Client funds	—	—	—	—	—
Cash and cash equivalents less client funds	1,203	977	459	7	2,646

The Group's policy is not to enter into any currency hedging transactions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At 31 December 2020, approximately 26% of the Group's borrowings are at a fixed rate of interest (2019: 7%).

Any reasonably possible change to the interest rate would have an immaterial effect on the interest payable.

Equity price risk

The Group is exposed to market risk by way of holding some investments in other companies on a short-term basis. Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

Notes to the financial statements continued

Note 39 – Reconciliation of movement of liabilities to cash flows arising from financing activities

	Non-cash items				At 31 December 2020 €'000
	At 1 January 2020 €'000	Financing cash flows €'000	Acquisition through business combination €'000	Other changes €'000	
Loans and borrowings (Note 26)	64,813	240,624	—	3,786	309,223
2018 Bond (Note 27)	529,378	(19,875)	—	21,249	530,752
2019 Bond (Note 27)	350,884	(14,875)	—	15,495	351,504
Contingent consideration and redemption liability	61,125	(63,720)	2,493	9,772	9,670
Lease liability	90,789	(27,386)	160	24,784	88,347
Total liabilities	1,096,989	114,768	2,653	75,086	1,289,496

	Non-cash items				At 31 December 2019 €'000
	At 1 January 2019 €'000	Financing cash flows €'000	Acquisition through business combination €'000	Other changes €'000	
Loans and borrowings (Note 26)	695	63,196	—	922	64,813
Convertible bond (Note 27)	287,323	(298,485)	—	11,162	—
2018 Bond (Note 27)	528,062	(19,875)	—	21,191	529,378
2019 Bond (Note 27)	—	338,235	—	12,649	350,884
Contingent consideration and redemption liability	158,839	(48,071)	16,050	(65,693)	61,125
Lease liability	—	(27,230)	4,170	113,849	90,789
Total liabilities	974,919	7,770	20,220	94,080	1,096,989

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

Note 40 – Contingent liabilities and provision for risks and charges

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 related to its business, including certain matters related to previous acquisitions. Based on the information currently available, and taking into consideration the existing provisions for risks, the Group currently considers that such proceedings and potential actions will not result in an adverse effect upon the financial statements; however where this is not considered to be remote, they have been disclosed as contingent liabilities.

All the matters were subject to a review and estimate by the Board of Directors based on the information available at the date of preparation of these financial statements and, where appropriate, supported by updated legal opinions from independent professionals.

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. Judgement is required to interpret international tax laws relating to e-commerce 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.

Note 41 – Events after the reporting date

As disclosed in Note 24, on 11 January 2021, the Group entered into an agreement for the partial disposal of Casual and Social Gaming Business “Yoyo” for a total consideration of \$9.5 million resulting in an estimated profit of €7.6 million.

As disclosed in Note 13, the Group implemented a 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 UK company.

On 25 February 2021, the Company transferred 7,028,339 (2.35%) ordinary shares of no par value that were held by the Company in treasury to the Company’s Employee Benefit Trust of which Nedgroup Trust (Jersey) Limited is the trustee. The purpose of the transfer was to fund certain scheduled awards, which are due to vest under certain of the Company’s employee share schemes. The transfer price was nil. As a result of the above, the total number of Playtech shares held in Treasury is 2,937,550 (0.96%), the total number of ordinary shares in issue remains the same at 309,294,243 and the total number of voting rights in the Company is 306,356,693 which is the number which may be used by the shareholders as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interests in, the Company under the FCA’s Disclosure Guidance and Transparency Rules.

