

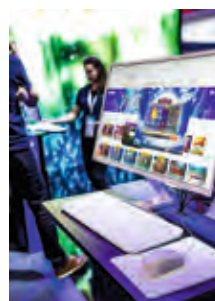


Playtech is the leading technology company in the gambling industry, with a focus on regulated and regulating markets.

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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View Digital Summary Report:  
[www.ar21.playtech.com](http://www.ar21.playtech.com)

You will find the interactive icons below throughout this report to help aid navigation



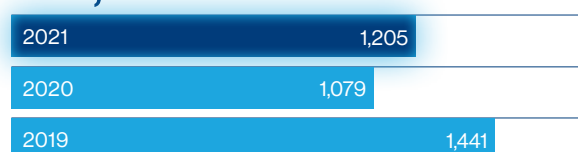


# Strong financial performance

Very strong performances from B2B and Snaitech drive 25% growth in Group Adjusted EBITDA.

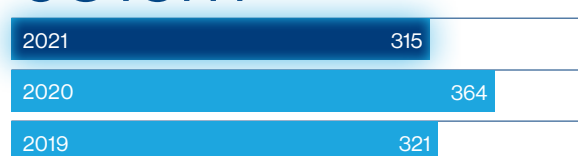
## Revenue<sup>1</sup>

# €1,205m



## Adjusted operating cash flow<sup>2</sup>

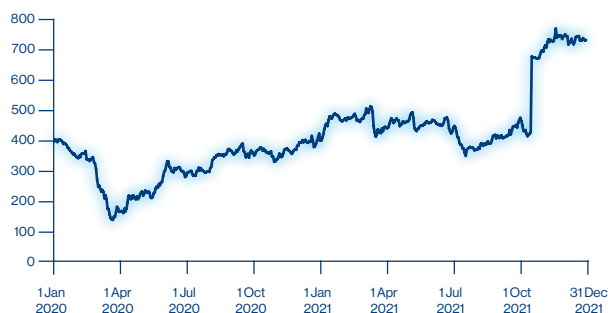
# €315m



<sup>1</sup> From continuing operations.

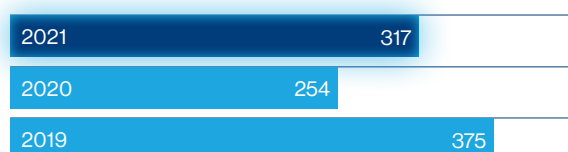
<sup>2</sup> Operating cash flow includes Finalto and is adjusted for Snaitech's PREU tax payment of €90 million relating to 2020, which was paid in 2021 due to circumstances around COVID-19.

## Share price chart



## Adjusted EBITDA<sup>1</sup>

# €317m



## Revenue from regulated markets<sup>1</sup>

# 85%



“Our core B2B and B2C businesses remained resilient throughout the pandemic-hit months to drive a very strong EBITDA performance in 2021.”

**Andrew Smith**  
Chief Financial Officer

# Success across the Group

## Business expansion

### US momentum

Playtech continued to expand its presence in the US in 2021. The Company signed a strategic agreement with the Greenwood Companies to license Playtech products in Michigan, Indiana, New Jersey and Pennsylvania. The Group also built on its existing presence in New Jersey by partnering with Unibet to supply the Kindred-owned group with RNG Casino software, with more states to follow. Playtech also announced the launch of its Live Casino offering in the US, with state-of-the-art facilities opening in Michigan and New Jersey.

## Technology leadership

### Record-breaking Live Casino game

Playtech's Live division rolled out a number of exciting new products, including a Who Wants To Be a Millionaire™ roulette game that has broken records for the most number of players on a Live table in the Company's history. The Live Casino vertical also added to its gameshow series with the launch of The Money Drop Live™, based on the iconic Banijay-owned brand, among others.

## Building a better business

### Recognition in Safer Gambling

Alongside its industry-leading products and services, Playtech has worked with its licensees to raise industry standards in responsible business and safer gambling. The progress made in this space was recognised by GamCare, which made Playtech the first recipient of its new B2B Safer Gambling Standard. Playtech also partnered with Kindbridge to advance research into treatment for gambling-related disorders in a virtual setting.

### Significant progress in LatAm

Playtech's operations in Latin America continue to go from strength to strength, with existing partnerships showing strong growth alongside several new strategic agreements in the region. Caliente in Mexico saw significant growth alongside an increasing contribution from Wplay in Colombia. The Group also launched in Costa Rica and Panama, while plans are underway to open a new Live Casino facility in Peru to better serve Playtech's clients in the region.

### Snaitech online outperformance

Snaitech continued its record of outperformance, cementing its position as the number one retail and online sports betting brand in Italy across 2021. While pandemic-driven retail closures and sporting cancellations impacted the business, EBITDA from Snaitech's online business grew by over 50% as it benefited from its leading technology and brand recognition.

### Further progress with Sustainable Success

Following the launch of Playtech's Sustainable Success strategy in 2020, 2021 saw significant progress towards the programme's goal of building a safer, more sustainable entertainment industry for the benefit of all stakeholders. Among the key developments was the launch of a new Sustainability and Public Policy Committee that will advise on a wide range of responsible business topics and is directly overseen by the Board.

### Extended B2B agreements

Playtech made good progress in both extending agreements with the consumer-facing online gambling giants and striking new partnerships. The Company announced a five-year contract extension with Flutter Entertainment for its Paddy Power, Betfair and Sky Casino brands. In addition, it extended its partnership with Swiss Casinos through the launch of a new Live Casino studio and signed a new agreement with Scientific Games that allows both parties to benefit from each other's reach and scale.

### Strategic, multi-channel launch

Playtech signed a new, long-term strategic agreement with Holland Casino, enabling the state-owned casino operator to expand into the online betting and gaming space. Having launched with Playtech's full turnkey multi-channel technology as well as other products, Holland Casino has the most advanced offering in the Netherlands. A Live Casino facility has also been built near one of Holland Casino's existing locations as part of the deal.

### Significant evolution of the Board

2021 was a significant year in the evolution of Playtech's Board. Brian Mattingley took over as Chairman, bringing significant industry experience and a track record of delivering strong corporate governance. Brian appointed a new Senior Independent Director, Ian Penrose. Linda Marston-Weston joined the Board as a Non-executive Director, bringing extensive experience across a range of disciplines, including in promoting diversity and inclusion.

## Company overview

### Our purpose

# Creating technology that changes the way people experience gambling entertainment

### A global business

Playtech was established at the inception of the online gambling industry and possesses unparalleled knowledge and expertise in the sector, with over 20 years of experience and investment in technology.

Playtech's global scale and distribution capabilities, with over 180 licensees operating in over 30 regulated markets and with offices in 26 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 page 8](#)

### How we do this

#### Scale and distribution

Retail and online software for over 180 licensees in more than 30 regulated markets.

#### Data

Data-driven analytics and tools to develop intelligent platform features 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 innovative ways for end customers to experience content and services, for example being the pioneer of omni-channel gaming.

#### Regulated jurisdictions

# >30

#### Countries with offices

# 26

#### Employees

# c.6,600





## Our operations

### B2B

Providing technology to gambling operators globally through a revenue share model and, in certain agreements, taking a profit share in addition.

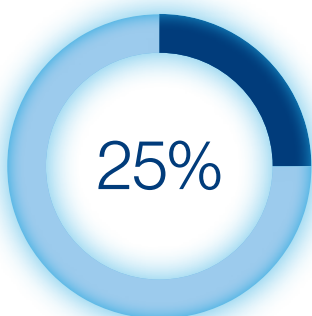
#### Revenue

€554m

#### EBITDA

€139m

#### EBITDA margin



Read more on pages 79 and 80

### B2C

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

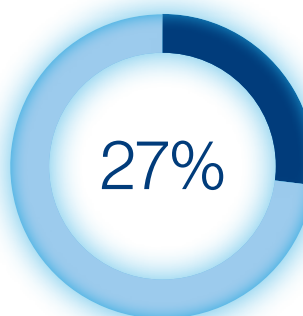
#### Revenue

€664m

#### EBITDA

€178m

#### EBITDA margin



Read more on pages 80 and 81

## Chairman's statement

# Strong performance with significant progress in key markets



**Brian Mattingley**  
Chairman

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

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

### Strong performance underlined by progress in key global markets

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

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

### Sustainable Success and Board governance

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

● [Read more about Sustainable Success on page 14](#)

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



## Corporate transaction updates

### Offer and possible offer for Playtech

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

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

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

### Caliente/Calipay

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



### Finalto

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

### Looking ahead

As a global business, we are acutely aware of the impact of geopolitics and other macroeconomic shocks on our Company, and in particular on our colleagues. Just as global restrictions related to COVID-19 begin lifting, and we tentatively began contemplating the idea of living with a virus which has impacted us in so many ways, we are now faced with the prospect of further devastation and harm through the escalating conflict in Ukraine. Playtech has several hundred full time staff based in Ukraine and has been putting in place multi-layered support schemes for our people and their families, including evacuation where needed and providing accommodation and facilities for those who have needed to leave their country. We will continue to do all we can to support our affected colleagues.

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

### Brian Mattingley

Chairman

24 March 2022

# Leadership in a growing market

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

## 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 in entering new markets such as the US and Latin America.

### Operating cash flow in last five years

>€1.6bn

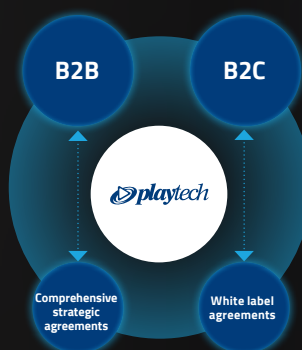
▶ Read more about Playtech's key markets on pages [10](#) and [11](#)

## 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 comprehensive strategic 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 Playtech's business model on pages [16](#) and [17](#)



## 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 180 licensees operating in over 30 regulated markets and with offices in 26 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 16 and 17

### 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 and an improved customer experience, as well as improved value for end-users.

➤ Read more about Playtech's technology expertise on pages 30 to 33

### 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 €650 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.

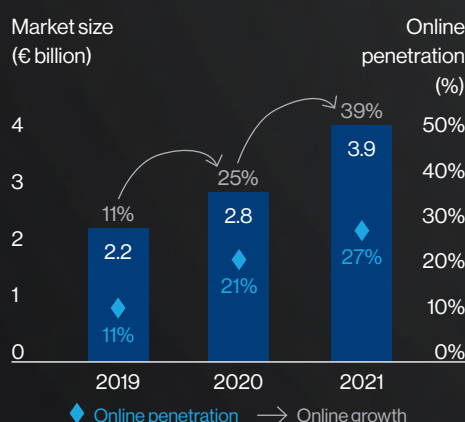
➤ Read more about innovation on pages 35 and 36

### 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 second largest gambling market in Europe, with a total GGR of over €14 billion in 2021 and €20 billion in 2019 prior to the impacts of the pandemic. The online segment has seen significant growth at a CAGR of 32% between 2019 and 2021, yet it remains less developed than retail, with online penetration at only 27% in 2021 (versus 67% in the UK). Snaitech's leading brand and retail presence in Italy, combined with Playtech's technology expertise, make it ideally positioned to continue capturing this market opportunity.

➤ Read more about Snaitech on pages 38 and 39

#### Evolution of Italian online market



### 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 23% and 15% respectively since 2007. In the last five years Playtech has generated over €1.6 billion in operating cash flow 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 the 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.

#### 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 2021 continued progressing on 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. In 2021 Playtech established a new Board Sustainability and Public Policy Committee to enhance oversight of its environmental, social and governance (ESG) strategy and performance.

➤ Read more about sustainability on pages 43 to 76

#### Number of charities and community organisations we supported

>120



# High growth industry

## Global online market

The 2021 global online gambling market was estimated at €87 billion gross gaming revenue (GGR). The market is estimated to have grown 23% in 2021 compared to 2020 and has seen growth at a CAGR of 19% over the past three years. One of the drivers was the growth in mobile, which represented 43% of online gambling in 2021, up from 37% in 2018. 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

€87.2bn



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 11% between 2021 and 2025, boosted by growth predicted in the US (30%) and Latin America (16%).

Mobile as a percentage of global online gambling is forecasted to grow from 43% in 2021 to 50% by 2025.

11%

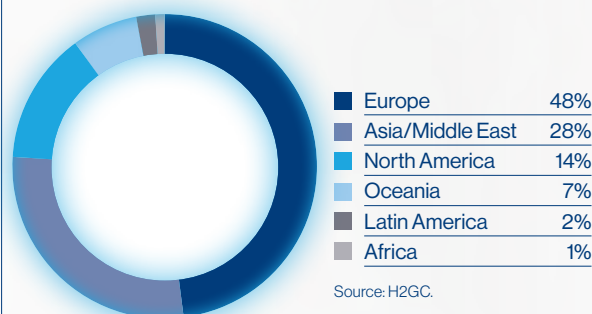
**forecast CAGR of global online gambling market between 2021 and 2025**

H2GC data (December 2021).

## Online market

The European online gambling market is the largest globally, making up 48% of the global online market, and has grown at a CAGR of 17% between 2018 and 2021. The European market represented almost 60% of Playtech's core B2B Gambling revenues, driven by the UK, which is discussed below.

### Online gambling market



The North American online market, which includes the US, Canada and Mexico, grew 55% in 2021 and made up 14% of the global online market, up from its 12% share in 2020. This was driven by the US online market, which (excluding lotteries) grew 69% in 2021 with growth in online casino of 65% being a significant contributor. 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 17% (excluding lotteries) between 2021 and 2025 according to H2 Gambling Capital (H2GC) estimates.

## Retail market

While online markets represent significant growth opportunities in many geographies, the global retail market is much more mature and had already begun to slow in growth prior to the impacts of COVID-19. Between 2016 and 2019, the global retail market saw an estimated CAGR of only 2%. In 2020, the retail market globally was estimated to have contracted 29%, 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.

In 2021 the retail market returned to growth, albeit off a lower base, of 8% and is forecasted to grow at a CAGR of 9% between 2021 and 2025. This is expected to be driven by the recoveries of the largest retail markets, namely North America, Asia and Europe, on the assumption that countries become better equipped to deal with COVID-19 without the stringent lockdowns seen in 2020 and 2021.

## 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 the Netherlands. 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 near future. This trend presents Playtech with a significant opportunity as it continues to focus on regulated markets.



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, being 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 39% 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.

## Geographic focus

### US

The US online market (excluding lotteries) has grown at a CAGR of 44% in the last three years and is expected to grow at a CAGR of 30% between 2021 and 2025, with online betting CAGR estimated at 23% and iGaming at 36% according to H2GC. The market is regulating state by state, with over 27 states now offering sports betting and six offering a form of iGaming. Following the legalisation and launch of retail sportsbooks in several states, the retail sports betting market is expected to grow at a CAGR of 9% between 2021 and 2025 according to H2GC.

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$20 billion in gross gaming revenue (GGR) in the long term, with the iGaming market estimated to reach \$19 billion.

Playtech has an exciting part to play in this high growth market, having made operational progress in New Jersey and Michigan including significant deals and the launch of its Live Casino facilities in both states. Playtech also received licences to operate in Arizona (online and retail sports) and Mississippi (retail sports), with further licence applications underway and further deals in the pipeline.

# \$39bn

**forecasted US market size**

➔ Read more about Playtech's US market opportunity on pages 18 and 19



### Latin America

The Latin American online market saw year-on-year growth slow from 25% in 2019 to 9% in 2020, with the drastic fall attributable to the impacts of the pandemic on spending capacity in the region. However, the market saw a strong recovery in 2021 with 52% growth on the prior year, albeit off a lower base. The market is expected to continue growing strongly with double-digit growth expected over each of the next four years, at a CAGR of 16%.

Following the success of its business in Mexico and Colombia in recent years, Playtech is well positioned to capitalise on the high growth potential in Latin America in the coming years, having launched its recent strategic agreements in Costa Rica and Panama in 2021 and with an exciting strategic agreement in place in Brazil.

# 52%

**year-on-year online growth in LatAm**

### Italy

Italy is the second largest overall gambling market in Europe and the largest until the pandemic-driven retail decline from early 2020, with an underpenetrated online channel. In 2019 only 11% of the total Italian market (GGR) was online, presenting a significant long-term growth opportunity, and this increased to 21% in 2020, albeit amplified by government-imposed retail closures in response to the COVID-19 pandemic at various points in the year. In 2021, online is estimated to have represented 27% of the total market, with the shift once again aided by lockdowns throughout most of H1 2021.

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 25% in the last three 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 12% in the last three years and 18% in 2021 compared to 2020. The market, which had already begun accelerating its shift towards online over recent years, evolved from being 36% online in 2015 to 45% in 2019.

In 2021, the UK market was 67% online, albeit amplified by the shutdown of retail activity during the COVID-19 pandemic lockdowns in 2020 and 2021 and the resulting shifts towards online. While online growth is likely to slow in the event that retail remains open without further significant lockdowns, the online market is expected to continue growing at a mid-single-digit CAGR in the coming years.

# 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, Wplay in Colombia and Holland Casino in the Netherlands.

➤ [Read more about Playtech's US presence on pages 18 and 19 and more about regulation on pages 41 and 42](#)



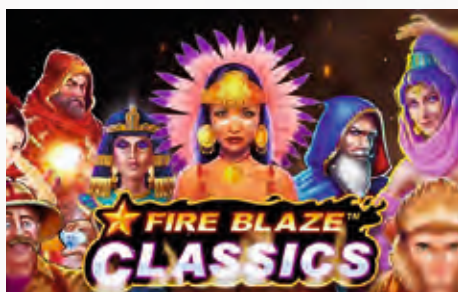
# 2

## 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 250 new brands since its launch, 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 €650 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, while also driving data network effects. 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 2021 continued to drive Sustainable Success, its five-year sustainable and responsible business strategy. As part of the strategy, Playtech is investing in 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.

➔ Read more in our Sustainability Report on pages 43 to 76



5

## M&A to focus on core businesses

Playtech's strategic focus is on its Core B2B and B2C Gambling divisions and it 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 2021, 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 of non-core assets. Examples of this strategy in action are the disposal of its Casual and Social Gaming assets and the agreement to dispose of Finalto.

# 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. These commitments outline our approach for tackling the material environmental, social and governance (ESG) issues for our business.

By bringing our passion for innovation to this ambition, we are determined to be a leader in advancing a sustainable, 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 provides the framework for aligning 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; and
- 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; and
- 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; and
- reducing the gender pay gap, promoting an inclusive culture and increasing representation of women at all levels of the organisation and across all functions.

The source of Playtech's success has always been 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; and
- 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 which are working to help people live healthier online lives and adopt digital wellbeing and resilience.



# Flexibility to capture every opportunity

## Our core strengths

### Unparalleled scale

Playtech's global scale, extensive experience and expertise in regulated markets, and leading technology are 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 generation and cash generation provides us with a strong base from which to reinvest and grow the business.