Company statement of changes in equity

For the year ended 31 December 2020

	Additional paid in capital €'000	Convertible Bond reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2020	600,954	—	(227,950)	373,004
Total comprehensive income for the year				
Loss for the year	—	—	(93,175)	(93,175)
Total comprehensive income for the year	—	—	(93,175)	(93,175)
Transactions with the owners of the Company				
Contributions and distributions				
Exercise of options	—	—	(1,736)	(1,736)
Share buyback (Note 10)	(8,829)	—	(1,320)	(10,149)
Employee stock option scheme (Note 10)	—	—	23,540	23,540
Total contributions and distributions	(8,829)	—	20,484	11,655
Total transactions with the owners of the Company	(8,829)	—	20,484	11,655
Balance at 31 December 2020	592,125	—	(300,641)	291,484
Balance at 1 January 2019	627,764	45,392	(139,629)	533,527
Total comprehensive income for the year				
Loss for the year	—	—	(46,541)	(46,541)
Total comprehensive income for the year	—	—	(46,541)	(46,541)
Transactions with the owners of the Company				
Contributions and distributions				
Dividend paid	—	—	(55,545)	(55,545)
Exercise of options	—	—	(1,688)	(1,688)
Redemption of convertible bond	—	(45,392)	45,392	—
Share buyback	(26,810)	—	(38,322)	(65,132)
Employee stock option scheme	—	—	8,383	8,383
Total contributions and distributions	(26,810)	(45,392)	(41,780)	(113,982)
Total transactions with the owners of the Company	(26,810)	(45,392)	(41,780)	(113,982)
Balance at 31 December 2019	600,954	—	(227,950)	373,004



Company balance sheet

As at 31 December 2020

	Note	2020 €'000	2019 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		150	282
Intangible assets		169	169
Investments in subsidiaries	7	1,144,211	514,856
Other non-current assets		317	317
Trade and other receivables	8	—	609,362
		1,144,847	1,124,986
CURRENT ASSETS			
Trade and other receivables	8	295,712	493,876
Cash and cash equivalents	9	86,966	1,781
		382,678	495,657
Total assets		1,527,525	1,620,643
EQUITY			
Additional paid in capital		592,125	600,954
Retained earnings		(300,641)	(227,950)
	10	291,484	373,004
NON-CURRENT LIABILITIES			
Bonds	12	873,129	871,190
Loans and borrowings	11	308,875	64,396
		1,182,004	935,586
CURRENT LIABILITIES			
Trade and other payables	13	54,037	312,053
		54,037	312,053
TOTAL EQUITY AND LIABILITIES		1,527,525	1,620,643

The financial information was approved by the Board and authorised for issue on 10 March 2021.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

Company statement of cash flows

For the year ended 31 December 2020

	2020 €'000	2019 €'000 **Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(93,175)	(46,541)
Adjustments to reconcile net income to net cash provided by operating activities (see below)	70,107	46,038
Net cash used in operating activities	(23,068)	(503)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(49)	(262)
Proceeds from sale of property, plant and equipment	—	60
Net cash used in investing activities	(49)	(202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	—	(55,545)
Payment for buyback of shares	(10,149)	(65,131)
Issue of bonds, net of issue costs	—	345,672
Proceeds from bank borrowings	245,827	64,396
Repayment of convertible bond	—	(297,000)
Interest paid	(39,747)	(29,356)
Amounts advanced to/received from Group companies	(86,816)	20,930
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	109,115	(16,034)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	85,998	(16,739)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,781	18,026
Exchange losses on cash and cash equivalents	(813)	494
CASH AND CASH EQUIVALENTS AT END OF YEAR	86,966	1,781
	2020 €'000	2019 €'000
Adjustment to reconcile net income to net cash provided by operating activities		
Income and expenses not affecting operating cash flows:		
Depreciation of property, plant and equipment	111	102
Impairment of financial assets	10,575	5,244
Impairment charge - investments in subsidiaries	35,561	—
Employee stock option plan expenses	1,264	473
Profit on disposal of property, plant and equipment	—	(3)
Write off of property, plant and equipment	70	(8)
Write off of investment in subsidiaries	9	—
Write off of intercompany balances	(7,112)	—
Interest income on loan receivable	(25,024)	(26,432)
Interest expense on loans and borrowings and bonds	41,878	34,281
Interest on convertible bonds	—	9,851
Exchange loss on loans and borrowings	(1,340)	—
Exchange loss/(gains) on cash and cash equivalents	813	(494)
Changes in operating assets and liabilities:		
Change in trade and other receivables	1,595	33,009
Change in trade and other payables	11,707	(9,985)
	70,107	46,038

**The prior year cash flow statement has been restated to reclassify €20.9 million relating to loans advanced to Group companies from operating cash flows to financing cash flows. The revised presentation more accurately reflects the nature of the inter-company balances. This presentational change in the cash flow statement has no impact on actual cash flows nor on any of the other primary statements.

Notes to the Company financial statements

Note 1 – General

Playtech plc (the “Company”) is a company domiciled in the Isle of Man. The Company was incorporated in the 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 principal activity of the Company is the holding of investment in subsidiaries and the provision of financial support to Group companies.