### R&D investment

Playtech annually invests around 25% 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 30 to 33

## 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.

### Comprehensive strategic agreements

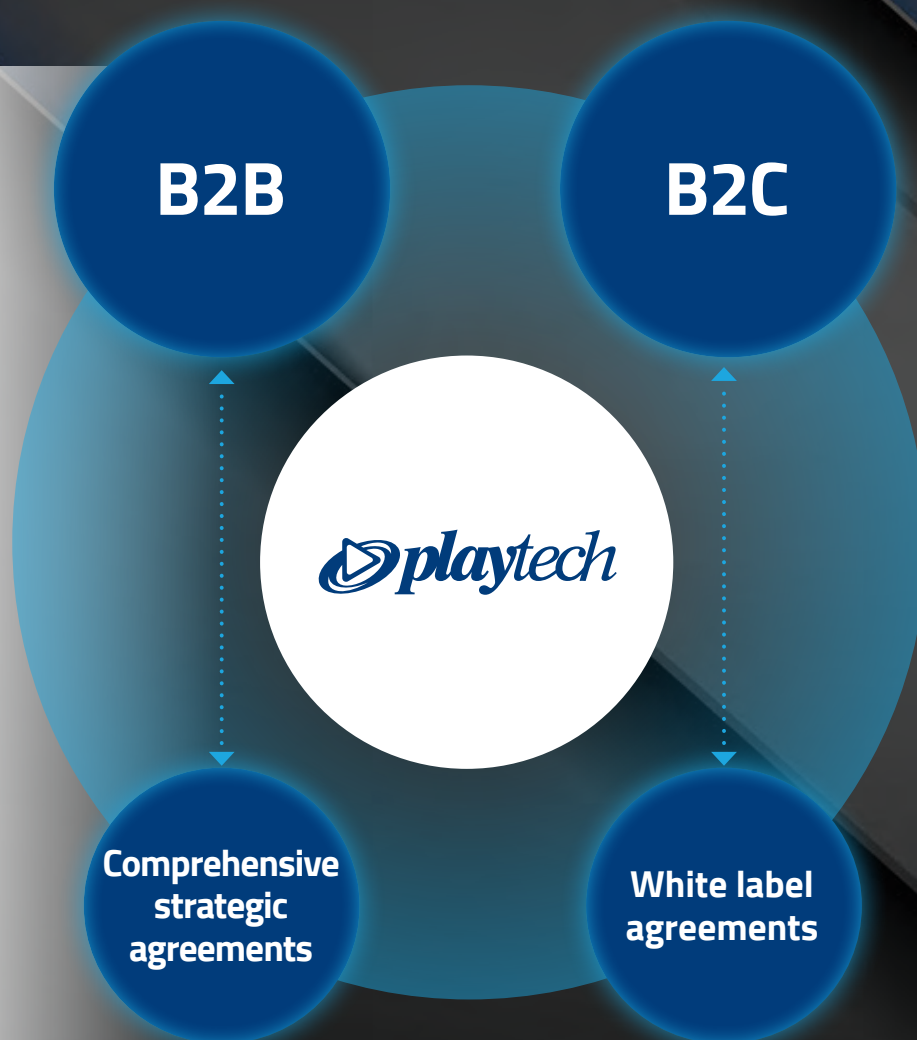
An extension of Playtech's B2B technology offering in which it partners with local heroes with a strong retail brand and presence to drive sales but without the technological expertise to succeed online.

### 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

Amount invested in cash R&D including safer gambling initiatives

c.€150m

Total number of sports bets

c.400m

Number of poker tournaments on our networks

c.50m

### For society and employees

Jobs (i.e. number of employees)

c.6,600

Number of charities and community organisations we supported

>120

### For shareholders

Operating cash flow

c.€315m

# Building momentum in the US market

Significant long-term opportunity across Playtech's product suite.

The regulatory landscape in the US is ever progressing. In the three years since the repeal of PASPA in 2018, legalisation of sports betting has progressed at a blistering pace. More than 27 states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in the coming years. Many of these markets have already launched in both online and retail channels, with others expected to launch soon.

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

**"The total long-term B2B opportunity across sports, iGaming and PAM is around \$3 billion. We are seeing significant demand for the full breadth of our product offering and I am very confident of Playtech's prospects in this market."**

**Mor Weizer**  
Chief Executive Officer

## \$20bn

**Estimated long-term US sports betting market size (GGR)**

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$20 billion in gross gaming revenue (GGR) in the long term. Despite taking a prudent approach when estimating the number of states that will legalise iGaming, the iGaming market is estimated to reach \$19 billion in the long term.

The opportunity for Playtech in the US includes sports, iGaming and Player Account Management (PAM) or platform deals. There is a wide range of estimates for the overall size of the market, with some forecasts of more than \$60 billion. Playtech is assuming a long-term addressable market of \$39 billion, in order to be conservative.

Using the Jefferies market sizing estimates alongside estimates for the third-party share of the market and estimated royalty rates, Playtech estimates a B2B supplier opportunity of over \$800 million for online sports, \$1.8 billion for iGaming and \$390 million for PAM. This can be seen in the diagram on the following page.

In total, the Company expects a total addressable market for B2B suppliers of c. \$3 billion, excluding any further opportunities which could be derived from structured agreements in the US.

### **Momentum building**

After entering the New Jersey market in 2020, providing its online casino product to both bet365 and Entain, Playtech has subsequently secured multi-product deals with Parx Casino, Unibet, 888 and others which are soon to be announced. Over time, Playtech will increase its products on offer to include Sports, platform and Live Casino in line with state-by-state regulations.

Playtech has also received provisional iGaming licences in Michigan and Pennsylvania 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.

## \$19bn

**Estimated long-term US iGaming market size (GGR)**

In H1 2021 the Company signed strategic agreements with various subsidiaries of Greenwood Racing Inc. which own and operate the Parx Casino in Pennsylvania. Parx Casino is the leading casino and racetrack operator in Pennsylvania. The Greenwood companies also operate sports betting and online casino in Pennsylvania, New Jersey and Michigan.

The agreements include the licensing of Playtech products to the Greenwood companies in the states of Michigan, Indiana, New Jersey and Pennsylvania.

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

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



## US B2B revenue opportunity

Total long-term B2B addressable market of c.\$3 billion

	Market size <sup>1</sup>		Third-party share		Royalty share		Revenue opp.
Sports betting (online)	\$20bn	X	33%	X	10–15%	=	c.\$825m
iGaming	\$19bn	X	75%	X	10–15%	=	c.\$1.8bn
Platform (PAM)	\$39bn	X	25%	X	3–5%	=	c.\$390m
Total B2B opportunity (excl. structured agreements)							c.\$3bn

Source: Jefferies research and Company estimates (2021).

<sup>1</sup> Market sizes are GGR based on forecasts for online sports betting/iGaming.



Playtech has launched Live Casino facilities in Michigan and New Jersey, while further facilities are progressing in Pennsylvania among other locations.

The Company has significantly expanded its operational and back-office teams in the US in order to accelerate its presence in the region.

**Total long-term B2B opportunity**

**\$3bn**

🔗 To read more about the US market dynamics and regulatory backdrop, please refer to pages 18 and 41 respectively

## Stakeholder engagement

# Engaging regularly with all stakeholders

Playtech continues to maintain 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 continued 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.

In addition, following the Board-recommended takeover offer of the Group by Aristocrat, Playtech engaged with all of its stakeholders including employees, shareholders, licensees and regulators. This engagement involved communication of the situation and the relevant potential impacts, if any, on each group. This engagement included regular communication with employees and an ongoing dialogue with major shareholders, as well as engagement with licensees and regulators.

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 throughout 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 one-to-one 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;
- direct participation of the Risk & Compliance Committee Chair in the Company's Global Community Investment Committee;
- direct participation of the Non-executive Directors through the new Board Sustainability and Public Policy Committee; and
- direct participation of the Non-executive Directors, Executive Committee members and senior leaders through the recently established Stakeholder Advisory Panel.

The Director of Investor Relations, Director of Corporate Affairs, Chief Operating Officer, and 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 Sustainability and Public Policy Committee and Risk & Compliance Committee of the Board, respectively, are tasked with reviewing and considering developments on wider environmental, social and governance issues as well as compliance and regulatory affairs matters, 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.



# Employees

## Summary of issues and interests

The unprecedented impact of the pandemic was the primary area of focus amongst our workforce in 2021. Key issues in focus during the year were diversity and inclusion, 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, the proposed acquisition of Playtech by Aristocrat triggered formal engagement with employees (and work councils), and updates continued as the situation developed with other interested buyers.

## 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 to the General Counsel and Chief Compliance Officer for discussion and consideration by the Risk & Compliance Board Committee.

In 2021, the health, safety and wellbeing of our employees continued to be of utmost importance for the Board and Executive leadership team.

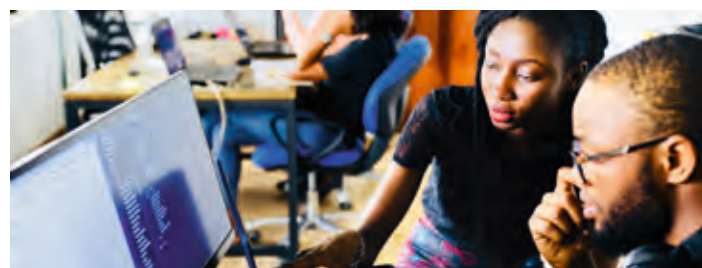
As the pandemic has continued, the Executive Leadership, Site Operations and Human Resources functions continue to work together to monitor and respond to local developments, impacts and issues impacting our business and workforce.

Playtech has also implemented a new global working from home and hybrid work model to create more flexibility in the workplace and enable employees to strike a healthy work-life balance.

During 2021, Playtech introduced a comprehensive health and wellbeing strategy which includes programmes to support the physical, mental, social and financial wellbeing of employees. We have published a Global Wellbeing Policy and a revised Health, Safety and Wellbeing Policy that has global reach and is supported by a framework that aligns with local activities. The policy launch will be accompanied by a programme of events that explains the policies and highlights the benefits to individual employees and the business of these changes.

Building an inclusive workplace continues to be of interest to our employees and other stakeholders. To support our progress, we have been refreshing our diversity and inclusion strategy. For more information, please refer to our Sustainability section on page 43. Plans for 2022 include the roll-out of an inclusion survey to better understand our current performance, including opportunities to improve cultural diversity in leadership levels. Playtech has approved a refreshed diversity and inclusion strategy (as well as targets) and has made progress in reducing its UK gender pay gap. In addition, Playtech has increased female representation at senior levels, including the Executive Committee.

Personal and professional development continues to be a priority for our prospective and current employees. To strengthen our approach, we plan to publish a new L&D Global policy and learning framework in 2022.



# Investors

## Summary of issues and interests

- Proposed acquisition by Aristocrat and alternative takeover offers from others
- Simplification of the Group including disposal of Finalto
- US and Latin America strategy
- Capturing the market opportunity in Italy
- Corporate governance
- ESG strategy and progress on 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 required. The Director of Investor Relations (IR) attends Board meetings and provides regular reports on shareholder engagement, issues of concern and investors and analysts' views on strategic aspects. 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 2021, following his appointment on 1 June, the new Chairman met with the Company's major shareholders to understand their views on the Company's strategy, governance and sustainability. The Chairman has continued to have an ongoing dialogue with many of its shareholders. In 2021 the Company also continued its well-established IR processes which support a structured programme of communications with existing and prospective investors and analysts. The Executive Directors and members of the IR team participate in a number of investor events, attend 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.



## 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

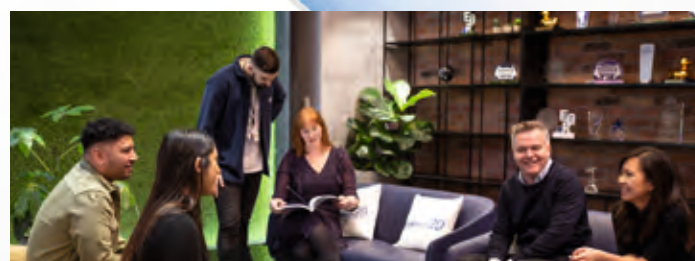
The Board received regular updates on commercial developments, joint ventures, licensee relationships and business development from the COO and VP of Business Development. In 2021, the key priority continued to be ensuring high levels of business continuity with a focus on reliability and minimal service disruption.

Our ability to innovate our content, products 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 Playtech Academy, please see page 38

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, and continued to develop the offering in 2021.

➔ For more information on safer gambling, please see pages 48 to 53



## Suppliers and technology partners

### Summary of issues and interests

- Complexity and speed of onboarding process for new suppliers
- Impact of the pandemic on supply chain continuity and timely delivery
- Consistent and regular communication and engagement
- On-time payments
- New opportunities to ensure businesses – including small suppliers – do business with Playtech (onboarding, payments and processes)

### 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:

- open communication with vendors and suppliers;
- virtual meetings during renewals, negotiations and establishing new deals and contracts;
- engagement with suppliers about new trends and solutions;
- periodic supplier briefings;
- joint forecasting of opportunities; and
- management of pricing and 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. In addition, we are starting to order our hardware in advance to mitigate the risk of supply chain disruption and late delivery that can impact the business. We are also enhancing proactive engagement with suppliers on responsible business topics, which will be part of our RFP process including climate, GDPR and responsible business practices. In the future, we will explore additional mechanisms for engaging with suppliers including evaluation processes.

#### Technology partners

The Product Research 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 2021, our engagement with SaaS partners increased and we saw an upsurge in interest from potential partners, in particular those applicable to the new markets Playtech's customers are working in. Playtech licensees have benefited significantly from newly integrated solutions, cutting down time to market and operational overheads and improving their overall proposition to players.

# Regulators and policymakers

## Summary of issues and interests

Regulation continues to be a fast-growing force across our existing and future markets. In regulated markets such as the UK, Italy, Sweden and Spain, concerns about the pandemic have seen continued calls for action and monitoring of consumers who could be at additional risk due to the impacts of the pandemic, as well as 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, which will continue into 2022. New jurisdictions, such as Ontario and additional US states, continue 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, who has 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 2021, the Board received ongoing updates on the review of the UK Gambling Act and regulatory developments in the US, Canada and Latin America, as well as developments related to more stringent safer gambling regulations across Europe.

➊ For more information, please refer to the Regulation section on pages 41 and 42

# Society and communities

## Summary of issues and interests

Safer gambling – spanning product safety, mental health, ethics and technology – continues to be 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 continued impacts of the pandemic mean that societal concerns about digital wellbeing and safer gambling continue to be material concerns in the sector. Non-profit organisations providing prevention and treatment services continue to require support to aid those affected by gambling-related harm, as well as frontline services in the communities where Playtech operates. 2021 was also a defining year for climate change with the historic COP26 conference raising the profile and call to action to tackle climate change. In addition, diversity and inclusion, with a focus on gender and ethnic diversity at leadership levels, continued to be a prominent issue.

## How we engaged and key considerations during the year

In 2021, Playtech established two new mechanisms for enhancing its Board-level engagement on sustainability and responsible business issues. At the beginning of the year, the Company established a Stakeholder Advisory Panel. The Panel was established to gain a better appreciation of changing stakeholder expectations and take them into account in how we do business. The Panel was also established in order to help Playtech advance its own strategy as well as help us raise standards for responsible business practices within the wider sector.

The Stakeholder Advisory Panel brought together external topic experts with our CEO, Non-executive Directors and 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, diversity and inclusion, and climate change.

During the year, Playtech also established a new Board Sustainability and Public Policy Committee to enhance oversight of its environmental, social and governance (ESG) strategy and performance. In addition to these new forums, the Board is provided with updates on developments through regular updates provided by the Compliance, Regulatory Affairs, Sustainability and Corporate Affairs functions. In 2021, the Board tabled sustainability during the April meeting where sustainability and ESG topics were considered. In addition, the Board Sustainability and Public Policy Committee met twice to review the strategy and priorities, as well as the refreshed diversity and inclusion strategy. In addition, the CEO, several Non-executive Directors and senior management participated in Playtech's Stakeholder Advisory Panel meetings throughout the year. During the year, Playtech held four, two-hour sessions of the Panel to discuss the sustainability strategy and material ESG topics for the Company, safer gambling strategy and diversity and inclusion, as well as climate change. The Stakeholder Advisory Panel served as a supplement to 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 formal summaries of the Stakeholder Advisory Panel meetings can be found on our sustainability website at [www.playtech.com](http://www.playtech.com).

The Board also received a formal update on trends and developments related to sustainability and ESG in April 2021. These formal updates are informed by regular stakeholder engagement activities, stakeholder materiality analysis and research initiated by the functions.

➋ For more information, please go to the Sustainability section on pages 43 to 76

# Excellent progress on our strategic priorities



**Mor Weizer**  
Chief Executive Officer

Playtech's crisis management team continues to lead a comprehensive response to the crisis in Ukraine, with the safety of the Group's employees and their families being the priority.

## Overview

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

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

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

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

The Group's B2B Gambling division continued to add customers, including attracting new customers in both regulated and soon to be regulated markets. Playtech signed an exciting new long-term agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands, ahead of the market's launch in October 2021. The agreement, which includes Playtech's full suite of products, also included the construction of a Live Casino facility which launched in Q4 2021.

To continue diversifying its B2B division, Playtech progressed discussions on further new strategic agreements and joint ventures, while also adding over 100 new brands to its SaaS offering. Playtech has now added over 250 new brands since launching the SaaS offering back in 2019.



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

Playtech continued to execute its Sustainable Success strategy in 2021, the highlights of which are detailed below and include the establishment of a Sustainability and Public Policy Committee to provide Board-level oversight on key non-financial strategy, commitments, targets and reporting matters. Playtech also launched a £3 million COVID-19 Recovery and Resilience Fund in partnership with the Charities Aid Foundation (CAF) to support over 50 organisations across 10 countries to date. The Company has continued to progress its strategic initiatives via its newly formed Executive Committee of senior management, comprising three female and seven male members, and it continues to implement changes throughout the organisation to drive progress towards its gender diversity targets.

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

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

#### Ukraine crisis

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

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

Company are working to help however possible including keeping in continuous contact with their colleagues.

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

#### B2B Gambling Regulated markets

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

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

#### The Americas

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

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

In Michigan, Parx launched online casino on Playtech's IMS Platform and Player Account Management (PAM) software in Q2 and went on to launch Playtech's Live Casino product in Q4. Parx will continue to launch in further states and with additional products going forward. Playtech also launched Live Casino with Bet365 in New Jersey in Q4 as it continued to accelerate the distribution of its live dealer product.

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

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

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

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

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

**"Playtech launched its first US Live Casino facilities in late 2021, with state-of-the-art studios launching in both Michigan and New Jersey. Another facility is under construction in Pennsylvania. The Company has significantly expanded its operational and back-office teams in the US to accelerate its presence in the region."**

# Chief Executive Officer's review continued

## B2B Gambling continued

### The Americas continued

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

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

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

**"In Latin America, Playtech continued to strengthen its market leadership as Caliente continued its excellent growth in Mexico and Wplay saw very strong growth in Colombia."**

### Europe

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

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

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

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

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

● To read more about Regulation in Europe, please refer to pages 41 and 42

### UK

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

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

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

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

The UK remains a key regulated market for Playtech given its longstanding relationships with major operators. Playtech has been actively involved in discussions around safer game design and online advertising and, through the

industry trade body the Betting and Gaming Council (BGC), is co-leading a working group on the subject. Playtech expects that its commitment to safer gambling and its use of technology and data to support its licensees in this area will see it remain the go-to platform for regulated markets including the UK.

● To read more about Regulation in the UK, please refer to page 42

### Other unregulated (excl. Asia)

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

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

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

### Unregulated Asia

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

### B2B – product developments

In order to continue diversifying its B2B Gambling division, the Group continued to add customers depending on commercial suitability and market dynamics, including attracting new customers in both regulated and regulating markets and progressing discussions on new



strategic agreements and joint ventures, as well as adding new brands using its SaaS offering. Playtech has now added over 250 new brands since the launch of its SaaS model in 2019. Over 100 of those new brands were added during 2021, including 888, Kindred and Novibet.

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

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

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

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

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

## B2C Gambling

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

## Snaitech Italy

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

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

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

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

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

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

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

## Germany and Austria

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

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

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



## 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 44 onwards.

➊ Read about our sustainability strategy from page 43



# Chief Executive Officer's review continued

## Safer gambling and sustainability

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

## ESG governance and engagement

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

## Enhancing Playtech Protect and safer gambling standards

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

## Carbon reduction

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

## Diverse and inclusive culture

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



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

## Mental health impacts of COVID-19

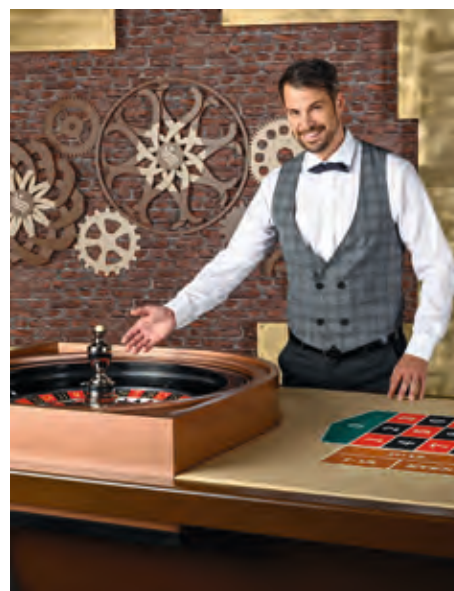
Recognising the significant impact of the pandemic on mental health, Playtech launched a £3 million COVID-19 Recovery and Resilience Fund, in partnership with the Charities Aid Foundation (CAF). The Company is pleased to have approved funding for 50 organisations in 10 countries to date.