Note 2 – Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

Details of the Company’s accounting policies are included in Note 5.

Coronavirus (COVID-19) impact

Background

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

Considering recent developments, which include the second wave that forced governments back into ongoing lockdowns, as well as the debate over the outcome (and timing of this outcome) the vaccines will have, management considered the possible impacts to the estimates and outcomes in the measurement of the Company’s assets and liabilities. In making these considerations, management have also taken into account the different financial and economic impact the pandemic has had on the Group’s online and retail gambling results since March 2020. This is further discussed in Note 2 of the Group consolidated financial statements.

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, and the latest updates on a second wave and vaccine announcements, the Group is not in a position to accurately assess the magnitude of the impact of COVID-19 on the Group’s operations and future financial results, as this will principally depend on the effectiveness of the vaccine, the overall contribution in stopping the pandemic, as well as the regulatory and fiscal measures taken to support the economy and mitigate the impact of the virus.

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

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty
- reviewed external market communications to identify other COVID-19 related impacts
- reviewed public forecasts and experience from previous downturns
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes
- 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

Detailed reference to the exact procedures applied by the Directors in ensuring that the Company will have adequate financial resources to continue in operational existence over the relevant going concern period are described in Note 2 of the Group consolidated financial statements. Based on the above it is therefore considered appropriate to adopt the going concern basis in the preparation of the Company’s financial statements.

Note 3 – Functional and presentation currency

The financial statements are presented in Euro, which is the Company’s functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Note 4 – New standards, interpretations and amendments adopted by the Group

New standards, interpretations and amendments adopted from 1 January 2020

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020, but do not have a material impact on the financial statements of the Group.

New standards, interpretations and amendments not yet effective

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

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

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that “settlement” includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Notes to the Company financial statements continued

Note 4 – New standards, interpretations and amendments adopted by the Group continued

New standards, interpretations and amendments not yet effective continued

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

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

Note 5 – Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes stated in Note 4, these policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company “controls” an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Interest income

Interest income is recognised over time, on a time-proportion basis using the effective method.

Interest expense

Interest expense is charged to profit or loss over the time the relevant interest relates to.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates, the Euro (€) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items, carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains, and losses are recognised in other comprehensive income and then equity.

Dividends

Dividend distribution to the Company’s shareholders is recognised in the Company’s financial statements in the year in which they are approved by the Company’s shareholders.

Financial instruments

Recognition

Trade receivable and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

Classification

The Company classifies its financial assets at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in business model.

Measurement

Financial assets measured at amortised cost arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Inter-company are amounts due from other Group companies in the ordinary course of business. Inter-company receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the inter-company receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Company such as the proceeds from disposal of investment. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Note 5 – Significant accounting policies continued

Financial assets continued

Derecognition continued

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Impairment

The Company has assessed all types of financial assets that are subject to the expected credit loss model:

- inter-company receivables
- cash and cash equivalents

The Company applies the IFRS 9 lifetime approach to measuring expected credit losses which uses a lifetime expected loss allowance for all inter-company receivables, defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies).

For cash and cash equivalents, the Company applies the general approach for calculating the expected credit losses. Due to the short-term nature of these assets (i.e. less than 12 months), the Company recognises expected credit losses over the lifetime of the assets. The management assesses that no impairment arises since the cash and cash equivalents are held with banks under current accounts and the Company has access to those funds at any time. As a result the probability of default of each institution is considered insignificant.

Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in banks and demand deposits and are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised at fair value and subsequently at amortised cost using the effective interest method.

Share capital

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

Share buyback

The Group cannot hold treasury shares under the Company's memorandum and articles of association and therefore the shares are cancelled after the buyback. Consideration paid for the share buyback is recognised against the additional paid in capital. Any excess of the consideration paid over the weighted average price of shares in issue is debited to the retained earnings.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in statement of comprehensive income.

Notes to the Company financial statements continued

Note 5 – Significant accounting policies continued

Provisions

Provisions, which are liabilities of uncertain timing or amount, are recognised when the Company has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Note 6 – Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas requiring the use of estimates and critical judgements that may potentially have a significant impact on the Company's earnings and financial position are detailed below.

Estimates and assumptions

- Impairment of investment in subsidiary companies

The Company is testing, on an annual basis, whether investments in subsidiary companies have suffered any impairment. The Company is required to test if events or changes in circumstances indicate that the carrying amount of its investments may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary.

An impairment of investments in subsidiary companies has been recognised during the year totalling €35.6 million (2019: Nil). Please refer to Note 7 for the breakdown of the impairment to investments.

Certain investments in subsidiaries are deemed sensitive to impairment from a reasonably possible change in key assumptions and are reviewed in further detail below.

Playtech Software Limited is a significant subsidiary for the Company, with net assets of €1.25 billion. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the 2-5-year forecast period, and 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 32.5% or revenue growth was lower by 6.5%.

PT Turnkey Services Limited is a significant subsidiary for the Company, with net assets of €218 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the 2-5-year forecast period, and 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 55.5% or revenue growth was lower by 4.3%.

VS Technology Limited is a significant subsidiary for the Company, with net assets of €37.8 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the 2-5-year forecast period, and 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 77.6% or revenue growth was lower by 22.3%.

- Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Note 7 – Investments in subsidiaries

	2020 €'000	2019 €'000
Investment in subsidiaries at 1 January	514,856	505,530
Additional capital contribution(*)	642,667	1,416
Acquisitions in the year(***)	1	—
Employee stock option	22,257	7,910
Impairment(**)	(35,561)	—
Write offs(****)	(9)	—
Investment in subsidiaries at 31 December	1,144,211	514,856

* During 2020 the group agreed to forgive certain outstanding debt due from subsidiaries with a book value of €642.7 million which has accordingly been treated as additional capital contribution. See Note 8 for further information.

** Impairment relates to €13.9 million of Finalto Group Limited (ex. Tradetech Holdings Limited), €18.6 million of Playtech Holding Sweden AB Limited and €31 million of PTVB Management Limited.

*** Acquisitions in the year relate solely to VS Technology Limited which was acquired 100% from Gaming Technology Solutions Limited.

**** Write offs relate to Elaman Trading Limited and PT Jersey Limited which were dissolved during 2020.

Note 7 – Investments in subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
PTVB Management Limited	Isle of Man	100%	Management company
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services Group
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust
PT Gaming Limited	Isle of Man	100%	Holding company of Factime Investments Ltd
Finalto Group Limited (ex. Tradetech Holdings Limited)	Isle of Man	100%	Holding company of Finalto (IOM) Limited (ex. TradeTech Markets Limited), Consolidated Financial Holdings A/S and Finalto Trading Limited (ex. TradeTech Alpha Limited)
VS Technology Limited	United Kingdom	100%	Licensing online gaming software and games to customers in South America
Playtech Software Limited	United Kingdom	100%	Main trading company from 2021, owns the intellectual property rights and licenses the software to customers
Playtech Retail Limited	British Virgin Islands	100%	Dormant company

Note 8 – Trade and other receivables

	2020 €'000	2019 €'000
Amounts due from subsidiary undertakings (Note 15)	—	609,362
Total non-current	—	609,362
Other receivables	1,480	3,075
Amounts due from subsidiary undertakings (Note 15)	294,232	490,801
Total current	295,712	493,876

In 2019, the non-current amount relates to loans made during the prior year to Playtech Services (Cyprus) Limited connected with the acquisition and refinancing of Snaitech SpA. These loans were discounted to present value, were bearing interest of 4.5% per annum and were repayable on or before 2 November 2025 and 5 June 2028.

During 2020 these loans were transferred to Playtech Software Limited in exchange for additional share capital in Playtech Software Limited. This has been accounted for as a capital contribution. See Note 7.

During the year there were major non-cash transactions relating to the above capital contributions, and offset of amounts due to and from subsidiary undertakings as agreed with the counterparties.

The management has assessed its receivables from Group companies using a forward-looking expected credit loss model. The methodology used in determining the amount of provision as at the reporting date is that of lifetime expected credit losses which is defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies). Impairments totalling €10.6 million were charged in the year, with the impairment reserve at period end being €15.8 million (2019: €5.2 million).