## Group simplification

### Finalto

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

In May 2021, the Group announced the proposed sale of Finalto to a consortium led by Barinboim Group and backed by Leumi Partners Limited and Menora Mivtachim Insurance



Limited, together with key members of Finalto's management team (together "the Consortium"). The sale for up to US\$210 million was subject to shareholder approval. Prior to the shareholder vote, the Group received a non-binding offer for the Finalto Group from Gopher Investments ("Gopher"). Shareholders voted against the Consortium deal so that the Group could pursue the higher offer from Gopher.

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

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

"Recognising the significant impact of the pandemic on mental health, Playtech launched a £3 million COVID Recovery and Resilience Fund, in partnership with the Charities Aid Foundation."

## Mor Weizer

Chief Executive Officer  
24 March 2022

## Our awards

# Major recognition for our products and our people

In a year where industry awards honoured not only innovation in technology and content, but also the companies and individuals who proved true industry leaders during the COVID-19 crisis, Playtech and its people were recognised across several major industry award programmes.

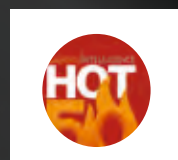


### International recognition at the EGR B2B Awards

Combining a virtual format with an in-person ceremony after a purely virtual 2020, the EGR B2B Awards remained a key date in the industry calendar. This year, Playtech was honoured in the Aggregator of the Year category, recognising the Company's innovative three-pronged approach to game selection and discovery – the Playtech Open Platform (POP) aggregator, GPAS game creation and the Playtech Games Marketplace.



Elsewhere, following Playtech's first international EGR award in 2020, the Company triumphed in two categories at the EGR Italy Awards – Casino Platform Supplier and Software Supplier.



### Playtech's record-breaking HOT 50 run continues

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 2021 awards, and joining a long list of Playtech alumni, were Director of Digital Bingo Angus Nisbet, Sales Director Lucinda Apostolou and Eyecon Commercial Director Paul Gilbert. Key achievements highlighted included the expansion of Playtech's Bingo business into Italy and Austria, plus major new agreements with Casumo, 777.be and Jumpman Gaming.



### Gaming Intelligence Outstanding Contribution Award

At a time when strong leadership has been more vital than ever for the industry, Gaming Intelligence presented its highest honour – the Outstanding Contribution Award – to Playtech CEO Mor Weizer, recognising initiatives such as Sustainable Success and Stronger Together. Judges praised Mor as “not just Playtech's leader; he is an industry leader. His impact has been huge”.



### Hat-trick in the SAGSE 2020 Rankings

Demonstrating Playtech's continuing impact not only in the key growth markets across the LatAm region but also in the United States, the Company experienced a triple success in the SAGSE 2020 Rankings, being recognised in the Best Online Platform Supplier, Best Online Poker Platform and Best Bingo Supplier categories.



### Recognition for female leaders at Playtech

The return of the Women in Gaming Diversity Awards this year saw Playtech's then Operations Director for Live Casino, Renana Faktor, and Julie Craig, Head of Development for the Corosin programme, recognised as Leader of the Year and Innovator of the Year respectively.



### Corporate & Financial Awards success

After being highly commended for its digital Annual Report in the Best Online Report: FTSE 250 category at the cross-industry Corporate & Financial Awards in 2020, Playtech's Investor Relations team took this to the next level in 2021, winning Silver in both the Best Online and Printed Report categories across the FTSE 250.



### Playtech honoured at European Diversity Awards

Playtech's drive to increase and encourage diversity and equality across the wider industry was recognised at this year's European Diversity Awards, with the Company winning the Diversity in Tech Award. The awards honour “organisations whose outstanding leadership has made a genuine difference to the equality, diversity and inclusion agenda”.



# Playtech ONE

Through Playtech ONE, our proprietary technology solution, Playtech has pioneered omni-channel gambling technology, which provides an integrated and open 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, yet modular, platform across all product verticals and across retail and online. Playtech's core B2B business is leveraging its Playtech ONE technology stack at scale 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.

## Multi-channel platform launch with Holland Casino

In Q4 2021, Playtech signed a new, expanded long-term strategic software and services agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands.

Playtech now supplies Holland Casino with a full turnkey multi-channel technology package, as well as certain ancillary services. The agreement includes the IMS platform, Sports betting, Online Casino, Live Casino, Poker and Bingo products, plus selected operational and marketing services.

Designed to deliver full compliance with the latest regulations in the Netherlands, as well as adaptability for long-term growth, the agreement gives Holland Casino the most complete and advanced product and services offering in the Netherlands.

The agreement includes the construction of a Live Casino facility in the immediate vicinity of one of Holland Casino's existing locations, offering Dutch players direct access to Playtech Live tables, including Live Blackjack, Roulette, Baccarat and the scalable Blackjack version of All Bets, via the casino website.

## Principles of Playtech ONE

- One single Player Account Management (PAM) platform – IMS – for full player lifecycle visibility and management from a centralised point
- Fully open platform, offering 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





## Our flexible offering

Playtech's IMS platform is the result of 20+ years of unparalleled scale, innovation and development. Playtech's historical approach of selling its entire IMS platform remains a key 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, our IMS platform capabilities can also be broken down into a set of easily identifiable services with distinct integrations. This componentisation of our software allows the delivery of 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, on a Software as a Service (SaaS) basis.

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 has reduced 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 has created a more attractive commercial opportunity for licensees and Playtech alike, with a higher margin opportunity for Playtech.

Playtech has not replaced the original model, but 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 extending our reach to additional operators and allowing them to deploy our technology in a quicker and more cost-effective way. This will increase our cross-sell capabilities with our licensees.

## Artificial intelligence

Playtech's artificial intelligence (AI) functionality, which is part of the IMS platform, allows its licensees the tools to analyse big data and use real-time automated insights into players' behavioural patterns, in order to provide each end-user with a personalised gaming experience. The AI functionality is driven by machine learning capabilities, which allows it to continuously improve itself and automatically provide a unique player experience with no additional effort or cost for licensees.

The functionality has several benefits for licensees, including the ability to segment players and personalise communication based on their behaviours, with a key focus on safer gambling. Insights from players' behavioural patterns combined with predictive models allow licensees to improve player protection, which can be done using Playtech's safer gambling technology driven by BetBuddy.

End-users can enjoy a data-driven, personalised experience throughout the player journey including bespoke games recommendations through Playtech's Personalised Games Grid (PGG).

The AI functionality is now embedded across Playtech's IMS platform and is used by Playtech's leading Tier 1 customers.

**“By delivering a more agile solution we are extending our reach to additional operators and allowing them to deploy our technology in a quicker and more cost-effective way.”**

## Accessing new opportunities

By evolving our technology in recent years, we 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 has provided Playtech with a significant future growth opportunity. This strategy successfully delivered more than 50 new brands in 2019, more than 100 new brands in 2020, and over 100 further new brands in 2021 across several markets.

>250

**new brands added since extension of offering launched**

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 automated and safe experience underpinned by insights from our data-driven business intelligence services.



## 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.

The modular structure of IMS allows for its continual expansion to adapt to new challenges in regulated markets globally, ensuring it remains the industry's leading Player Account Management (PAM) platform. In 2021 the platform benefited from a number of updates including the completion of 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 inside and 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 – automate and personalise 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 – real-time, easy-to-use personalisation and optimisation engine, powering our entire offering across all channels; and
- coin/chip deposit limits.

### 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. Major original brands include the Cash Collect™ suite, the new Empire Treasures™ suite, Age of the Gods™, the Fire Blaze™ series and the Power Zones™ suite.



Our range of exclusive film, sport and entertainment tie-ins includes the newly expanded Sporting Legends™ series, plus Hollywood brands such as MGM, Universal, Paramount and AMC – including the biggest branded game launch of 2021, The Walking Dead™.

With eight distinct global studios developing content under the Playtech umbrella, including the newly acquired Reel Web, 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 Parcels empower licensees to increase player engagement through gamification.

### 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, entertainment-driven live content offering, hosted by native-speaking dealers and presenters, includes all the casino classics, such as Blackjack, Baccarat and Roulette, in addition to innovative variants and gameshow-style content, including Unlimited Blackjack, Quantum Blackjack, Live Slots, Prestige Roulette, Football Roulette and Adventures Beyond Wonderland™. Our range includes popular Playtech brands such as Age of the Gods™ and Mega Fire Blaze™ Roulette – one of the most successful variants in Live Casino history – and content designed around globally popular licences, including The Money Drop™ and our flagship launch for 2021, Who Wants to Be a Millionaire™.

### 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 Trading Service to suit any customer requirements.

Around 400 million sports bets were placed on Playtech's technology in 2021. With over 250,000 events a year and a wider distribution than any other competitor, Playtech's experience and market share in key territories are unrivalled. Our mission is to continue to challenge the status quo to exceed expectations and deliver the ultimate in fully integrated, innovative Sports betting solutions internationally.

## Playtech introduces Cash Collect™ and Empire Treasures™ suites

Throughout 2021, Playtech has continued to build its “power suite” strategy with the launch of Cash Collect™ and Empire Treasures™. Building on the success of in-house assets such as Age of the Gods™ and Fire Blaze™, the power suite range is based on the principle of developing strong original brands that foster player loyalty and support retention, in addition to creating cross-vertical conversion opportunities.

Launched in the summer of 2021 with the popular game Sahara Riches™, Cash Collect™ is a suite of feature-rich slots aimed at experienced players, with distinct features in all games to encourage players to try out each game and to build a sense of anticipation around new releases. The suite is built using an innovative mechanism, where a special main game symbol awards on-reel cash prizes and also determines the number of free games. The impact of Cash Collect™ proved instant, with Sahara Riches™ becoming Playtech's most successful launch since 2019.

Empire Treasures™ is a jackpot-led suite, centred around timelessly popular historical themes, with a range of volatility profiles across the suite to suit a variety of players. The suite's four-tier progressive jackpot can be triggered on any spin in any game. Launched to coincide with the discontinuation of the DC Heroes Jackpot suite, Empire Treasures™ provides licensees with a clear replacement opportunity, while also building a long-term new brand with a loyal player audience.



### 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 20 brands and manages more than 60,000 daily players and 20,000 daily 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. The development of marketing and engagement tools such as hybrid missions, leaderboards and integrated player rewards is central to an evolving “gamified” experience, in line with the strategy to appeal to a wider demographic with long-term potential.

Following a resurgence in the online Poker market throughout 2020, Playtech Poker has experienced record numbers in 2021, with major operators on the Playtech Poker network moving into new markets, notably Betsson Group's expansion into Greece and Latvia and Bet365's new dedicated Greek site. In the key Italian market, Playtech hosted a series of major network tournaments, including the highly successful iPoker Extra Series in April with its €2 million prize pool.



## 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 for all content.

### 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 and perform

Playtech's Games Marketplace is an industry-leading content discovery platform, where

licensees can discover and access the portfolios of Playtech and its third-party content partners. The app style format is powered by Playtech's rich data, and allows users to search for content-based success and popularity by geography, demographic or other KPIs:

- open platform: more than 3,800 games available in one of the industry's largest open games platforms;
- ability to configure games for launch via single intuitive backend interface, cutting down time to market;
- intelligence and insights: Playtech's data-driven business intelligence tools allow for easy-to-follow stats and analysis on games; and
- 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;

- single interface for all supporting documentation and certification of games, both Playtech and third party; and
- automated customer email and web-based notifications of when games are added or updated.

Alongside the Games Marketplace, our RGS technology, 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.

In 2021, Playtech invested in and began a new partnership with US-based developer GameCo, which is currently developing a range of new titles using GPAS. GameCo specialises in arcade-style slots for digital and retail, creating unique content to appeal to a "Generation Z" demographic.



# Continued dedication to innovation

Playtech continues to innovate across its technology products and infrastructure.

## Highlights

In 2021, Playtech continued our dedication to innovation across our technology, content and infrastructure, in line with its strategy to lead industry direction in these areas.

### Engagement Centre

Within the IMS Engagement Centre toolset, the now fully rolled out Player Journey tool has become central to player lifecycle optimisation for our customers. This 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.

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, roll-out 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. Between July and December 2021, monthly leaderboard registration numbers rose from 100,000 to 375,000, with Sun Bingo, Wplay and Holland Casino amongst the key partners to adopt the tool for the first time in Q4 2021.

Successfully implemented by major partners including Entain, William Hill and Casino Grand Madrid, 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. Between July and December 2021, monthly Mystery Parcel registration numbers rose from 20,000 to 100,000.

### Data and personalisation

Playtech's 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 an industry-leading content discovery platform, used by over 100 licensees across more than 20 jurisdictions, to discover and access more than 3,800 games from Playtech's portfolio of content, over 30 third-party content partners and content created or edited in GPAS. 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

2021 has seen the launch of major new licensees on the Playtech Digital Sportsbook, including Holland Casino in October – the first Dutch licensee on the Playtech platform – as well as establishing a US presence to cater to the evolving demands of growing North American markets.



# Innovation continued

## Highlights continued

### Live Casino

Following a series of industry first content launches throughout 2020, including Live Slots, the Quantum series and the unique augmented reality game Adventures Beyond Wonderland™, Playtech Live has continued to develop its “next level entertainment” focus throughout 2021. Continuing the strategy of developing in-house brands across verticals, Mega Fire Blaze™ Roulette – based on the highly successful slots suite – has become one of Live Casino's most successful variants to date. Major new licensed brand collaborations include The Money Drop™ Live, continuing the key partnership with Banijay Brands, and Fashion TV, the latter designed to appeal to the US market, as Playtech Live continues to robustly expand its North American presence. December 2021 saw the launch of the flagship branded game of the year, Who Wants to Be a Millionaire?™, in partnership with Sony Pictures television. Additional key product developments for 2021 include the launch of the new Bet On games series (featuring Poker, Dragon Tiger and Baccarat) and the expansion of our localised and market-specific content, from the launch of the Andar Bahar card game (hosted by native Hindi-speaking dealers) to the growing range of local language versions of Roulette, including Portuguese, Greek, Hindi and Turkish.

The past 12 months has seen major expansion of our state-of-the-art studio space in key locations worldwide, including purpose-built locations in Michigan and New Jersey, designed to grow and diversify with the US market. In Europe, a new dedicated studio in the Netherlands will support our partnership with Holland Casino, with additional studio space being created in Switzerland in co-operation with Swiss Casinos.

Live Casino continues to be a major cross-selling opportunity, notably through themed and events-based content. The summer of sport was supported by a month-long special edition of Trivia Show Live, coinciding with Euro 2020.



### Poker

The Playtech Poker network has continued to grow following the market resurgence of 2020. Increased gamification has been a key focus throughout 2021, building on product developments such as time-based and event-based leaderboards and introducing new features such as missions-linked avatar and emoji packs, to deliver a rewards-focused experience, intended to appeal to a wider demographic beyond the traditional Poker audience. Other major developments include the introduction of Twister Arena tournaments – a more challenging Twister Poker tournament format, with a minimum number of players and rounds – and a new “Best Stack Forward” upgrade feature for two-level Flight tournaments.

### Bingo

Playtech Bingo continues to deliver innovative bingo content for its network, including Spirit Twister Bingo (a unique player capped bingo variant with a random prize multiplier) and Tombolaccia (an Italian bingo variant with additional prizes awarded before the one-line prize), as well as exclusive content such as Paddy's Full House (a fixed odds game with a traditional bingo hall theme).



Playtech's state-of-the-art Live Casino facility in Michigan

### Academy website

In 2021 Playtech launched the much-anticipated customer education portal, [www.playtechacademy.com](http://www.playtechacademy.com), where customers are able to search for knowledge resources, with cutting edge video content, podcasts, articles and live events. The new site allows users to search for digital materials to support day-to-day operations and marketing, easing the burden on face to face 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. Key partnership signings this year include eKYC and fraud detection specialists SEON, customer onboarding and ID&VA specialists GBG and in-game player support solution Zendesk.



## 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 and Cash Collect™: Sahara Riches™. 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 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, including both online and retail content. Its growing portfolio, covering an increasing range of markets, includes the new Thundershots™ series, Bee Frenzy and Sorcerer's Guild of Magic, as the studio's expansion continues.



### Ash

Founded in London in 2002, Ash is behind some of Playtech's most popular slots games, including entries in the Age of the Gods™, Empire Treasures™ and Sporting Legends™ suites. Operating on a maths-first design paradigm by developing compelling, balanced and unique models, it wraps games such as the 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 Playtech's most popular games and newest major releases, including Empire Treasures: The Queen's Curse™.



### Reel Web

A new addition to the Playtech family in 2021, the Australia-based Reel Web studio is led by some of the industry's most experienced hands-on professionals, with a 20-year track record across online and retail casino gaming. With a strong background in the Australian and APAC markets, the Reel Web team has the diversity of experience and skills to deliver both market-specific content and games with global appeal. The studio's newest game suite, Grand Junction, launched in early 2022.



### 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, and is the key developer for Playtech Bingo. 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

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

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 ten new activities each month, focusing on key new products, features and developments. 2021 saw the much-anticipated launch of Playtech's new customer education portal, [www.playtechacademy.com](http://www.playtechacademy.com), where customers are 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 benefits those who are not licensed with Playtech, who will be able to keep abreast of the latest industry trends and participate in online events. The new Academy site introduced a new and improved service for Playtech customers – "OneLogin" – where customers can now log in to the site, or any other Playtech service, with one account, anytime, anywhere. The website launched in a pilot mode, inviting 143 customers to test the site and experience the new offering. The website will launch globally in mid-2022.

In house, Academy provided hundreds of hours of public training events, including skills boosters, manager training and product onboarding during 2021 with employees spending an average of ten hours each on training. With the introduction of "Collections", Academy also pushed towards the micro-learning strategy, where direct managers are encouraged to own their team's development and learning. Working alongside global HR,

Academy delivered enhanced programmes and learning paths to employees and partners. Moreover, in 2021, Academy also onboarded Snaitech Italy to the platform, overseeing its training needs and requirements.

To meet the Company's regulatory requirements, Academy certified almost 6,200 employees as having successfully completed an Information Security and Social Engineering course. Academy was also the home of Compliance and Data Protection certificates issued during 2021, as well as additional training around Safer Gambling, Human Rights, Procurement and Anti-Slavery Policy. Through Academy, Playtech's senior management had further training that focused on advanced compliance laws and regulations. To meet the Company's sustainability commitment, Playtech hosted 174 hours of online, instructor-led training. Playtech employees also completed 960 LinkedIn courses over the year, with varied interests ranging from coding to soft skills.

Shimon Akad, COO at Playtech, said:

"It's fantastic to see Academy performing so well after the significant planning and investment that went into establishing it. Our goal is to deliver the most innovative products and technology. However, by providing accessible, intuitive support and training, we can help our customers maximise the benefits of that technology and ensure the best possible adoption and usage rates."



## Our B2C division

# B2C Gambling overview

In its B2C Gambling division, the Group utilises its proprietary technology and services 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 Sports 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 at the time. 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).

HPYBET, Playtech's retail and online Sport B2C business, which is managed by Snaitech, operates betting shops in Austria and Germany.

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.

## ***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

Italy, the second largest overall gambling market in Europe, is 73% land based and only 27% online with potential to continue growing significantly online. In 2019, the market was 89% land based and only 11% online, albeit with some of the shift to online since being attributable to the closure of retail shops in parts of 2020 and 2021 owing to the COVID-19 pandemic. Overall, the online market in Italy has grown at a CAGR of 25% in the last three years and the Group is, through Snaitech, perfectly positioned to capitalise on the continued shift towards online in the years ahead.

Snaitech's online business grew 45% in 2021 on a revenue basis. 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 Snai into becoming the market-leading brand across retail and online sports betting in 2021.



# Excellent online drives 2021 performance

In 2021 Snaitech continued to strengthen its market position in Italy.

Snaitech had a strong operational performance in 2021 when considering the significant lockdowns in light of the COVID-19 pandemic, which resulted in the closures of retail shops throughout H1.

Snaitech's total revenues in 2021 increased by 12% compared to 2020, despite the closing of retail shops throughout H1. Overall revenue growth was driven by 45% growth in online revenues, as well as a strong performance from retail when compared with 2020.

Snaitech's Adjusted EBITDA grew 38% driven by its impressive 54% growth in online EBITDA, which saw healthy overall margin expansion. The growth in Adjusted EBITDA was supported by the actions taken by management to mitigate the impacts of the pandemic.

## Online Adjusted EBITDA growth

# 54%

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 ever since the implementation of the advertising ban. Management believes that the advertising ban could facilitate market consolidation in the fragmented online market as online-only operators lose their means of advertising.

Snai confirmed its position as the leading brand in the market across retail and online sports betting in 2021 and also reached the number one position in overall online betting and gaming in H2 2021. Playtech expects Snaitech to continue to benefit from the advertising ban going forward and further strengthen its market position in online.

# #1

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

## Operational strength despite headwinds

While retail shops were closed in Italy throughout H1 2021, against a comparative period in H1 2020 which saw retail open as normal in January and February before the impacts of COVID-19 shook the world, Snaitech continued to generate revenues from betting and gaming online throughout H1 2021.

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

At the start of this year, Snaitech's expectation was that the retail closures in Italy would ease from approximately mid-March. However, given the continuing impact of the pandemic, retail shops were forced to remain closed for much longer and did not begin to reopen until mid-June.

Despite the loss of significant revenue from retail closures, Snaitech's double-digit Adjusted EBITDA growth was driven by the strong performance of online betting and gaming and supported by its franchise operating model with a low fixed cost base, as well as the actions taken by management to reduce costs. Management used the lockdown period in 2020 to continue strengthening Snaitech's technology to increase integration between retail and online, providing customers with a safe, multi-channel gaming experience, and this paid off in 2021 as the online business excelled.

As retail shops began to reopen in mid-June with the continued use of appropriate safety measures, Snaitech's performance was very strong from July through to December, while online continued to perform very well throughout H2. Overall, the business navigated the challenges of the pandemic to have a strong 2021 driven by online and management is confident of the prospects of this business going forward.



# Regulation accelerating new market opportunities

Regulation continued to be a major influence on the gambling industry throughout 2021, 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 Snaitech in Italy. Playtech continues to expand into new regulated markets, including the US as further states launch. 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.

“Playtech is well positioned in the Netherlands through its agreement with Holland Casino, which launched in October.”

### US

The regulatory landscape in the US is ever progressing. Since the repeal of PASPA in 2018, numerous states have approved legislation to legalise sports betting. Many of these markets have already launched in both online and retail channels, with others expected to launch soon. In total, 26 states now offer or have introduced legislation to allow sports betting, with further states expected to pass legislation in the coming years.

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

➤ To read more about Playtech in the US market, please refer to pages 18 and 19

### Europe

Regulation in Europe continues to evolve and regulated markets in the region represent significant growth opportunities. The Netherlands and Germany, both top ten markets in Europe, progressed on their respective regulatory resolutions with the Netherlands initiating its online gambling licensing process on 1 April, ahead of the market's opening on 1 October 2021. Playtech is well positioned in the Netherlands through its agreement with Holland Casino, which launched later in October 2021.

➤ To read more about Playtech's agreement with Holland Casino, please refer to page 30

After many years of uncertainty for online gambling in Germany, the Interstate Treaty became effective on 1 July 2021 and now paves the way for licence holders to offer online slots, online poker and sports betting.





## Regulation continued

### Europe continued

The main impacts of the Treaty included switching off casino table games (Blackjack and Roulette) until the individual Länder chose to issue licenses under the Treaty, deposit limits of €1,000 per month, €1 maximum stakes per spin on online slots, a five-second minimum duration of slot spins and certain advertising restrictions, while operators could begin applying for licences.

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 which 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, which lasted from Q3 2020 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. Another exciting region for Playtech is Colombia, where it will look to leverage its successful relationship with Wplay. Following its migration to Playtech's technology platform in late 2020, Wplay saw very strong growth in 2021 and is well positioned to capitalise on the exciting opportunity in Colombia in the years ahead.

Playtech has continued to execute on its latest strategic agreements in the region and launched its IMS platform alongside Casino, Live and Sports products in Panama, as well as launching its Bingo product in Costa Rica during 2021.

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

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



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 call for evidence, in 2021 the Government assessed the evidence presented, alongside other data, with the aim of setting out conclusions and any proposals for reform in a white paper in 2022. Playtech gathered data and evidence relating to the call and submitted it in line with the Government's request.

### 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 BGC'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 and Gaming Council, with some requirements implemented immediately in 2020, while others followed in 2021, for example a ban on online slot spin speeds of faster than 2.5 seconds and auto-play, which can lead to players losing track of their play. The Code is intended to be a living document, evolving as the research base and understanding around game design continue 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 Licence Conditions and Codes of Practice (LCCP), which would make compliance mandatory for all UK-licensed operators.



# A message from the Chair of the Committee



**Linda Marston-Weston**  
Sustainability and Public Policy Committee Chair

As a newly appointed Board member and Chair of the Board's new Sustainability and Public Policy Committee, I am delighted to share the progress and highlights of our performance for 2021. Playtech has set an ambition to grow its business in a way that has a positive impact on its people, its communities, the environment and its sector. Whilst we have made progress since launching our commitments in 2020, we recognise there is much more to do. The Board has increased its focus and challenged the business to think bigger and bolder about its approach to sustainability. Playtech recognises that sustainability is more critical now than ever. Society and our stakeholders want to see more action to tackle gambling-related harm, combat climate change, contribute to a more inclusive business culture and support communities and our workforce in its recovery from the pandemic.

During 2021, we made two significant steps to strengthen our approach to sustainability. The first was to establish a Board-level Committee to help improve Board oversight and support for accelerating progress against our commitment. The second was to establish a Stakeholder Advisory Panel to challenge our thinking and inform our approach to sustainability and future actions on safer gambling, diversity equity and inclusion, as well as climate change. The Stakeholder Advisory Panel has played an instrumental role in accelerating Playtech's journey towards embedding sustainability into its business strategy and culture.

Elsewhere, we have undergone an extensive exercise to better understand how climate change could pose risks and present opportunities for the Company in the short and long term. Our initial assessment can be found in the Task force on Climate-related Financial Disclosures (TCFD) section of this report (page 58). This exercise has been critical to help inform Playtech's climate action plan and will play a crucial role in meeting the Company's targets relating to emissions reduction in its operations and value chain.

This year, the Company has also refreshed its approach to promoting diversity, equity and inclusion across its leadership and workforce. Playtech operates in numerous countries, each with their own distinct cultures, which

requires nuance and sensitivity. Playtech's aim remains consistent; to focus on each individual and celebrate the difference and cultural diversity of its workforce. To guide and support the Company's approach of greater gender diversity, Playtech recently adopted a new target to increase female representation in leadership and senior management roles and support the pipeline of female talent within our organisation.

More information can be found on page 68.

Playtech will continue to report against its targets going forward. Whilst the Company has made significant progress during 2021, this is just the first step in its journey towards a sustainable future.

## Responsible business and sustainability continued

# Committed to building a sustainable industry

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

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.

At the heart of Sustainable Success, the Group has three commitments:

- powering safer gambling solutions;

- promoting integrity and an inclusive culture; and
- partnering on shared societal challenges.

Playtech has set goals for each of these commitment areas and will report on its progress year on year.

## 2025 sustainability strategy: Sustainable Success



### Powering safer gambling solutions

#### Goals and targets

- 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 across our operations

### Promoting integrity and an inclusive culture

#### Goals and targets

- Promote integrity and reduce compliance risk across our operations and supply chain
- Reduce our carbon footprint by 40% by 2025 against a 2018 baseline
- Support employee wellbeing
- Increase gender diversity amongst our leadership population to 35% by 2025

### Partnering on shared societal challenges

#### Goals and targets

- By 2025, engage 30,000 people each in community programmes and mental health programmes to improve livelihoods
- Engage 415,000 people with digital wellbeing programmes by 2025
- 5% year-on-year increase in employees contributing their skills, time or money to their community through Playtech's community investment programmes, reaching a global average of 10% of employees

This section outlines key responsible business developments in 2021 and the Company's plans for the future, including both narrative commentary and a growing suite of key performance indicators. This approach of responsible business 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 constantly 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 was performed in Q4 2020. 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 the newly formed Stakeholder Advisory Panel which provided additional insights and made recommendations for keeping the assessment up to date in the future. In addition to the ongoing monitoring of material issues, Playtech will update its materiality analysis in 2022.

The diagram below provides a visual overview of the material concerns, segmented into 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 issues identified as being the most material are:

- **safer gambling** embraces areas such as game design and product safety, marketing, investment in research, education and treatment (RET), customer engagement, regulation, data analytics and the use of AI;
- **carbon reduction and energy efficiency** covers policies, initiatives and performance relating to climate change prevention, mitigation and adaption;
- **corporate governance** 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 and corruption (ABC), tax evasion and professional integrity;
- **human capital management** covers issues such as talent attraction and retention, employee engagement, training and development;
- **Diversity, Equity and Inclusion (DEI)** covers increased representation and inclusivity covers increased representation and inclusivity for various underrepresented groups;
- **data protection and cybersecurity** relates to policy, governance, and resourcing as well as operational KPIs including breaches and compliance costs; and
- **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.

Playtech recognises the area of DEI as a separate and stand-alone issue. 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

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, and as a result many issues are reported in more depth outside of the annual reporting cycle. For instance, Playtech has participated in the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) on diversity as well as the Carbon Disclosure Project (CDP) disclosure system to manage environmental impacts.



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



# Responsible business and sustainability continued

## Sustainable Success governance structure



Sustainable Success is increasingly embedded in how the business operates. In 2020, the business began developing a KPI scorecard that will enable the Company to systematically review its non-financial performance. In 2021, Playtech has taken steps to strengthen its sustainability governance and its priorities across the business. Playtech's approach continues to be informed by the constantly evolving ESG agenda and changing stakeholder expectations of business, as well as its commitment to delivering against the objectives in its strategy.

Society, the economy and the industry are all changing rapidly. As a result, Playtech recognises businesses need to deepen their engagement and dialogue with stakeholders from inside and outside their industries. This is in order to inform and challenge the Company's approach to sustainability and the way we do business. Playtech has established an external advisory panel to help advance its own strategy and raise standards for responsible business practices within the gaming sector. The Stakeholder Advisory Panel (SAP) brings together external topic experts with senior internal decision makers to sense check, challenge and provide direction on key non-financial topics. The Panel is attended by Playtech's CEO and Chair of the Sustainability and Public Policy Committee and complements Playtech's existing and regular stakeholder engagement mechanisms.

Playtech held four sessions in 2021:

- In the first session, the Panel reviewed Playtech's sustainability strategy and its approach for identifying material ESG issues.
- The second session focused on safer gambling with a particular focus on product and game design and innovation and research.

- The third session focused on DEI.
- The fourth session focused on climate change and Playtech's updated longer-term roadmap to reduce emissions in line with actions required to limit global warming to 1.5°C.

Throughout the year, the Panel's insight, engagement and challenges provided an invaluable perspective to help Playtech accelerate and mature its approach going forward. The outcomes from the sessions are helping to inform planning for 2022 on the specific topics explored during the workshops. Embedding sustainability into the Company's purpose and ambition, clarifying the business case for change and action, harnessing employee engagement and insight, and leveraging the Company's role as a catalyst for greater collaboration in the sector were key themes raised in all of the sessions. For detailed summaries of the Panel meetings and the actions that Playtech are taking forward, see the following link: <https://www.playtech.com/sustainable-success>.

### Sustainability governance

In June 2021, the Board established a new Sustainability and Public Policy Committee. This Committee's primary responsibility is to review, monitor and advise on Playtech's sustainability, responsible business and public policy matters. The Committee reviews the ESG considerations, continued effectiveness of the ESG strategy and policies and ensures appropriate governance is in place for the successful execution of the strategy. This includes the approval of the ESG strategy, including the implementation plan and corresponding business commitments and targets; reviewing and approving ESG policies and progress against the delivery of the strategy; overseeing the Company's disclosures of ESG matters in the Annual Report

and Accounts and any other information to be provided to third parties; monitoring stakeholder engagement and sentiment on ESG matters and the Company's approach, strategy and progress; and liaising with other Committees as appropriate. The Committee will oversee the Company's key non-financial commitments, strategy, targets, metrics and reporting.

The day-to-day responsibility for managing sustainable business sits within the Sustainability function, which is part of the Compliance and Regulatory Affairs function. In practice, this function co-ordinates action, provides subject matter expertise, delivers support to other functions, business units and country management and manages and tracks performance as well as leading engagement and partnerships with external stakeholders, alongside the Corporate Affairs Director.

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), who 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 and scrutinises the processes and/or data used to populate the KPIs.

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 with the following objectives:

- inform Playtech's products teams, 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; and

- share information and raise awareness of progress, challenges and/or resource concerns that may impact Playtech's compliance and regulatory position.

Participation in the Compliance Council 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; Innovation and Consultancy.

## Group scorecard

- Over the course of 2020, Playtech developed a Group scorecard to assess performance against key non-financial metrics. In 2021, Playtech strengthened its diversity and inclusion strategy, which is reflected in the updated fifth goal.
- The Group scorecard remains 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 is designed to monitor, inform and assess progress towards the environmental, diversity and wellbeing, supply chain and social investment goals.
- Playtech also tracks performance in specific areas, such as the safer gambling industry commitments, including how Playtech is meeting its commitments to voluntary safer gambling commitments.

Goals		Measuring progress
<b>1. Operational excellence in safer gambling</b>		Strengthening operational performance and meeting evolving best practices
<b>2. Uptake of safer gambling solutions</b>		Delivery of Playtech Protect solutions
<b>3. Innovation in safer gambling solutions</b>		New/evolved safer gambling products/services and innovation including SaaS partnerships
<b>4. Low-carbon business</b>		Reduction in GHG emissions towards 2025 target of 40% absolute reduction vs 2018 baseline
<b>5. Improved gender and cultural diversity, and wellbeing</b>		<p>Progress to be assessed against the following objectives and targets by 2025:</p> <ul style="list-style-type: none"> <li>• Increase gender diversity amongst Playtech's leadership population to 35% female representation by 2025 (2021 baseline year), by: <ul style="list-style-type: none"> <li>• Promoting an inclusive culture across the organisation</li> <li>• Having a more gender diverse workforce and increasing representation of gender at all levels of the organisation and across all functions</li> <li>• Increasing leadership representation of underrepresented groups</li> <li>• Taking a data-driven approach to increase workforce diversity at all levels of the organisation and across all functions</li> </ul> </li> <li>• Year-on-year reduction in gender pay and bonus gaps</li> <li>• Uptake of global wellbeing programme and KPI measurement</li> </ul>
<b>6. Responsible and sustainable supply chain</b>		Process improvements to embed compliance and sustainability in procurement, risk management and decision making (licensees, partners and JVs)
<b>7. Transparent spend and maximised impact of community investment</b>		<p>Delivery of flagship commitment to promote healthy online living, strategic planning of investment, employee engagement and reach of community investment initiatives</p> <p>Launch of new set of targets for social investment and employee volunteering using 2021 baseline:</p> <ul style="list-style-type: none"> <li>• Number of people engaged with community programmes to improve livelihoods: 30,000 over five years</li> <li>• Number of people engaged with digital wellbeing programmes: 415,000 over five years</li> <li>• Number of people engaged with mental health programmes: 30,000 over five years</li> <li>• % of employees in key markets who contributed their skills, time, or money to their community through Playtech's Community Investment programmes: a global average of 10% of employees in key markets with a growth of 5% every year</li> </ul>

# 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 relates to 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.

## Playtech Protect

Since acquiring the AI-driven 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 products and services. It brings together Playtech's responsible gambling and compliance technology, tools, services and research capabilities. This includes the IMS platform, Engagement Centre and BetBuddy AI-driven application, as well as ongoing research into sustainable product and game design. You can visit the Playtech Protect page at <https://www.playtech.com/playtech-protect> to find out more.

Playtech is pioneering the use of research, data and technology to develop products to identify at-risk customers through the use of AI and to deliver tailored safer gambling interventions, with a particular focus on personalised in-play messages to customers, based on their personalised risk profiles.

In 2021, Playtech continued to grow its Playtech Protect offering through research partnership and innovation. The Company has continued to increase the uptake of safer gambling technology tools and solutions. This year, Playtech has nine brands deployed and integrated with BetBuddy, compared to seven brands in 2020, with an additional four brands currently planned to be integrated in the first months of 2022. With more jurisdictions introducing specific requirements on the use of behavioural analytics to detect players at risk, Playtech expects an increased demand for advanced profiling, when previously demand was mostly driven by operators wanting to be more proactive in the field of safer gambling regardless of whether it was a specific compliance requirement. 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 2021, Playtech added three new compliance and safer gambling SaaS partnerships bringing the total number of compliance and safer gambling partnerships to nine. These partnerships play an important role in supporting more licensees to compete, grow and thrive in the changing regulatory landscape, by giving them more choices of best-in-class solutions and making access easier via the Playtech integration.

Playtech is committed to using its technology to support safer gambling. The Playtech Engagement Centre can be used by licensees to create bespoke safer gambling journeys, which licensees can use to interact with their players and provide information or encourage them to undertake a specific action. For example, a player journey can be created for players who have deposited a certain amount in a period of time but do not have a deposit limit on their account, which means that a certain action would trigger an in-session pop-up that recommends the player to set a deposit limit and provide details on how to choose an appropriate limit based on their budget and a link to the deposit limit setting functionality.



The Company has promoted the use of player journeys as part of an operator's safer gambling strategy and provided training and demonstrations to licensees throughout 2021. During 2021 this has led to an increase in the number of licensees using safer gambling player journeys from 5 to 11, and the number of individual safer gambling player journeys, which include player identification and verification, per month from 10 to 91. The Company will continue to increase the use of the player journeys, as a safer gambling solution, in 2022.

As part of the Playtech Protect launch, Playtech created a new asset library which makes available its latest research and thought leadership 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 all stakeholders, including regulators, research organisations and academics, and national and international trade bodies, with the aim of increasing the knowledge and research base on key sector issues. Playtech also produces briefing papers on these topics which are designed to make them more accessible to a wider range of interested stakeholders such as industry participants and regulators. Playtech's safer gambling research programme covers a variety of highly relevant themes, including Data Analytics, Product Safety, Ethics and AI, and Digital Resilience. The programme builds on the ongoing efforts to be at the forefront of research into behavioural gambling risk factors and how to convert those insights into player engagement. The Company has a dedicated LinkedIn showcase page to help keep the industry abreast of the latest developments in safer and responsible gambling. In 2021, Playtech published three research papers in academic journals and released three industry briefings. All are available on Playtech's website at <https://www.playtech.com/playtech-protect/research>.

As Playtech's strategic focus expands to other markets such as the US and Canada where individual states and provinces are beginning to regulate online gambling for the first time, the Company will use its experience in compliance and safer gambling to support its licensees in those markets. This will ensure that the opportunities that regulation create are balanced with the need to protect consumers.