Note 9 – Cash and cash equivalents

	2020 €'000	2019 €'000
Cash at bank	86,592	1,395
Deposits	374	386
	86,966	1,781

Note 10 – Shareholders' equity
A. Share capital

	2020 Number of shares	2019 Number of shares
Authorised	N/A*	N/A*
Issued and paid up	299,328,354	303,791,693

* The Company has no authorised share capital but is authorised under its memorandum and articles of association to issue up to 1,000,000,000 shares of no par value.

During 2020, the Company has cancelled 4,463,339 shares as part of share buyback for a total consideration of €10.1 million (2019: 13,552,910 shares for a total consideration of €65.1 million).

Notes to the Company financial statements continued

Note 10 – Shareholders' equity continued

B. Employee Benefit Trust

In 2014 the Company established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 200,827 shares (2019: 200,214) were issued as a settlement for employee share option exercises with a cost of €1.7 million (2019: €1.7 million), and as of 31 December 2020, a balance of 1,724,539 (2019: 1,925,366) shares remains in the trust with a cost of €14.5 million (2019: €16.2 million).

C. Share option exercised

During the year 217,788 (2019: 212,624) share options were exercised. The Company cash-settled 16,961 share options during the year (2019: 12,410). Further information is provided in Note 15 of the Group consolidated financial statements.

D. Distribution of dividends

The Company did not pay any dividends during the current year. As per the announcement to the market in March 2020, the 2019 final dividend of €0.12 per share was not proposed at the Annual General Meeting. In June 2019, the Company distributed €37,159,079 as a final dividend for the year ended 31 December 2018 (€0.12 per share). In October 2019, the Company distributed €18,866,968 as an interim dividend in respect of the period ended 30 June 2019 (€0.061 per share). A number of shareholders waived their rights to receive dividends amounting to €480,890.

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)
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Employee benefit trust	Cost of own shares held in treasury by the trust
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income

Note 11 – Loans and borrowings

The credit facility of the Company is a revolving credit facility (RCF) of up to €317.0 million which expires in November 2023 with the option of extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date the credit facility drawn amounted to €308.9 million (2019: €64.4 million).

Under the RCF, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance to the agreement.

The covenants have been relaxed until December 2021 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 12 months to 30 June 2021 (31 December 2019: 3:1)
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last 12 months to 30 June 2021 (31 December 2019: 4:1)

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, or sooner should the Company decide to make shareholder distributions within those periods.

As at 31 December 2020, the Group has met these financial covenants.

Note 12 – Bonds

	Convertible bonds €'000	2018 Bond €'000	2019 Bond €'000	Total €'000
As of 1 January 2019	287,149	523,706	—	810,855
Issue of bond	—	—	345,672	345,672
Repayment of bond	(297,000)	—	—	(297,000)
Notional interest expense	9,851	1,315	497	11,663
As at 31 December 2019	—	525,021	346,169	871,190
Issue of bond	—	—	—	—
Repayment of bond	—	—	—	—
Notional interest expense	—	1,320	619	1,939
As at 31 December 2020	—	526,341	346,788	873,129

Convertible bonds

On 12 November 2014 the Company issued €297.0 million of senior, unsecured convertible bonds due November 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and were redeemed on 19 November 2019 at their principal amount.

Note 12 – Bonds continued

Bonds

2018 Bond

On 12 October 2018, the Company issued €530 million of senior secured notes (“2018 Bond”) due on 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 of the 2018 Bond is 100% of their principal amount. The 2018 Bond bear interest from 12 October 2018 at the rate of 3.750% per annum payable semi-annually in arrears on 12 April and 12 October in each year commencing on 12 April 2019.

The fair value of the liability component of the bond at 31 December 2020 was €539 million (31 December 2019: €552 million).

2019 Bond

On 7 March 2019, the Company issued €350 million of senior secured notes (“2019 Bond”) due on 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 of the 2019 Bond is 100% of their principal amount. The 2019 Bond will bear interest from 7 March 2019 at the rate of 4.250% per annum payable semi-annually in arrears on 7 September and 7 March in each year commencing on 7 September 2019.

The fair value of the liability component of the bond at 31 December 2020 was €363 million (31 December 2019: €373 million). Please also refer to Note 16 for the bond liquidity risk assessment.

As at 31 December 2020, the Group has met the financial covenant of the 2018 and 2019 Bonds which is the following:

Interest cover: Adjusted EBITDA/Interest 2:1 (31 December 2019: 2:1).