## Employee engagement and safer gambling solutions

Playtech Protect ran its first innovation challenge which invited colleagues from product teams around the business to identify and pitch ideas for new products and solutions to support safer gambling. The challenge was run with support from EPIC Risk Management, which provided facilitators as well as the perspective of those with experience of gambling-related harm. A number of the proposals submitted have been shortlisted for further analysis and refinement with a view to implementing the successful ideas in 2022.

## Safer Gambling Standards

In April 2021, Playtech was the first company to receive the GamCare B2B Safer Gambling Standard. GamCare is the UK's leading provider of information, advice and support for anyone affected by problem gambling. The GamCare Safer Gambling Standard is an independent quality standard which assesses the measures businesses have put in place to protect customers from experiencing gambling-related harm. The accreditation process involved an in-depth review of Playtech's business, from focusing on the Company-wide culture and executive support for safer gambling to how the product teams build in safer gambling to the design and development of products.

The Snaitech Group is committed to implementing new initiatives dedicated to responsible gaming and player protection. The G4 international certification of responsible online gambling, achieved in 2020, remains valid until 2023.

## 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.

Playtech continued its partnership with TruNarrative in 2021. The partnership brings together a variety of risk, compliance and safer gambling solutions on a single integrated platform. These solutions include age and identity verification, electronic Know Your Customer

checks, fraud detection and AML compliance. In 2021, the integration of Affordability UK provided licensees with a solution that accurately and reliably identifies customers whose gambling spend may be unsustainable. The platform Playtech has developed with TruNarrative ensures that the Company can provide licensees with the benefit of being able to choose from a range of best-in-class solutions that meet their compliance and regulatory requirements and provide a simple integration process that minimises the effort required by licensees. This is particularly beneficial for licensees in newly regulated markets such as US states and the Netherlands as it enables them to easily meet their regulatory requirements whilst streamlining launch strategies.

## 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 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 BGC code formed the basis of regulatory changes introduced by the Gambling Commission in October 2021.

In 2021, the Journal of Gambling Issues published the paper "Safer by design: Building a collaborative, integrated and evidence-based framework to inform the regulation and mitigation of gambling product risk" which was written by two respected academics and the Playtech Protect team. This policy paper set out the need for a "whole system approach" to addressing product risk. Playtech intends to continue its research in this area and is seeking to build relationships and exchange knowledge with the widest range of stakeholders possible in order to build a better understanding of how this element of gambling harm effects individuals and its consequences can be minimised/mitigated.

# Responsible business and sustainability continued



## Stakeholder engagement on minimising harm in gambling products

Playtech engaged Demos, Britain's leading cross-party think tank, to convene two roundtables on minimising harm in gambling products. These were held in autumn 2021 and each roundtable drew together a diverse group of stakeholders with a range of different experiences and expertise to discuss the key challenges and identify possible solutions.

## 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 three new policy and research papers on topics such as product design, AI and the future of responsible gambling. These papers have been disseminated through some of the most respected global AI conferences in the world, including:

- Safer by design: Building a collaborative, integrated and evidence-based framework to inform the regulation and mitigation of gambling product risk, Journal of Gambling Issues, September 2021;

- Volatility under the spotlight: panel regression analysis of online slots player in the UK, International Gambling Studies Journal, March 2021; and
- AI: The Future of Harm Reduction? – The potential for artificial intelligence (AI) to guide the future of responsible gambling is compelling, The VIXIO Gambling Compliance Podcast, March 2021.

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.

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 AML, collusion and safer gambling over the past three years. In 2021, escalations on safer gambling have experienced a small increase due to the increased average number of players per quarter.

## Escalations to licensees – iPoker

AML (%)	
2021	0.02
2020	0.03
2019	0.05

Collusion (%)	
2021	1.03
2020	1.03
2019 <sup>1</sup>	6.06

Responsible gambling (%)	
2021	0.39
2020	0.36
2019	0.14

<sup>1</sup> Restated due to amended methodology with more refined calculation of unique players for full year based on quarterly data.

## Responsible gambling escalations 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 is reporting on safer gambling escalations to include data from its Live Casino operations in Spain, Romania, Belgium and Latvia.

In 2020, Playtech reported 19,558 at-risk escalations from its Live Casino operations. In 2021, at-risk escalations from all active Live operations totalled 23,802 cases. This number has increased due to new products and the launch of new tables resulting in increased player chat activities.

## B2C – strengthening safer gambling in B2C operations

In 2021, the Playtech UK B2C operations team continued with its initiatives to reduce the impact of gambling-related harm.

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 the 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 Marketing 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 business have bonuses linked to ensuring a proper performance of all processes that support the Compliance Programme.

## Identifying at-risk players

Playtech operates a multifaceted and market-leading classification process aimed at identifying players who may be at risk of gambling-related harm, at the earliest possible stage.

The process, carried out through "BetBuddy", Playtech's proprietary artificial intelligence-driven safer gambling analytics tool, relies on three models that run in parallel:

- an exhibited (statistical) model, designed to assess behavioural change and based on each player's individual patterns and changes. It focuses on consistent increases in behaviour across staking, bets, frequency, variability and session time;
- a declared behaviour model, based on the outcome of the players' self-tests, according to the problem gambling severity index (PGSI); and
- an AI machine learning model, that uses up to 70 behavioural markers to pattern match individual players with those who are known to have experienced harm (e.g. regular players who eventually decide to self-exclude or high self-report on PGSI). The model is supplemented with "expert rules" to improve machine models and the data-driven approach, and is fully explainable, allowing expert and regulatory validation, testing and continuous refinement.

BetBuddy has been fully integrated into its major UK brands and is providing improved insights into the risk of gambling-related harm that are being faced by its customers. As such, Playtech is confident that it is more accurately identifying customers who are at risk of gambling-related harm and the reasons for this exposure.

The behaviour of higher risk customers is monitored in accordance with Playtech's Customer Risk Management process. The first intervention step can consist of automated personalised in-play messages, tailored to the individual player's profile as identified by

BetBuddy, to maximise the chances of a positive feedback. As described below, these kinds of interactions have proved to be up to 21x more effective in the trials than the previous blanket email RG campaigns.

If a customer's behaviour still 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, has also been enhanced with the insights provided by BetBuddy. This is enabling Playtech B2C operations to deliver the right type of interaction at the right moment dependent on a customer's behaviour. 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 globally. Once complete, Playtech will be able to see over time customer segmentation according to responsible gambling risk.

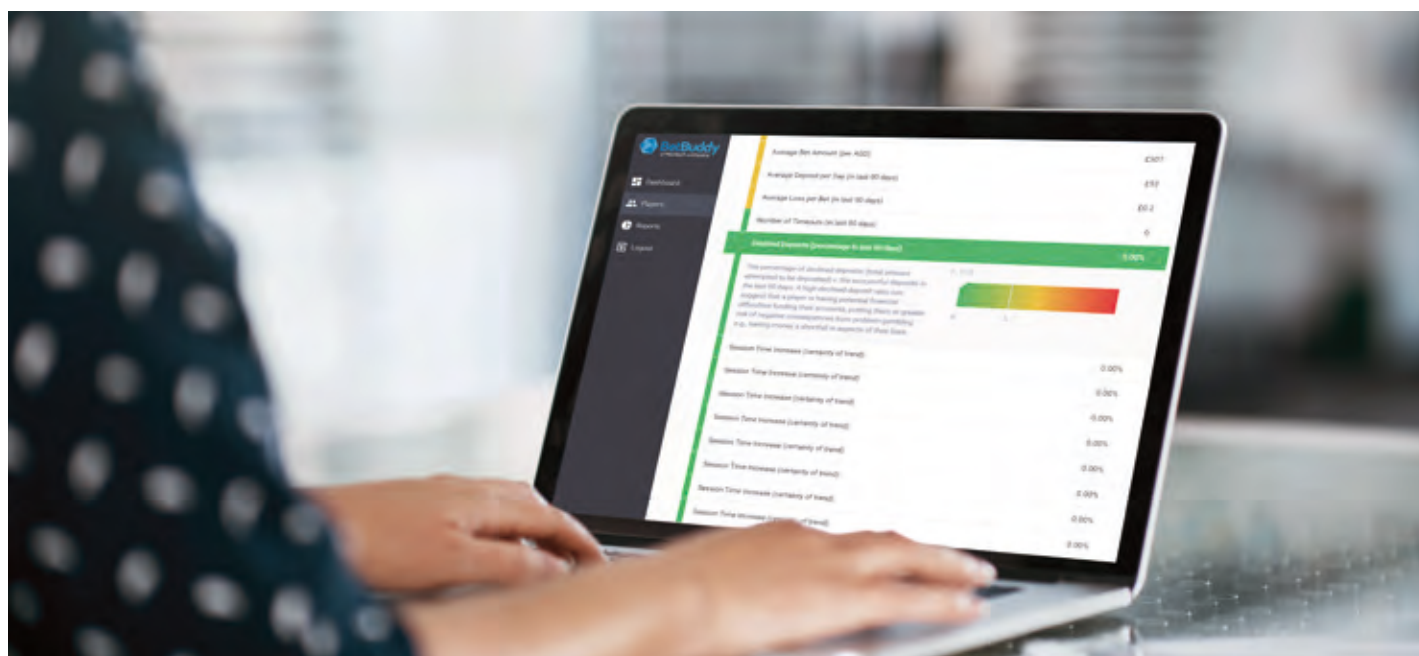
Playtech expects the enhancement of its current systems and processes to increase the efficacy of responsible gambling interactions.

In 2021, the B2C Operations team engaged with customers on safer gambling through several channels including emails; person-to-person interactions via phone, email, or live chat; pop-up messages; and customer clicks on SmartTips, the brand's consumer-facing hub for tips and advice on safer gambling. The increase in the interactions was mainly due to the proactive engagement with the players to provide them with more information on safer gambling.

	2021	2020
Total number of emails sent	529,244	420,071
Total number of person-to-person interactions (phone/email/live chat)	5,314	6,478
Total number of pop-up messages	147,603	21,276
Total number of clicks on SmartTips	71,390	42,048



# Responsible business and sustainability continued



## B2C – strengthening safer gambling in B2C operations continued

### Safer gambling – B2C data points

The chart below shows the number of self-exclusions and use of responsible gambling tools within the UK B2C operations in 2021 as a proportion of the total unique customers.

The proportion of customers self-excluding increased by approximately 1%. Of this number, an increase was noted in the numbers of customers making use of the UK national self-exclusion scheme (GAMSTOP) which may indicate that the efficacy of the scheme may be improving.

The number of customers using responsible gambling tools has risen since 2020. This increase is encouraging as it demonstrates that the B2C operations responsible gambling communications strategy may be persuading customers to adopt positive gambling behaviours.

### Responsible gambling performance – B2C

	2021	2020 <sup>4</sup>	2019
Proportion of customers self-excluding (%) <sup>1</sup>	10%	9%	9% <sup>3</sup>
Proportion of customers using RG tools (%) <sup>2</sup>	32%	29%	27%

<sup>1</sup> Number of self-exclusions and registrations with GAMSTOP as a percentage of total unique customers within Playtech's B2C operations in the UK.

<sup>2</sup> RG tools comprise reality checks, time-outs and deposit limits.

<sup>3</sup> Restated due to improved methodology to consider unique players. Previously reported figure (27%) included non-unique player accounts.

<sup>4</sup> Transposition error in 2020.

### Affordability and player risk

During 2021, there has been considerable regulatory discussions regarding regulatory requirements relating to customer affordability. The Gambling Commission of Great Britain consulted formally on thresholds that would trigger the requirement for operators to obtain evidence of a customer's ability to afford their levels of gambling spend.

Despite the ongoing regulatory discussions regarding affordability being in a state of flux, Playtech UK B2C operations have ensured that it has controls in place to appropriately monitor customer behaviour and spend.

Further, it implements spending limits where behaviours or spend may indicate a risk of gambling-related harm that cannot be increased without affordability evidence being provided by a customer.

Playtech has also continued to work with third-party providers to ensure that at the point where there is regulatory certainty regarding customer affordability it will be able to leverage a wide range of affordability solutions.

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 operations 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 backend 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.

## Progress on safer gambling commitments

Since the launch of the safer gambling commitments in 2019, Playtech continues to report progress in 2021 against each of the five commitments.

Commitments	What it means for industry action	Playtech progress
<b>Prevent underage gambling and protect young people</b> Prevent underage gambling and introduce the most effective protections for early-stage customers of any age-restricted product category 	<ul style="list-style-type: none"> <li>Contribute £10 million of funding for the national education programme</li> <li>Work with the financial services industry to block gambling transactions on accounts held by under-18s</li> <li>Use adtech to prevent under-18s seeing gambling adverts online</li> </ul>	<ul style="list-style-type: none"> <li>Continued to support the UK national Young People's Gambling Harm Prevention Programme, which is being delivered by GamCare and YGAM</li> <li>Continued the partnership and participation in GamCare's Gambling-Related Financial Harm Programme (GRFH), a multi-stakeholder 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 standards, innovate and connect</li> <li>Continued utilising Rightlander to monitor affiliates associated with UK B2C operations</li> </ul>
<b>Increase support for treatment of gambling harm</b> Support the scaling up of treatment services across the UK by recognised treatment providers as part of a long-term strategic plan 	<ul style="list-style-type: none"> <li>Increase financial support over the next five years that supports delivery of this strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>Continued to support existing and new RET programmes including the development and delivery of digital treatment services</li> <li>Ongoing investment of the committed £5 million over five years to support digital wellbeing, safer gambling and mental health initiatives</li> <li>Deployed the Recovery and Resilience Fund to address the short and long-term impacts of COVID-19 on mental health and safer gambling support services</li> </ul>
<b>Strengthen and expand codes of practice for advertising and marketing</b> Develop and adopt the highest standards in marketing and advertising codes of conduct 	<ul style="list-style-type: none"> <li>Adopt a new Code of Conduct for sponsorship activities</li> <li>Adopt a new Code of Conduct for Responsible Promotions, including bonuses, customer contact, VIP promotions and rewards</li> </ul>	<ul style="list-style-type: none"> <li>Updated existing policies and procedures to reflect industry best practice and revised regulatory requirements</li> </ul>
<b>Protect and empower our customers</b> Introduce new player protections in product design and customer engagement, making it easier for people to gamble safely 	<ul style="list-style-type: none"> <li>Adopt new industry-wide standards to embed safer gambling practices throughout the customers' gambling experience</li> <li>Implement best practice in relation to identifying and interacting with at-risk customers via affordability assessments</li> <li>Work with the banking industry to encourage all banks to offer blocking software</li> <li>Develop clear and consistent product labelling and product information to help customers make informed choices</li> <li>Participate in a mechanism to enable gambling companies to share data on vulnerable or at-risk customers</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Betting and Gaming Council working group on game and product design, which helped ensure consistent implementation of new Gambling Commission standards to make games and products safer</li> <li>Integrated TruNarrative and Affordability UK into IMS, to support licensees in identity verification, KYC and affordability checks</li> <li>Refreshed customer identification and interaction procedures in line with COVID-19 code of conduct and improved procedures in UK B2C</li> </ul>
<b>Promote a culture of safer gambling</b> Create a positive culture within business and the industry, where safer and well-controlled gambling is the norm 	<ul style="list-style-type: none"> <li>Commit to achieve GamCare's Safer Gambling Standard and to work towards achieving the Advanced Levels Awards</li> <li>Have an appropriate Employee Safer Gambling Policy setting out actions to deliver these commitments</li> <li>Participate in an open-source collaboration repository for all gambling companies to access safer gambling tools and open-source code and share best practice to raise safety standards across the industry</li> </ul>	<ul style="list-style-type: none"> <li>Secured GamCare B2B Standard in 2021</li> <li>Completed KnowYourMind programme and built on the next phase to roll out global safer gambling and wellbeing programmes for employees</li> <li>Ongoing research and insights published on safer gambling as part of leadership and personal development for industry</li> </ul>

# Promoting integrity and an inclusive culture

At Playtech, employee behaviour is guided by values of integrity, innovation, excellence and performance. These values are a vital part of the ethical business principles, guide all employee decisions and are the foundation of all of Playtech's achievements. 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 – People, Technology, Products, Customers and Safer Gambling. Working together in these areas will be integral to our Sustainable Success strategy. Having the best and most passionate people in the industry working together; developing the most advanced technology through R&D and innovation; building smart products to identify and resolve future challenges for our customers; working collaboratively with our licensees; and working with the industry to raise safer gambling standards.”

**Shimon Akad**  
COO

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 in employee diversity.



## As part of the 2025 sustainability strategy, Playtech will focus on:

- promoting integrity and reducing compliance risk;
- reducing its carbon footprint by 40% by 2025;
- supporting employee wellbeing;
- increasing gender diversity amongst its senior leadership to 35% by 2025; and
- working to reduce the gender pay gap and achieve year-on-year improvements in employee diversity.





### 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 Politically Exposed Person (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, interview 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.

### 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. These are reviewed and updated on a regular basis. Playtech also published a new global environmental policy outlining the Company's commitment to reduce its environmental footprint. It also sets out the commitment to buying renewable energy and engaging suppliers to reduce Playtech's supply chain emissions.

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

# Responsible business and sustainability continued

## Reducing compliance risk continued

### 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, employees involved in the procurement process are assigned to bespoke training on human rights and modern slavery; the module is designed 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, ESG, anti-money laundering and anti-corruption, as well as regulatory developments.

Playtech also delivers bespoke anti-money laundering training for relevant roles including compliance, legal, business development and B2C management. Playtech continued the engagement with the International Compliance Association (ICA) to deliver modules on Compliance, Risk and Governance, Financial Crime in Gambling and AML topics for B2B activities.

In addition, 165 people with B2C roles participated in bespoke safer gambling training delivered by YGAM and 69 senior managers

participated in tailored risk and corporate governance training.

Playtech is committed to strengthening its training, learning and development for its employees year on year. In 2021, Playtech continued its engagement with the Responsible Gambling Council of Canada to develop and analyse findings from the compliance training feedback surveys (e-learning and face to face) and provide recommendations on how to strengthen its initiatives in the future. Similar to 2019, 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 will be analysed with the aim to provide a baseline for assessing the impact of training and staff satisfaction on key return-on-investment factors such as staff retention. Overall, more than 560 Playtech employees voluntarily completed the compliance training and responsible gambling initiatives survey, with the analysis to take place in Q1 2022.

In 2021, Playtech continued with the excellence awards programme, which included an "Engagement and Impact Champion" to recognise employees helping to advance its sustainability strategy.

### Speaking up

An important aspect of Playtech's commitment to conducting its business with integrity and promoting a culture of openness 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 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 enhanced its Speak Up policy procedures and platform and refreshed awareness for colleagues across the business, as part of the compliance training. During 2021, Playtech had two incident reports, anonymously submitted in writing via the Speak Up platform. These incidents triggered the internal review and escalation process to the Chief Compliance Officer and General Counsel for review.

### 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
Compliance <sup>1</sup>	6,279	5,822	93%
Human rights	235	201	86%
Customer interactions (B2C)	177	165	93%

<sup>1</sup> Includes Snaitech employees.

## Cybersecurity and data protection

Playtech is committed to protecting and respecting the data it holds and processes, in accordance with the laws and regulations of the gaming markets in which it operates. The Company's systems, software, technology, control policies and processes have been adjusted to ensure appropriate management of privacy risk. 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.

Playtech's Group-wide security and privacy policies support the management of data privacy risk and are accessible to and applied by all its global businesses units. Playtech provides

transparency to its players, employees and stakeholders on how it collects, uses and manages their personal data and their associated rights.

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 takes all possible steps to safeguard personal data by adhering to the principles contained within the GDPR legislation, 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; and
- tracking the access to personal information and assuring the access rights.

Playtech has established a dedicated Data Protection team that reports monthly to the Board on data privacy risks and issues. The Data Protection team's work focuses on driving privacy by design, conducting reviews and data privacy impact assessments. The Group implemented procedures that set out clearly the action to be taken when dealing with a data privacy incident. These include notifying regulators, clients or other data subjects, as required under applicable privacy laws and regulations. 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.

Playtech is proactive in refining its approach to data privacy. Acknowledging the evolving regulatory and technological landscape and changing customer habits and trends, the Company seeks continuous improvement both in its policy and the application. This is supported by ongoing security audits based on international security standards such as ISO 27001 across Playtech's sites and PCI-DSS, a licensee specific audit.

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.

#### Information and physical security

The Global Security team in Playtech oversees the operational, technical and organisational measures taken to protect the organisation from both cyber and physical security risks. Domains such as infrastructure, application, compliance and physical facilities are covered by a comprehensive security programme which assures the safe and secure operations of Playtech's business.

The Global Security team has a strong customer-centric approach manifested by:

- emphasis on securing customer data at rest and in transit;
- educating licensees on the security capabilities of the Playtech technology;
- monitoring activities around production applications and infrastructure;
- assuring suppliers and third parties undergo a due diligence process before any integration with the Company's infrastructure; and
- performing ongoing security audits and tests to verify the security controls in place.

The Global Security team provides its input to the corporate risk register as well as monthly updates to the Board about the security programme and ongoing projects, such as:

- over 40 annual audit activities – both in house and by licensees (ISO 27001, ISAE 3402, PCI-DSS, global regulations, etc.);
- strong network security architecture, automation and governance;
- state-of-the-art protection on the Company's devices from malware;
- in-depth scanning of application code across development teams to find security bugs; and
- 24/7 SOC team which monitors the security incidents across the Company.

### Data protection and security training overview

In 2021, 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. This allowed the delivery of annual and test-based training sessions on data privacy and security topics. The information security training covers Group policies, security awareness, data classification, incident response and overall security culture. 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 following outlines participation in data protection and security training offered to employees and contractors in the organisation:

Training type	Total number eligible	Total number completing training	Completion rate
Data protection	6,279	5,822	93%
Data protection: contractors	38	33	87%
Information security	5,431	5,306	98%
Information security: contractors	37	33	89%



# Responsible business and sustainability continued

## 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 its second Task Force on Climate-related Financial Disclosures (TCFD) statement which is based on a rigorous assessment on the climate-related risks and opportunities that are material for Playtech. This disclosure is consistent with the TCFD Recommendations and Recommended Disclosures, and therefore adheres to the FCA's Listing Rule 9.8.6R(8). 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	TCFD disclosure	Current approach	Future plans
<b>Governance</b> 	a) Describe the Board's oversight of climate-related risks and opportunities.	<p>The Risk &amp; Compliance Board Committee sets the agenda and monitors the implementation of the responsible business and sustainability strategy and progress related to responsible business, ethics, regulatory affairs and compliance. This Committee meets quarterly and reports to the Board on climate-related issues annually. The Chair of the Committee also serves as the Board-level champion on these topics.</p> <p>In 2021, Playtech's Board of Directors agreed to establish a Sustainability and Public Policy Committee which took over responsibility for sustainability – including climate-related matters – in H2 2021. The Committee's purpose is to develop and review the strategies, policies and performance of the Playtech Group in relation to Environmental, Social and Governance (ESG) matters, including the environment. The Committee considers the climate change aspects of business plans, internal resourcing, expansion and disposal of activities, and capital expenditure. Oversight of climate-related risks, opportunities and strategy now sits with the Sustainability and Public Policy Committee. This Committee will continue to meet quarterly and review climate-related issues as part of the standing agenda.</p> <p>Each member of the Sustainability and Public Policy Committee received training covering ESG and regulatory developments (page 56), as well as a detailed climate tutorial in 2021 covering the physical science basis and regulatory, investor and corporate trends from external advisers specialised in sustainability.</p> <p>The Risk &amp; Compliance Committee will continue to review Group-wide risks, including climate-related risks.</p> <p><b>Read more</b> Sustainable Success governance structure (page 46) Training (page 56)</p>	<p>The frequency with which the full Board considers climate-related risks and opportunities will be defined in 2022 and disclosed in next year's TCFD statement.</p> <p>The full Board will receive training on climate change in 2022.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The Sustainability function sits within the Regulatory Affairs and Compliance function. The Regulatory Affairs and Compliance function holds the day-to-day responsibility and oversight of regulatory, compliance and responsible business. The Chief Compliance Officer is a member of the Executive Committee and sits on the Risk &amp; Compliance Board Committee. In addition, the Chief Compliance Officer attends the Group Risk Management Committee, which is the main executive forum for reviewing risks and informing the Board Risk &amp; Compliance Committee.</p> <p>The Regulatory Affairs and Compliance risk management process provides the Group Risk Management Committee and Board Risk &amp; Compliance Committee with updates on responsible business issues, alongside regulatory and compliance issues.</p> <p>In 2021, Playtech set up a cross-functional Environment Forum which is chaired by the Director of Public Affairs and Sustainability, who reports to the Chief Compliance Officer. This Forum has and will continue to:</p> <ul style="list-style-type: none"> <li>• develop, review and update as necessary Playtech's climate policies and targets;</li> <li>• identify climate risks and opportunities and develop risk management strategies;</li> <li>• review and define actions to comply with evolving regulatory reporting requirements and voluntary reporting frameworks; and</li> <li>• allocate the annual environmental budget.</li> </ul> <p>The Forum is attended by senior representatives from Audit/Risk, the Chief Operating Officer's office; Infrastructure and Technology; Investor Relations; Procurement; Site Operations; and other functions. The Forum meets quarterly.</p>	Continue to review the Group's governance process.
<b>Strategy</b> 	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Playtech has identified various climate-related risks and opportunities following the scenario analysis exercise that was completed in 2021. Please see Table A: Climate scenarios and sources and Table B: Climate-related risks and opportunities for more detail.	
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Playtech has identified various climate-related risks and opportunities, and quantified their impact where possible, following the scenario analysis exercise that was completed in 2021. Please see Table A: Climate scenarios and sources and Table B: Climate-related risks and opportunities for more detail.	
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Playtech has identified various climate-related risks and opportunities following the scenario analysis exercise that was completed in 2021. Please see Table A: Climate scenarios and sources and Table B: Climate-related risks and opportunities for more detail on the resilience of Playtech's business strategy and management approach for each identified risk or opportunity.	Consider the use of external tools in further analysing the climate-related physical risks associated with Playtech's physical assets.

TCFD element	TCFD disclosure	Current approach	Future plans
<b>Risk management</b> 	a) Describe the organisation's processes for identifying and assessing climate-related risks.	<p>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, including the Group risk register, the Risk &amp; Compliance Committee advises the Board on current and future risk strategies. The primary responsibilities delegated to, and discharged by, the Risk &amp; Compliance Committee include:</p> <ul style="list-style-type: none"> <li>reviewing management's identification and mitigation of key risks to the achievement of the Company's objectives;</li> <li>monitoring incidents and remedial activity;</li> <li>agreeing and monitoring the risk assessment programme including, in particular, changes to the regulation of online gambling and the assessment of licensees' suitability;</li> <li>reviewing and assessing climate-related risks in the context of Group-wide risk;</li> <li>agreeing on behalf of the Board and continually reviewing the risk management strategy and relevant policies for the Group;</li> <li>satisfying itself and reporting to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate; and</li> <li>monitoring and procuring ongoing compliance with the conditions of the regulatory licences held by the Group.</li> </ul> <p>Climate-related risks are identified through various channels including quarterly Environment Forum meetings and the climate scenario analysis workshops that were held in November 2021. Presentations for these meetings include reviews of current national climate policies in the key markets where Playtech operates. The identified risks are assessed by the Director of Public Affairs and Sustainability and the Sustainability Manager with support from external sustainability advisers and the relevant functions within Playtech. The Director of Public Affairs and Sustainability and the Sustainability Manager are responsible for uploading climate-related risks to MetricStream, the Company's risk management tool, which includes a description of the risk, risk categorisation, type, areas of impact and validity. This information is approved by the Company's Risk Manager and considered alongside all other risk types for inclusion in the Company's risk register.</p> <p>All types of climate-related risks and opportunities are considered through the above process, including transition risks (policy and legal, technology, market and reputation); physical risks (acute and chronic); and opportunities (resource efficiency, energy source, products/services, markets and resilience).</p> <p><b>Read more:</b> Scenario analysis and climate-related risks and opportunities (pages 61 to 65)</p>	
	b) Describe the organisation's processes for managing climate-related risks.	<p>The Director of Public Affairs and Sustainability is responsible for co-ordinating the management of climate-related risks across Playtech's business. This includes setting the Company's climate strategy, which includes its GHG reduction targets; Environment Policy; collecting and analysing environmental data to identify hotspots; defining and agreeing reduction plans and engaging country leadership teams and key asset managers.</p> <p>In 2020, Playtech began to assess climate-related risks and opportunities and, in 2021, a deeper dive at transition and physical risks; outcomes from the scenario analysis. The Company's focus was also on shifting sites to renewable electricity where possible and starting to engage with the Company's procurement function, including through a climate change due diligence questionnaire for new suppliers.</p>	Going into 2022, the Company will adopt a more systematic approach to reviewing, updating and monitoring climate risks. The Company will also include the climate as part of its consideration of risk and viability for the business as a whole. The focus will be on further defining climate considerations in the Company's procurement policies and processes and committing to Scope 3 reductions.
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	<p>Climate-related risks are considered as part of the overall risk process. The Group Risk manager collects information on risks from stakeholders across the business, which is then presented to the Group Risk Management Committee (Executive Management Committee) and Board Risk &amp; Compliance Committee (Board Committee).</p> <p>Climate-related risks are monitored as part of the sustainability strategy and Compliance and Regulatory Affairs risk processes which are the responsibility of the Group Sustainability Manager. The Sustainability and Public Policy Committee of the Board feeds into the identification, assessment and management of climate-related risks, which are integrated into the Group risk process by the Group Sustainability Manager.</p> <p><b>Read more:</b> Emerging risks, principal risks and uncertainties (page 85)</p>	
<b>Metrics and targets</b> 	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Playtech has started to quantify the financial impact of climate-related risks. Please see Table A: Climate scenarios and sources and Table B: Climate-related risks and opportunities for more detail.	Continue to strengthen the methodology and approach to quantifying climate-related risks and broaden the number of quantified risks and opportunities.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Playtech has disclosed its Scope 1 and 2 (location-based) emissions annually in the Environment section of the Annual Report and to CDP. In this Annual Report, for the first time, Playtech is also disclosing its Scope 2 (market-based) emissions and its Scope 3 emissions.	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>Playtech has set a target to reduce its absolute Scope 1 and 2 GHG emissions by 40% by 2025 from a 2018 baseline. Progress is monitored annually as part of the year-end Non-Financial Reporting process and captured as one of the seven areas of performance in the Board Sustainability Scorecard.</p> <p><b>Read more:</b> Group scorecard (page 47)</p>	Playtech is committed to review its GHG target annually. It is actively exploring setting a science-based target (SBT). In 2021, Playtech carried out its first Scope 3 footprint and calculated market-based Scope 2 emissions, which were prerequisites for setting an SBT.

## Responsible business and sustainability continued

### 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 operations. 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.

In 2021, Playtech launched a cross-functional Environment Forum chaired by the Director of Public Affairs and Sustainability. The Forum meets quarterly and its remit includes the development of an environmental policy for the Group available on the Sustainable Success page, [www.playtech.com/sustainable-success](http://www.playtech.com/sustainable-success), as well as setting, co-ordinating and overseeing the strategy and response to the challenges posed by climate change. Its work on climate change includes reviewing the current GHG targets and strategy to ensure they align with the latest science on limiting the level of global warming to below 1.5°C and evolving regulatory and reporting framework. In 2021, this Forum also worked on identifying short, medium and long-term climate-related risks and opportunities, which can have a material impact on the business; running climate change scenarios; and building risk management strategies across its key markets and operations. This was done in line with the TCFD framework (see TCFD table).

Playtech's Group environmental policy outlines the commitment to reduce its environmental footprint as well as the commitment to buying renewable energy and engaging suppliers to reduce its supply chain emissions.

To increase transparency around its climate change performance and strategy, Playtech completed the CDP Climate Change 2021 Questionnaire and received a "B" rating, which was an improvement compared to the "C" rating received for its 2020 disclosure. The Company intends to continue improving its rating in future years. Playtech has also committed to implementing the recommendations of the TCFD, a framework that allows it to report consistently on climate-related financial information to investors and financial markets. Playtech's 2021 GHG reporting (Scope 1 emissions, Scope 2 (location-based) emissions and Scope 1 & 2 intensity per FTE employee) has been externally verified by PwC. The assurance can be accessed on the Playtech website at [www.playtech.com/sustainable-success](http://www.playtech.com/sustainable-success).





## Scenario analysis and climate-related risks and opportunities

In 2021, Playtech conducted its first scenario analysis to identify the resilience of the Group's strategy under three different possible climate scenarios. The Company hired expert external advisers to conduct this analysis. Playtech's scenarios, as well as the external scenarios that fed in to the exercise, are summarised in table A and comply with the TCFD guidelines to use a range of scenarios that provide a reasonable diversity of potential future climate states, including a 2°C scenario. They draw on the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs); International Energy Agency (IEA) scenarios; and the Principles for Responsible Investment's (PRI) Inevitable Policy Response (IPR) scenarios.

As scenarios are models of the future and not precise predictions, the scenarios refer to temperature outcomes by 2100 and the path towards those outcomes on a decadal level. The scenarios use a mix of qualitative and quantitative information and were applied through three lenses: operations (key markets and assets); supply chain; and customers and consumers. As Playtech is a global company with assets in 26 markets, the scenarios considered global climate impacts as well as specific local impacts in its key markets.

Table A: Climate scenarios and sources

		1.5°C scenario	2°C scenario	3°C scenario
Playtech's scenarios	Summary: physical aspects	Increase in heatwaves, extreme weather events (precipitation, droughts and storms) and wildfires over current conditions, but slow and broadly manageable across most geographies.	Increase in heatwaves, extreme weather events and wildfires which reach unmanageable levels in some geographies by the 2040s. Significant adaptation necessary and frequent disruption expected.	Various areas of the world become uninhabitable due to intense heatwaves, droughts, or combinations of both. Heavy precipitation events, and longer and more intense wildfire seasons covering more areas of the globe lead to a constant state of disruption. By 2100, sea level rise is becoming a problem for low-lying coastal areas.
	Summary: transition aspects	Significant, rapid and disruptive policy change across carbon pricing, energy, transport, buildings and deforestation. Rapid phase-out of fossil fuels in the 2030s and 2040s. Every policy decision has a climate angle.	New policies are implemented over current levels, in a slow and inconsistent manner. Carbon prices and other limits on emissions are implemented but the cost of emitting grows in a slow and steady manner. The electrification of transport and buildings does not pick up much pace.	Climate policies are maintained at current levels, with major economies reducing emissions gradually over the next 30 years and reaching net zero around 2050. New technologies are not deployed as fast as predicted, and the world remains reliant on fossil fuels with widespread use of Carbon Capture and Storage (CCS) by the second half of the century.
External scenarios	IPCC scenarios	RCP2.6/SSP1	RCP4.5/SSP2	RCP6.0/SSP5
	IEA scenarios	Sustainable Development	New Policies	Current Policies
	Other scenarios	PRI IPR: 1.5°C Required Policy Scenario	PRI IPR: Forecast Policy Scenario	
	Other data sources	Climate Analytics, Climate Impact Explorer; Climate Interactive, EN-ROADS Climate Change Solutions Simulator; Network for Greening the Financial System, Climate Scenarios Phase 2; World Bank, Climate Knowledge Portal and World Resources Institute, Aqueduct Water Risk Atlas.		

A week of workshops was held in November 2021, including stakeholders from Site Operations, Snaitech (the Italian subsidiary, which has a significant physical footprint including horse racetracks), Live Casino (the business unit delivering live casino games), Infrastructure and IT. During the workshops, the external advisers presented the three scenarios and led group discussions to identify the climate-related risks and opportunities for each business unit under each scenario.

Climate-related risks are regularly monitored by the executive cross-functional Environment Forum and will be monitored regularly by the Sustainability and Public Policy Committee of the Board, as well as the Risk & Compliance Committee of the Board. They are also considered as part of the Risk & Compliance Committee's biannual review of risks across the Group. Playtech routinely monitors the status of climate regulation in its key markets to ensure that its greenhouse gas reduction targets keep pace with regulatory changes.

The risks and opportunities that were identified as part of the climate scenario analysis are summarised in the Table B, below. The Company defines short term as <one year; medium term as one to five years; and long term as >five years. The Group defines the impact as material when it is larger than the Group materiality as set out in the Independent Auditor's Report on page 133. The Company attempted to calculate the financial impact of each risk and opportunity. For some, however, this was not yet possible due to a lack of data. Playtech will aim to increase the number of risks and opportunities for which impacts were quantified year on year as more data becomes available.

# Responsible business and sustainability continued

## Environment continued

### Scenario analysis and climate-related risks and opportunities continued

For the risks and opportunities where the financial impact was determined and quantified, it was calculated based on a combination of projections on the physical impacts of climate change on specific locations, projections on the societal responses to certain future climate states, both from reputable data sources described above in Table A and information gathered from within the business.

Table B: Climate-related risks and opportunities

Physical risks and opportunities					
Category	Type	Description	Applicable scenario(s)	Materiality	Management approach
Acute	Risk	Cancellation of horse races during the daytime in Italy due to high temperatures.	1.5°C	Immaterial	Move to night-time races, which would result in higher operating costs due to the necessary lighting. Invest in most energy-efficient lighting available and/or on-site renewables.
		Likelihood: very likely Timeframe: medium and long term	2°C	Immaterial	
		Impact: loss of revenue and/or higher operating costs	3°C	Immaterial	
Chronic	Risk	Higher energy costs to cool buildings, including data centres, Live studios and offices, due to higher temperatures.	1.5°C	Immaterial	Invest in energy-saving measures and on-site renewables.
		Likelihood: likely Timeframe: medium and long term	2°C	Immaterial	
		Impact: higher operating costs	3°C	Immaterial	
Acute	Risk	Reduced ability for employees to commute during heatwaves.	1.5°C	Not yet quantified	Playtech already has a strong hybrid working culture and demonstrated an ability to perform while large parts of the business were fully working from home during the COVID-19 pandemic. Emergency air-conditioned transport could also be offered to employees where working from home is not an option (for example dealers in Live studios).
		Likelihood: unlikely Timeframe: medium and long term	2°C	Not yet quantified	
		Impact: disruption to operations	3°C	Not yet quantified	
Acute	Risk	Disruption to supply chains of key IT equipment due to extreme weather events.	1.5°C	Not yet quantified	Key business units are already stocking up on hardware and components to ensure business continuity and building price premiums for priority delivery into budgets. In addition, investment in the capacity to quickly relocate stocks where needed.
		Likelihood: likely Timeframe: medium and long term	2°C	Not yet quantified	
		Impact: disruption to operations	3°C	Not yet quantified	
Chronic	Risk	Some of Playtech's assets might not be suitable to withstand the impacts of a 2°C warmer world. For example, the Live studio in Latvia is built for maximum temperatures of 30°C. Such assets might need to be adapted where possible or replaced where not possible.	2°C	Not yet quantified	When expanding into new markets or planning new assets, the resilience of those locations to the impacts of climate change will need to be taken into account. Feasibility studies on the adaptability of current buildings for projected climate impacts.
		Likelihood: likely Timeframe: long term Impact: higher capital investment or write-off of assets	3°C	Not yet quantified	

**Physical risks and opportunities continued**

Category	Type	Description	Applicable scenario(s)	Materiality	Management approach
Acute	Risk	The rise in droughts, heatwaves and extreme heat would increase water demand across the Group, including in its owned data centres for additional cooling and for Snaitech's horse racetracks. This could lead to increased water stress as the availability of water decreases due to prolonged periods of drought affecting Southern Europe and Southern United States.	2°C	Immaterial	Invest in water efficient equipment, rainwater treatment and storage facilities, and water-saving measures.
		Likelihood: very likely Timeframe: medium and long term Impact: disruption to operations	3°C	Immaterial	
Chronic	Risk	Higher temperatures, droughts and extreme weather events would make some parts of the world less habitable, leading to the migration of large populations to more habitable markets. This could particularly affect the European Union and United States. Such migration may cause unrest and lead to higher taxation by governments to provide the required social services.	2°C	Not yet quantified	Monitor the business and political climate in key markets on an ongoing basis.
		Likelihood: unlikely Timeframe: long term Impact: disruption of operations and higher taxation	3°C	Not yet quantified	
Acute	Risk	High temperatures and extreme weather events could lead to the temporary closure and/or disruption of key assets including Live studios and data centres.	2°C	Immaterial	Maintain business continuity plans for all its key assets which are periodically updated in line with external developments.
		Likelihood: likely Timeframe: medium and long term Impact: disruption to operations	3°C	Immaterial	
Chronic	Risk	Extreme weather events and sea level rise would lead to high investment required to keep vulnerable assets operational, including the Italian retail network and Live studios in North and South America, including in New Jersey.  Likelihood: likely Timeframe: long term Impact: higher capital investment, write-off of assets and disruption to operations	3°C	Not yet quantified	Factor future investment into financial planning, consider future suitability of locations when expanding and invest in flood defences where possible or absorb costs of relocation where not.