Note 13 – Trade and other payables

	2020 €'000	2019 €'000
Suppliers and accrued expenses	5,609	3,309
Payroll and related expenses	28,546	19,349
Amounts owed to subsidiary undertakings (Note 15)	10,409	280,324
Accrued interest	9,473	9,071
	54,037	312,053

Note 14 – Changes in liabilities arising from financing activities

The Company’s liabilities arising from financing activities consist of loans and borrowings (Note 11), convertible bonds and bond loans (Note 12).

A reconciliation between the opening and closing balances of these items is as follows:

	Non-cash items			At 31 December 2020 €'000
	At 1 January 2020 €'000	Financing cash flows €'000	Other changes €'000	
Loans and borrowings (Note 11)	64,607	240,830	3,786	309,223
2018 Bond (Note 12)	529,378	(19,875)	21,249	530,752
2019 Bond (Note 12)	350,884	(14,875)	15,495	351,504
Total liabilities	944,869	206,080	40,530	1,191,479

	Non-cash items			At 31 December 2019 €'000
	At 1 January 2019 €'000	Financing cash flows €'000	Other changes €'000	
Loans and borrowings (Note 11)	—	64,396	211	64,607
Convertible bonds (Note 12)	287,323	(297,000)	9,677	—
2018 Bond (Note 12)	528,062	(19,875)	21,191	529,378
2019 Bond (Note 12)	—	338,235	12,649	350,884
Total liabilities	815,385	85,756	43,728	944,869

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

Notes to the Company financial statements continued

Note 15 – Related parties

The following transactions arose between the Company and its direct and indirect subsidiary undertakings:

	2020 €'000	2019 €'000
Interest income from Group companies		
Playtech Services (Cyprus) Limited	25,024	26,432
	25,024	26,432
Operating expenses incurred from Group companies		
PTVB Management Limited	10,849	12,698
PT (Jersey) Limited	—	1,261
	10,849	13,959

The following transactions arose in relation to the remuneration of the key management personnel of the Company:

	2020 €'000	2019 €'000
Directors' remuneration	903	1,116
Directors' short-term benefits	71	5
	974	1,121

The Company also had outstanding balances due from and to direct and indirect subsidiaries at the reporting date. All balances are repayable on demand. The balances summarised by maturity are included below:

	2020 €'000	2019 €'000
Receivables		
Due on demand or within one year	294,232	490,801
Due in more than 1 year	—	609,362
	294,232	1,100,163
Payables		
Due on demand	10,409	280,324

Note 16 – Financial instruments and risk management

The Company has exposure to the following arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this Note.

(i) Principal financial instruments of the Company, from which financial instrument risks arises, are as follows:

- Inter-company receivables and payables
- Other receivables
- Cash and cash equivalents
- Trade and other payables
- Bonds

Note 16 – Financial instruments and risk management continued

(ii) Financial instrument by category

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

	Measurement Category	Carrying amount	
		2020 €'000	2019 €'000
Non-current financial assets			
Inter-company receivables	Amortised cost	—	609,362
Current financial assets			
Inter-company receivables	Amortised cost	294,232	490,801
Other receivables	Amortised cost	1,480	3,075
Cash and cash equivalents	Amortised cost	86,966	1,781
Non-current liabilities			
Bonds	Amortised cost	873,129	871,190
Loans and borrowings	Amortised cost	308,875	64,396
Current liabilities			
Trade payables	Amortised cost	5,609	3,309
Inter-company payables	Amortised cost	10,409	280,324

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a subsidiary or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from Group companies.

The carrying amounts of financial assets represent the maximum credit exposure.

Cash and cash equivalents

Wherever possible and commercially practical the Company invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poor's.

	Total €'000	Financial institutions with A- and above rating	Financial institutions below A- rating and no rating
		€'000	€'000
At 31 December 2020	86,966	86,962	4
At 31 December 2019	1,781	1,781	—

Inter-company receivables

Management has assessed its receivables from Company companies using a forward-looking expected credit loss model. The methodology used in determining the amount of provision as at the reporting date is that of lifetime expected credit losses which is defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies). An impairment of €10.6 million was calculated as at the reporting date (2019: €5.2 million).