# Responsible business and sustainability continued

## Environment continued

### Scenario analysis and climate-related risks and opportunities continued

Table B: Climate-related risks and opportunities continued

Transitional risks and opportunities					
Category	Type	Description	Applicable scenario(s)	Materiality	Management approach
Policy and legal	Risk	Carbon taxes on high emission activities such as flying might limit the ability to fly experts to the markets where they are needed. This would lead to a need to recruit locally, but the necessary expertise might not always be available in the market.	1.5°C	Not yet quantified	Expand local recruitment networks and invest in local talent pools. Relocate employees. Highlight green credentials to prospective employees.
		Likelihood: very likely Timeframe: medium term Impact: higher operating costs	2°C	Not yet quantified	
Market	Risk	As the impacts of climate change disrupt key commodity supply chains and agricultural production, the cost of living is expected to rise. This would lead to consumers having less disposable income and would lead to lower revenue for the consumer-facing business.	2°C	Material	Monitor the situation and maintain capacity to adapt pricing. Shift away from consumer-facing business.
		Likelihood: about as likely as not Timeframe: long term Impact: loss of revenue	3°C	Material	
Market	Opportunity/ risk <sup>1</sup>	As heatwaves, extreme weather events and wildfires force consumers to stay home for periods of the year, there may be growth in online gambling.	2°C	Not yet quantified	Monitor the situation and ensure supply increases in line with demand. Shift business units which mainly rely on physical gambling activities to offer online products.
		Likelihood: likely Timeframe: long term Impact: increase in revenue	3°C	Not yet quantified	
Market	Risk	In a 3°C warmer world, agriculture and key commodity supply chains would be severely disrupted. The sky-rocketing costs of extreme weather events on businesses and governments would lead to inflation. To remain an attractive employer, Playtech would have to increase the salaries it pays to its employees.  Likelihood: likely Timeframe: long term Impact: higher operating costs	3°C	Immaterial	Monitor the situation and adapt budgets as necessary.
Products and services	Opportunity	If casinos are forced to relocate due to the physical effects of climate change, this could lead to increased demand for products used by casinos produced by subsidiary Intelligent Gaming Systems Limited.  Likelihood: unlikely Timeframe: long term Impact: increase in revenue	3°C	Not yet quantified	Monitor the situation and maintain capacity to supply increases in demand.

## Transitional risks and opportunities continued

Category	Type	Description	Applicable scenario(s)	Materiality	Management approach
Markets	Opportunity	<p>If large parts of the tropics and Southern Europe become less desirable to live in due to the effects of climate change in these regions, it could lead to increased attractiveness of key cities in the Northern Hemisphere, where Playtech has large operational footprints, such as Riga and London.</p> <p>Likelihood: likely</p> <p>Timeframe: long term</p> <p>Impact: increase in attractiveness to prospective employees</p>	3°C	Not yet quantified	Monitor the situation, maintain and expand, if necessary, operations in more attractive locations.

1 Depending on the business unit; it is a risk for business units dependent on physical gambling activities and an opportunity for business units dependent on online gambling activities.

Playtech has already integrated the climate-related risks and opportunities into the Group risk process, reflected in the risk register on page 90. The management approaches identified for likely risks and opportunities are being explored, such as investment in renewable energy generation at key assets. Going forward, Playtech will update its scenario analysis on an annual basis as more information becomes available on the possible climate futures that humanity faces and their impacts on business. The results of these exercises will be reported to the Board at least annually through the Sustainability and Public Policy Committee.

### Environment metrics

As per the UK SECR requirements for 2021, Playtech has reported its Scope 1, Scope 2 location-based GHG emissions and energy consumption figures for the UK.

In 2019 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 2021, Playtech's performance against the 2025 GHG target continued to be skewed by the pandemic and the resulting office lockdowns, as well as decreased customer activity in some markets. Compared to 2020, the Company's total energy usage decreased by 4.6% and its absolute Scope 1 and 2 GHG emissions dropped by 15.3%. On a normalised basis, Playtech's GHG emissions decreased by 16.9%. 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. In addition, the decrease was smaller than the decrease observed between 2020 and 2019 as more assets returned to normal operation in the course of 2021. The larger decrease in Scope 1 and 2 location-based GHG emissions, compared to the decrease in energy use, is explained by electricity grids becoming greener, leading to an average reduction in emission factors in countries where Playtech operates (weighted by total electricity consumption per country) of 6.6%. 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.

Playtech recognises the environmental impact across its global value chain. The Company has therefore started to look beyond its direct operational impact on climate change and examine the entire carbon footprint across its value chain. Playtech has conducted a full Scope 3 footprint analysis for 2019, 2020 and 2021. In the process, the Group has followed the GHG protocol guidance to calculate those emissions, based on a combination of financial and actual supplier data. The Company is committed to increasing engagement with key suppliers on their emissions and gathering more actual data to continuously improve the accuracy of Scope 3 figures in future years. Playtech determined which of the 15 categories listed by the GHG Protocol Corporate Value Chain (Scope 3) Standard are relevant to the Company and therefore should be included in its Scope 3

footprint. Thirteen out of the fifteen categories were identified as being relevant to the Company and two were not relevant for Playtech. The majority of the relevant categories for Playtech have been calculated with the exception of "end-of-life treatment of sold products" and "downstream leased assets". The Company aims to collect sufficient data to include those two categories in future reporting.

Playtech's Scope 3 GHG emissions are over 90% of its total carbon footprint and out of the 15 Scope 3 categories, the Company's top three material categories are "purchased goods and services", "capital goods" and "franchises".

The consumption of water across the Playtech Group increased by 12.6% in 2021 compared to last year; this is mainly due to activity resuming to post-pandemic levels. The water used to water racetracks, which constitutes 27% of the Group water consumption, also saw an increase (12.1%) because of irrigation being brought forward due to warmer weather in 2021.

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 2021, Snaitech's total non-hazardous waste production decreased by 7.9%. The volume sent to landfill has increased to 7.44 tonnes compared to 4.74 tonnes in 2020. Even though the volume that is reused or recycled also decreased by 8%, this is proportionate with the overall decrease. The volume of hazardous waste also decreased by 26%. Of Snaitech's total waste production, 96.6% was produced by the racetracks. 99.9% of total waste was reused or recycled.

# Responsible business and sustainability continued

## Environment metrics

### Greenhouse gas emissions

Key performance indicator	Assured for 2020 and 2021	Unit	2021	2020	2019
<b>Energy use</b>					
<b>Global total energy consumption</b>	6	kWh	<b>26,404,609<sup>1,5</sup></b>	27,677,113	30,932,101
UK total energy consumption		kWh	<b>1,672,350<sup>1,5</sup></b>	1,556,362	
<b>GHG emissions</b>					
<b>Global Scope 1<sup>2</sup></b>	6	tonnes CO <sub>2</sub> e	<b>1,171<sup>1,5</sup></b>	1,155	1,421
UK Scope 1 <sup>2</sup>		tonnes CO <sub>2</sub> e	<b>69<sup>1,5</sup></b>	48	
<b>Global Scope 2 (location-based)<sup>3</sup></b>	6	tonnes CO <sub>2</sub> e	<b>6,720<sup>1,5</sup></b>	8,161	9,493
UK Scope 2 (location-based) <sup>3</sup>		tonnes CO <sub>2</sub> e	<b>281<sup>1,5</sup></b>	302	
<b>Global Scope 2 (market-based)<sup>4</sup></b>		tonnes CO <sub>2</sub> e	<b>7,078<sup>1,5</sup></b>		
UK Scope 2 (market-based) <sup>4</sup>		tonnes CO <sub>2</sub> e	<b>212<sup>1,5</sup></b>		
<b>Global Scope 3 (see Scope 3 breakdown below)<sup>1</sup></b>		tonnes CO <sub>2</sub> e	<b>80,420</b>		
<b>Global total Scope 1 and 2 (location-based)</b>	6	tonnes CO <sub>2</sub> e	<b>7,892</b>	9,316	10,914
UK total Scope 1 and 2 (location-based)		tonnes CO <sub>2</sub> e	<b>350</b>	350	
<b>Global total Scope 1 and 2 (market-based)</b>		tonnes CO <sub>2</sub> e	<b>8,249</b>		
UK total Scope 1 and 2 (market-based)		tonnes CO <sub>2</sub> e	<b>281</b>		
<b>Global Scope 1, 2 (location-based) and 3</b>		tonnes CO <sub>2</sub> e	<b>88,312</b>		
<b>Global Scope 1, 2 (market-based) and 3</b>		tonnes CO <sub>2</sub> e	<b>88,669</b>		
<b>Carbon intensity</b>					
Scope 1 and 2 (location-based) GHG intensity <sup>6</sup>		tonnes CO <sub>2</sub> e/employee	<b>1.14</b>	1.37	1.70
Scope 1 and 2 (market-based) GHG intensity		tonnes CO <sub>2</sub> e/employee	<b>1.19</b>		

1 2021 absolute data is an estimate based on 99.8% actual data coverage by headcount. Coverage has been above 90% for all three years.

2 Using the latest Department for Environment, Food & Rural Affairs (DEFRA) conversion factors (CO<sub>2</sub>e).

3 Using the latest DEFRA electricity conversion factor (CO<sub>2</sub>e) 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 (CO<sub>2</sub>e).

4 Using the latest 2020 Association of Issuing Bodies (AIB) residual mix emission factors for all electricity used at all sites when available, or the latest International Energy Agency (IEA) conversion factors for all electricity use for countries where the data is not available.

5 Due to reporting timelines, data for November and December 2021 has been estimated using November and December 2020 actual data, except for sites where actual 2021 data was already available. This is the same methodology that was applied for all three years.

6 Indicates data subject to independent limited assurance by PricewaterhouseCoopers LLP (PwC). 2020 data was assured for the 2020 Annual Report and 2021 data was assured for the 2021 Annual Report; the full assurance statement can be found at [www.playtech.com/sustainable-success/playtech-promoting](http://www.playtech.com/sustainable-success/playtech-promoting).

### Scope 3 breakdown

Scope 3 categories	GHG emissions (in tonnes of CO <sub>2</sub> e)
1: Purchased goods and services <sup>1</sup>	41,031
2: Capital goods <sup>1</sup>	14,842
3: Fuel and energy-related activities	2,610
4: Upstream transportation and distribution	177
5: Waste generated in operations (Snai only)	154
6: Business travel	445
7: Employee commuting (Snai only)	184
8: Upstream leased assets	Not relevant for Playtech
9: Downstream transportation and distribution (Snai only)	542
10: Processing of sold products	Not relevant for Playtech
11: Use of sold products	2,070
12: End-of-life treatment of sold products	Relevant but not yet calculated
13: Downstream leased assets	Relevant but not yet calculated
14: Franchises <sup>1</sup>	17,972
15: Investments	392

1 These are Playtech's top three categories. Over 90% of the total Scope 3 GHG footprint comes from those categories.

### Water consumption<sup>7</sup>

	2021 <sup>8</sup>	2020 <sup>9</sup>	2019
Total water consumption (m <sup>3</sup> )	<b>688,707</b>	611,629	719,635 <sup>10</sup>
Water consumption for watering racetracks (m <sup>3</sup> )	<b>188,150</b>	167,831	175,259
Water consumption for watering racetracks (% of total)	<b>27.3%</b>	27.4%	24.4% <sup>10</sup>

7 Data covering all of Playtech's operations.

8 2021 estimate based on 73% actual data coverage by headcount.

9 2020 estimate based on 84% actual data coverage by headcount.

10 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<sup>11</sup>

	2021	2020	2019
Total waste production (tonnes)	<b>7,056</b>	7,665	8,850
Of which:			
– Sent to landfill (tonnes)	<b>7</b>	5	52
– Reused or recycled (tonnes)	<b>7,048<sup>12</sup></b>	7,660	8,798
– Hazardous waste (tonnes)	<b>49</b>	66	96

11 Data covering Snai operations only.

12 This figure is split between racetracks (manure/by-product of animal origin – 6,496), racetracks (other – 358) and offices (195).



## Compliance and responsible supply chain management

In 2020, the Procurement Function focused on implementing the newly established organisational model, and operational, compliance and process improvements. In 2021, Playtech initiated the review of its procurement policy to strengthen oversight, monitor and mitigate compliance, ethical and climate-related risks and ensure minimum standards are adhered to when entering joint ventures.

Compliance continues 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 and risk assessment described below.

## 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 2021, Playtech published its fifth 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 were reviewing the impact of the pandemic on human rights in Playtech's 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 has run a series of internal interviews with different parts of the business to review current policies and systems in place to mitigate and/or remediate any human rights issues. The Company has also mapped its suppliers to identify particular industry/sectoral risks as well as risks from their geographical location. A risk assessment matrix was used, looking at sectoral risk, country risk and spend data to prioritise next steps. The Company reviewed 82 supplier sectoral categories, which were given a human rights and modern slavery risk rating from "low" to "high". The Group has identified six priority categories: "Live operation equipment", "Live operation studio", "office cleaning and security", "recruitment", "retain hardware" and "terminals service and maintenance". Suppliers within those six categories were prioritised based on their geographical location. To identify

country-specific risks, the Company took account of a number of external indices in its process, including the UN Human Development Index, Freedom House's Freedom in the World Report, the US State Department Trafficking in Persons Report, the Global Slavery Vulnerability Index and the World Bank Worldwide Governance Indicators – Regulatory Quality. In terms of next steps, in 2022, Playtech will be sending a questionnaire to all the suppliers identified as being in a high risk sector and located in a high risk country to confirm that they continue to uphold the same standard as Playtech. The Company will also continue an in-depth review of internal processes to ensure any gaps are identified and corrected, as well as

running the same risk assessment for Snaitech. 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.

In addition, in 2021, Playtech has launched an updated human rights and slavery training module. This module provides an overview of the definition of human rights, key global trends, the policies and activities Playtech has in place and some examples of potential human rights issues – see page 56.



# SNAITECH

## Official supporter of the initiative All4Climate Italy

Snaitech acknowledges the importance of increasing the awareness of climate change and as part of its Corporate Social Responsibility programme, it supported the event All4Climate Italy 2021. Launched by the Italian Ministry for Ecological Transition in collaboration with the World Bank Group's Connect4Climate and with the participation of the Lombardy Region and the Municipality of Milan, All4Climate Italy 2021 encompassed the full line-up of live-streamed events dedicated to the theme of climate change which took place in Milan, ahead of COP26 and the "Youth4Climate Italy 2021" run from 28 September to 2 October.

In September 2021, the Snai San Siro Racecourse hosted Music4Climate, a great concert organised as part of the All4Climate Italy initiative where great national and international artists performed, bringing their message on environmental issues, accompanied by an exceptional band with 100 musicians (Rockin'1000). The event was zero emissions thanks to the path of evaluation and neutralisation of the climate footprint; the emissions will be offset by international projects and the planting of trees in the city of Milan, to leave a concrete sustainable trace on the territory.

At the BEA ITALIA Best Event Awards 2021, the national ceremony dedicated to the world of events, All4Climate Italy won the first prize in the category of People's Choice Award, among more than 250 competing projects.

# Responsible business and sustainability continued

## Fostering diversity and inclusion

Playtech's vision is to have a respectful and supportive workplace that attracts and retains a diverse workforce that comprises people from all different backgrounds, cultures and ethnicities, that represents its customers and community.

Since 2017, Playtech has had an established Diversity, Equity and Inclusion (DEI) strategy to foster inclusion, improve gender diversity and reduce the gender pay gap. In 2021, the Company initiated a systematic review of progress, gaps and performance on DEI. This included a review of relevant DEI performance data and a benchmarking exercise to assess performance against peers as well as a programme of external engagement on DEI. During the year, DEI was one of the key areas of focus for Playtech's engagement with its Stakeholder Advisory Panel. The insights and perspectives generated from the dialogue with the Panel have been instrumental in shaping a new set of commitments and priorities for the Company's DEI strategy.

As a result of this review and a recognition that the Company needed to accelerate progress, Playtech approved a refreshed DEI strategy which includes objectives to:

- promote an inclusive culture across the organisation;
- build a more gender diverse workforce, increasing representation of gender at all levels of the organisation and across all functions;
- increase leadership representation of underrepresented groups; and
- adopt a data-driven approach to increase workforce diversity at all levels of the organisation and across all functions.

These commitments are underpinned by a target to increase gender diversity amongst its leadership population to reach 35% female representation by 2025 against the 2021 baseline year.

The programme of actions that will be implemented to deliver on these commitments covers all aspects of the employee journey – including recruitment and selection, development and succession planning as well as policies and accountability. There will be a particular focus on succession planning at the senior management levels. The Board Sustainability and Public Policy Committee will continue to play a key role in engaging with business leaders on inclusion, challenging management to deliver against these commitments as well as monitor progress against the stated targets.

To reach our commitments and targets, Playtech will focus on three pillars		
Workforce diversity – attracting and selecting	Workforce inclusion – employee development	Sustainability and accountability – process and policy
Recruit from a diverse, qualified group of candidates to increase diversity of thinking, perspective and representation	Foster a culture that encourages collaboration, flexibility and fairness to enable all employees to contribute to their potential and increase retention	Identify and breakdown systemic barriers to full inclusion by embedding diversity and inclusion in policies and practices and equip leaders with the ability to manage diversity and be accountable for the results



## Diversity and inclusion metrics

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. Key highlights in 2021 included the formalisation of the Board Sustainability and Public Policy Committee, which includes oversight of DEI, as well as changes to the Executive Management Team with the appointment of three senior female colleagues as part of the team.

Regular reports are provided to senior management on progress related to gender diversity globally. This regular data reporting will help inform future strategies, priorities and programming. In 2022, there will be an increased focus on local country and business unit accountability. They will be provided with their own gender representation data and will be responsible for their own targets.

## FTSE Women Leaders Review

The FTSE Women Leaders Review (formerly the Hampton-Alexander Review) is an independent review body which followed the work of the Davies Review to increase the number of women on FTSE 350 boards. Although it started off as a voluntary independent review, Playtech continued its participation in 2021, with the appointment of three females on the Executive Committee.

## Gender splits

The following charts illustrate the global and UK diversity data and trends from 2019 to 2021.

### Employees (%)<sup>1</sup>

2021	62.7	37.3
2020	60.7	39.3
2019	58.6	41.4

### Senior managers (%)<sup>2</sup>

2021	80.8	19.2
2020	80.6	19.4
2019	81.4	18.6

### Directors (%)<sup>3</sup>

2021	71.4	28.6
2020	71.4	28.6
2019	75.0	25.0

■ Male ■ Female

1 Employees are defined as the total number of employees on the payroll on 31 December. Out of 7,698 employees, 11 preferred not to disclose their gender.