Notes to the Company financial statements continued

Note 16 – Financial instruments and risk management continued

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing the liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities (representing undiscounted contractual cash flows) at the reporting date:

	Carrying amount €'000	Contractual cash flows			
		Total €'000	Within 1 year €'000	1-5 years €'000	More than 5 years €'000
2020					
Suppliers and accrued expenses	5,609	5,609	5,609	—	—
Amounts owed to subsidiary undertakings	10,409	10,409	10,409	—	—
Other payables	38,019	38,019	38,019	—	—
Loans and borrowings	308,875	321,231	6,178	315,053	—
Bonds	873,129	1,021,438	34,750	629,250	357,438
	1,236,041	1,396,706	94,965	944,303	357,438
2019					
Suppliers and accrued expenses	3,309	3,309	3,309	—	—
Amounts owed to subsidiary undertakings	280,324	280,324	280,324	—	—
Other payables	28,420	28,420	28,420	—	—
Loans and borrowings	64,396	69,548	1,288	68,260	—
Bonds	871,190	1,056,188	34,750	649,125	372,313
	1,247,639	1,437,789	348,091	717,385	372,313

As disclosed in Note 11, the Company has a revolving credit facility (RCF) that contains a financial covenant. Under the agreement, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance to the agreement.

Market risk

Market risk changes in line with fluctuations in market prices such as foreign exchange rates, interest rates and equities prices, and will affect the Company's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Note 17 – Events after the reporting date

The Group implemented a 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 UK company.

On 25 February 2021, the Company transferred 7,028,339 (2.35%) ordinary shares of no par value that were held by the Company in treasury to the Company's Employee Benefit Trust of which Nedgroup Trust (Jersey) Limited is the trustee. The purpose of the transfer was to fund certain scheduled awards, which are due to vest under certain of the Company's employee share schemes. The transfer price was nil. As a result of the above, the total number of Playtech shares held in Treasury is 2,937,550 (0.96%), the total number of ordinary shares in issue remains the same at 309,294,243 and the total number of voting rights in the Company is 306,356,693 which is the number which may be used by the shareholders as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interests in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Five-year summary

	2020 €'000	2019 €'000 Restated*	2018 €'000 Restated*	2017 €'000	2016 €'000
Income statement					
Total revenues from continuing operations	1,078.5	1,440.5	1,225.3	807.1	708.6
Adjusted EBITDA from continuing operations	253.6	375.3	345.1	322.1	302.2
Adjusted net profit from continuing operations	27.2	138.0	259.8	231.4	202.6
Balance sheet					
Non-current assets	1,660.3	2,055.4	2,101.2	1,569.8	1,383.7
Current assets	935.2	1,005.5	992.5	784.4	692.5
Assets classified as held for sale	468.9	36.8	—	—	—
Current liabilities	513.6	773.6	1,017.6	547.9	260.2
Non-current liabilities	1,341.8	1,098.3	725.6	447.9	716.3
Liabilities directly associated with assets classified as held for sale	309.2	3.6	—	—	—
Net assets	899.9	1,222.2	1,350.5	1,358.5	1,099.7
Equity					
Additional paid in capital	592.1	601.0	627.8	627.8	627.8
Available-for-sale reserve	—	—	—	103.2	(51.1)
Reserve for re-measurement of employee termination indemnities	(0.4)	(0.3)	0.1	—	—
Employee benefit trust	(14.5)	(16.2)	(17.9)	(21.6)	(25.4)
Convertible bonds option reserve	—	—	45.4	45.4	45.4
Put/Call options reserve	(3.7)	(16.4)	(30.8)	(31.3)	(34.3)
Foreign exchange reserve	(21.3)	(1.4)	(8.2)	(28.7)	16.8
Retained earnings	347.2	659.8	726.3	649.5	498.8
Non-controlling interest	0.3	(4.3)	7.8	14.2	21.7
Statistics					
Basic adjusted EPS (in Euro cents) from continuing operations	9.2	45.5	82.4	73.6	65.1
Diluted adjusted EPS (in Euro cents) from continuing operations	8.8	44.6	73.9	66.8	59.8
Ordinary dividend per share (in Euro cents)	—	18.1	24.1	36.0	32.7
Share price low/high	140.3p/424.3p	360.5p/457.7p	370.0p/882.2p	768p/1,006.0p	710.5p/946.5p

* Information for 2018 and 2019 has been re-presented due to discontinued operations, see note 8 of the financial statements. 2018 and prior periods have not been restated for discontinued operations.

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