2 Senior managers are defined as the top 500 highest earning employees at Playtech.

3 Directors are defined as Board Directors on 31 December.

### Direct reports to the Executive Committee (%)<sup>1</sup>

2021 <sup>2</sup>	58.7	41.3
2020 <sup>2</sup>	74.2	25.8
2019 <sup>3</sup>	75.0	25.0

### Executive Committee (%)

2021 <sup>2</sup>	70	30
2020 <sup>2</sup>	100	
2019 <sup>3</sup>	100	

■ Male ■ Female

1 Excludes administrative support staff.

2 Data as at 31 October of the reporting year.

3 Data as at 1 July of the reporting year.

## UK Gender Pay Gap data

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

Positive progress has been made since 2020 reporting, with a reduction in the pay gap at both mean and median levels overall. However, Playtech acknowledges that the gaps remain and it is committed to reducing them further and continuing to promote a culture of diversity and inclusion.

During the snapshot year, the UK operations saw positive progress with a reduction of the median pay and median bonus gap from 21.0% in 2020 to 18.9% in 2021 and 31.1% in 2020 to 11.4% in 2021 respectively. The mean GPG in 2021 shifted from 25.5% in 2020 to 27.5% in 2021, due to the number of male individuals who continue to hold senior executive and management roles. The decrease in the mean bonus gap was the result of more equal bonus payments in the reporting period.

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

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 resources policies to ensure a globally consistent approach to DEI; and
- improving the use of data to create transparency around internal DEI performance.

In addition, the human resources team continues to support the business to strengthen 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.

## Gender Pay Gap<sup>1</sup>

### Median Gender Pay Gap (%)

2021	18.9
2020 <sup>2</sup>	21.0
2019	31.7

### Mean Gender Pay Gap (%)

2021	27.5
2020 <sup>2</sup>	25.5
2019	32.5

### Median Gender Bonus Gap (%)

2021	11.4
2020 <sup>3</sup>	31.1
2019	25.9

### Mean Gender Bonus Gap (%)

2021	44.7
2020 <sup>3</sup>	49.6
2019	52.7

1 Based on UK employees only. The numbers were calculated in line with the UK Government's requirements for reporting gender pay figures and cover payroll and bonuses paid up to 5 April 2019, 5 April 2020 and 5 April 2021 respectively.

2 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.

3 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.

## Ethnicity diversity gap

Playtech recognises that cultural and ethnic diversity is an increasingly important aspect of building an inclusive workforce. The Company has initiated a pilot to engage with the workforce to understand how it can improve ways of building a culturally diverse leadership and pipeline of talent. The pilot will involve collecting views as well as data related to its current global performance. The Group will utilise a DEI survey in 2022 to examine issues and opportunities related to inclusion on a wide range of topics.



# Responsible business and sustainability continued

## SNAITECH

### Snaitech's collaborations on Diversity, Equity and Inclusion (DEI) partnerships

#### Italy

In 2021, Snaitech became a member of two Italian leading associations for DEI: Parks – Liberi e Uguali and Valore D.

**Parks – Liberi e Uguali** works with companies to understand and realise the full business potential of developing strategies and best practices that respect diversity and inclusion. The association was set up in April 2010 and currently has more than 75 member companies that have agreed to commit themselves – with their personnel management practices – to building a culture of global inclusion.

**Valore D** is the first association of companies in Italy that has been committed to gender balance and an inclusive culture in organisations in Italy for more than ten years. Using an integrated approach, Valore D is

capable of providing companies with effective tools and confrontation within companies and with institutions.

The collaboration with the two associations is structured around a series of training and awareness-raising events linked by a single common thread, which aims to contribute to the spread of a culture of respect and inclusion.

The awareness-raising events, promoted on Snaitech's internal communication channels, were open to all employees. In addition, Snaitech held training sessions for specific groups of employees.

### Mental Health Month Estonia

To address the negative impact the pandemic has had on employees' mental health, Playtech Estonia highlighted the topic by delivering a series of webinars during Mental Health Month in October 2021.

The purpose of the series was for employees to become more aware of their own mental health, notice first signs of mental health problems, offer coping mechanisms for stress, and how/where to access support for anxiety or depression.

The webinars included:

- two seminars by psychologist service providers about when to turn to a psychologist, how to notice a colleague who might need help, and what to expect from therapy;
- "The path of overcoming roadblocks and achieving resourcefulness", by Silicon Valley senior software engineer Raimond Sinivee;

- for parents, "Understanding and Coping with Children's Emotions", by a leading parenting mentor in Estonia – Tanel Jäppinen; and
- for managers, "How to stay sane as a leader?", by experienced coach and psychologist Tuuli Junolainen.

Other activities included:

- engaging stories about mental health on the Playtech Estonia's Instagram; and
- mental health bingo and a word-game for employees.

Playtech Estonia continues to keep mental health a focus all year round, by offering free psychologist services and promoting the importance of mental health with managers.

### Expanding mental health and wellbeing support for employees UK

In 2021, the UK operations launched a new programme to enhance mental health support and advice for its employees. The Company launched a partnership with Six MHS to pilot this programme, through life changing educational seminars and awareness programmes promoting mentally healthy workspaces. The seminars covered a range of topics from addiction to resilience and depression to leadership.

The Company has launched a phone line for all employees, which is manned by Level 4 Therapists to ensure the caller receives professional help and a safe place to share. They offer a 9am – 5pm "live" service with an out of hours answering facility. The programme is still in launch phase and yet to be fully embedded. So far, the Company has hosted two wellbeing webinars:

- Tony Adams, MBE, introducing mental health and Six MHS, called "Who we are, what we offer and how to get in touch". The session was delivered online, available to the whole UK workforce; and
- Dr Benedict Eccles, MSc PhD CPsychol, exploring ways to promote personal resilience and mental wellbeing by focusing on key factors including social connections and emotional intelligence, along with physical health.

## Health, safety and wellbeing

The wellbeing of Playtech's workforce, their families and communities continues to be a key priority as they all continue to deal with the ongoing impacts of the pandemic. During the year, Playtech continued to prioritise workplace wellbeing and continued to implement a flexible working model to support work/life balance and flexibility for its employees, particularly those caring for friends and family in these challenging times.

In 2021, Playtech continued to implement and scale its global wellbeing framework with a focus on physical, mental, financial and social wellbeing.

Playtech continues to cultivate a culture of support for its employees, ensuring they have access to a suite of support, advice and networking opportunities to help them be resilient, grow and succeed at work. Playtech rolled out more than 40 global wellbeing sessions, with focus on physical, mental, financial and social wellbeing. Over 2,000 employees participated in one or more of these sessions.

Line managers have played an instrumental role in supporting the Group's commitments to employee wellbeing. They have led efforts to initiate and support team and individual wellbeing discussions as well as build awareness and break down stigmas about mental health, including discussions on gambling-related harm.

## Snaitech health and safety

Snaitech's business is different from the rest of Playtech's operations in that it comprises a 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.

In 2021, Snaitech continued to provide 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;
- updated risk management protocols;
- provision of PPE;
- an active, on-duty 24/7 resource to manage COVID-19-related critical situations, and 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.

## Occupational health and safety data<sup>1</sup>

	2021	2020	2019
<b>Total number of accidents</b>	<b>10</b>	4	11
<b>Accident ratio</b>			
Total number of accidents/working hours x 200,000 <sup>2</sup>	<b>1.6</b>	0.7	1.6
<b>Number of days lost to accidents</b>	<b>266</b>	88	310
<b>Severity of accident index</b>			
Total days lost for accidents/working hours x 200,000 <sup>2</sup>	<b>41.3</b>	14.8	45.9
<b>Number of days of absence<sup>3</sup></b>	<b>6,836</b>	40,131	7,949

<sup>1</sup> Covers Snaitech operations only.

<sup>2</sup> 200,000 is a fixed coefficient (50 working weeks x 40 hours x 100).

<sup>3</sup> Number of days of absence in 2020 is defined as total hours of absence/8 (hours of work per day); 31,942 days of absence are due to furloughed absences. Number of days of absence in 2021 is defined as hours lost due to illness, which includes COVID-19.

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. Following the implementation of an internal restructuring in January 2021, the Group is headquartered in the UK, where the Parent Company is tax resident. Playtech has offices in 26 countries, 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 a 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 a presence. The Group seeks 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 credit in 2021 was €7.1 million (2020: tax charge of €17.9 million). The tax rate is impacted by the geographic mix of profits with losses being recognised in some territories which cannot be offset against profits arising in other territories.

## Responsible business and sustainability continued

# Partnering on shared societal challenges

Playtech recognises that the challenges facing the 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; and
- invest in research, education and treatment (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



### COVID-19 Recovery and Resilience Fund

In 2021, Playtech launched its £3 million COVID-19 Recovery and Resilience Fund. Playtech has been working with the Charities Aid Foundation (CAF) to define the overall intended impact of the fund, as well as design, launch and administer this fund, which will offer both immediate and long-term support to charities, social enterprises and not-for-profit organisations dedicated to delivering mental health services.

The fund has been established to help address the continuing and unprecedented toll that the pandemic is having on people's mental health and wellbeing. The fund aims to support organisations delivering these critical programmes so that people can benefit from accessible and affordable mental health and wellbeing services.

In 2021, Playtech ran two rounds of funding, one held in April and another held in September. In the first round, applicants were offered the opportunity to apply for either a short-term recovery grant or a long-term strategic Resilience grant. Playtech received 90 applications during the first round, of which 43 applications were successful (7 recovery grants and 36 resilience grants). The successful grant recipients were from Bulgaria, Cyprus, Estonia, Gibraltar, the Isle of Man, Latvia, the Philippines, the UK and the US. Funded programmes cover a wide range of causes including frontline workers, mental health programmes, at-risk youth, domestic violence, unemployment, gambling-related harm, hospices, addiction and homelessness. It is estimated that the programmes funded in round one will directly benefit at least 35,000 people.

In line with the fund objectives, examples of projects from different countries include:

- free psychotherapy to those severely affected by COVID-19;
- training of mental health first aiders;
- mental health support to people with chronic conditions;
- peer-led support, personal development and coaching;
- help for those who lost their jobs due to the pandemic to retrain and return to work; and
- an anonymous helpline run by trained psychotherapists.

Playtech is currently in the final decision-making stage for the second round, with funds expected to be deployed by April 2022.





### 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 have 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 2020, Playtech announced a commitment to support programmes and partnerships designed to reduce gambling-related harm and promote positive digital wellbeing and health outcomes. In doing so, 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.

### 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. Over the past 18 months, the impacts of COVID-19 have prompted 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.

As part of Playtech's efforts to mature the global community investment programme in 2021, Playtech launched a new set of targets for social investment, as well as employee volunteering. These include:

- number of people engaged with community programmes to improve livelihoods: 30,000 over five years;
- number of people engaged with digital wellbeing programmes: 415,000 over five years;
- number of people engaged with mental health programmes: 30,000 over five years; and
- % of employees in key markets who contributed their skills, time or money to their community through Playtech's Community Investment programmes: a global average of 10% of employees in key markets with a growth of 5% every year.

In 2021, 11 countries where Playtech is active provided data on employees that participated in community investment initiatives. In these markets and throughout 2021, Playtech worked with more than 90 local charities. Through the programmes supported, the aim was to engage more than 12,600 people in 2021<sup>1</sup>. Community investment includes gifts in kind, monetary donations and employee volunteering. The total value of monetary donations totalled over €487,600.

<sup>1</sup> Engagement is defined when an individual has directly benefited and/or has interacted with the programme supported from financial and/or in-kind support. Community programmes include all remaining causes excluding MH and digital wellbeing, e.g. health, hardship and environment.

## Responsible business and sustainability continued

Building strong and enduring partnerships is central to Playtech's approach in addressing shared societal challenges and making an impact in its local communities. The following case studies provide examples of how different types of partnerships are helping to drive positive outcomes for communities where Playtech operates.



### Playtech Estonia's first Charity Day Estonia

Playtech Estonia hosted its first Charity Day in September 2021 to promote Playtech's "one free day volunteering" and encourage employees to give back to their community.

More than 50 employees volunteered at 5 different charities including the Tartu Foodbank, Tallinn Foodbank, Beads of Courage NGO, Vaibla Bird Ringing Station and Shelter for Homeless Animals of Tartu.

Key achievements:

- approximately 200 Beads of Courage were crafted to support children who suffer from cancer;
- 2,400kg of food aid was packaged in Tartu and Tallinn and delivered to people's homes;
- 245 birds were ringed at Vaibla Bird Ringing Station; and
- employees built an outdoor dog kennel at the Shelter for Homeless Animals of Tartu.

The Charity Day received positive feedback from employees, with one stating: "I have been involved in various charitable activities and therefore I was pleased to see that Playtech, as a Company, supports and encourages its employees to donate their time to charity. In any case, helping the foodbank was a very refreshing experience, showing once again how many people around us need help and with how little effort we can make their lives happier and their day more special."

Promoting volunteering opportunities is one of the focus areas of Playtech's Global Community Investment Programme, and Playtech Estonia plans on making this an annual initiative.

### iZilove Foundation Italy

Snaitech's independent foundation, iZilove Foundation, also approved and extended a number of strategic partnerships including:

- Special Olympics Italia – In 2021 Snaitech was once again alongside Special Olympics Italy during the second edition of the Smart Games. In July 2021, 3,816 athletes put themselves to the test in 22 sports disciplines, demonstrating that passion can go beyond barriers!
- MIP – Politecnico di Milano – A two-year collaboration with MIP (2020-21) to provide scholarships for participation in a Master's in Management of Cultural Heritage and Institutions for four employees belonging to three cultural organisations.
- Fondazione Francesca Rava – iZilove Foundation continues to support three foster homes managed by Fondazione Francesca Rava through the "Flower Islands" project, which with seasonal and aromatic plants inside each foster home, to carry out outdoor educational activities, teaching children the value of biodiversity and respect for the environment.

# 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 2021, Playtech invested over £1,665,000 in such programmes and initiatives. Below are a few examples of programmes supported during the year.

## Building resilience – The EPIC Restart Foundation

In 2018, Playtech initiated and sponsored a new experiential leadership development programme bringing together leaders from charities and companies alongside people with lived experience. The objective of this programme was to help participants further develop their confidence and self-belief in a way that will make them even more effective in all fields of their life. Crucially, the programme was designed to encourage and foster cross-sector understanding, collaboration and ideas to enable a safer gambling environment. Following an independent evaluation of the programme, Playtech began to explore options for engaging with non-profit partners to build and evolve the programme.

Support from Playtech during 2020–21 has helped to launch The EPIC Restart Foundation, a new UK registered charity offering practical support to help people rebuild a positive life after gambling harm. Working with expert delivery partners, the Foundation's activities are designed to help those in recovery make their next move in their personal journey. Despite being launched during the COVID-19 pandemic, the pilot programme is having a real impact – helping delegates to gain new skills, improve their employability and rebuild their confidence and self-belief. With the support of Programme Support Mentors, all of whom have experience of gambling disorders, the Foundation's delegates are already securing new jobs or returning to study or planning to start their own businesses. The valuable experience gained this year is helping to develop The EPIC Restart Foundation's programmes for 2022, with an aim to increase impact, extend reach and help more people to rebuild a positive life after gambling harm.

The EPIC Restart Foundation engaged with RG+ for an independent evaluation of its pilot programme. The evaluation was based on data collected that captured the experiences of programme delegates from pre and post-programme questionnaires and interviews, covering baseline skills, personal resources and life circumstances to assess immediate thoughts and impacts after the completion of the programme. Interim results show substantial growth across several areas such as increased knowledge, confidence, skills and self-awareness. RG+ is continuing to monitor the programme, including post-programme interviews to capture longer-term impacts.

## Research, evaluation and insights

In 2020, Playtech and RG Plus, a division of the Responsible Gambling Council (RGC) of Canada, an international leader in problem gambling prevention, awareness, programming, policy and research, announced a multi-year partnership. RG Plus 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.

In 2021, several pieces of work in the RG Plus partnership have been completed and several new projects were launched:

- RG Plus and Playtech hosted a roundtable with 34 international participants to present and discuss the results of the thought leadership work on using collaboration to support the digital wellbeing of young people.
- RG Plus conducted a review of the literature as well as an online survey of 2,000 adults in each of the UK, Canada and the US to identify the conceptual as well as data-driven links between online gambling and digital wellbeing. A report setting out the findings of this will be published in March 2022.
- The largest piece of work in 2021 has been focused on identifying how the next generation of digital tools can be used to support the sharing of information and support players across the spectrum of gambling involvement/harm. This project has included a review of the literature, a scan of mental health and gambling focused digital tools, rapid assessments of three digital tools and interviews and group discussions with over 50 international stakeholders. The results of this work will be published in spring 2022.
- RG Plus has also continued to evaluate the impacts and outcomes of the projects that Playtech has supported during the year.
- Insights from these various pieces of independent research were presented at the Responsible Gambling Council's international conference, Discovery, and the annual GambleAware conference.



# Responsible business and sustainability continued



## Effectiveness of virtual safer gambling and mental health support in the US

In 2021, Playtech announced its support for a new research partnership between Kindbridge Research Institute and Rutgers University. The objective of this research programme is to create an evidence-based model for gambling treatment in a telehealth setting, with a stated goal to “establish ‘virtual best practice’ to improve treatment efficacy”. The purpose of the research is to improve the understanding and treatment of gambling and digital dependency-related harms, with an aim to enhance treatment efficacy in a virtual setting. The research focuses on the mental health of gamblers, gamers and those suffering from digital dependency to identify areas to help and support them. To date, theoretical constructs have been clarified, working definitions have been established, measurement tools have been established and implemented, and preliminary data has been collected. Future work will test theoretical hypotheses against clinical realities and establish practical “virtual best practices” for the changing mental health landscape.



## Mindful Resilience Programme

In 2021, Playtech continued to support the Mindful Resilience Programme (MRP) led by the Young Gamers and Gamblers Education Trust (YGAM) and Betknowmore UK in their efforts to increase understanding, awareness, knowledge and skills among healthcare professionals. The COVID-19 pandemic continued to impact on healthcare professionals' availability and reinforce the shift towards isolation of children and young people and their related dependence on gambling and gaming.

During 2021, 195 delegates received training through free-to-access online interactive workshops. After each workshop, delegates were provided with practical resources for them to embed and apply into their respective organisation's policies and procedures for engaging with and caring for children and young people.

The MRP has been endorsed by influential figures within the mental health space, including Dr Rosena Allin-Khan MP (Shadow Cabinet Minister for Mental Health). The workshop is now also a regular scheduled module of the Education Mental Health Practice post-graduate diploma at King's College London.

Following further meetings with representatives from regional GP, nurse, pharmacist and pharmacy technician organisations, mental health teams and university medical and nursing schools, the programme expanded its engagement and continued to book workshops into 2022, with the team remaining focused on working closely with mental health services, more general children and young person-facing NHS teams and universities.

Another key achievement is the awarding of accreditation in November by the Royal Society for Public Health (RSPH), confirming the quality and relevance of the content and delivery of the MRP.

# Very strong financial results



**Andrew Smith**  
Chief Financial Officer

## Overview

### Group performance

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

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

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

# 25%

**Growth in Group Adjusted EBITDA**

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

### Finalto division

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

### Reported and adjusted profit

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

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

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

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

# Chief Financial Officer's review<sup>1</sup> continued

## Overview continued

### Balance sheet and liquidity

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

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

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

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

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

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

### Group summary (continuing operations)<sup>3</sup>

	2021 €'m	2020 €'m
B2B Gambling	554.3	494.9
B2C Gambling	663.7	596.3
Intercompany	(12.6)	(12.7)
<b>Total Group revenue from continuing operations</b>	<b>1,205.4</b>	1,078.5
Adjusted costs	(888.3)	(824.9)
<b>Adjusted EBITDA from continuing operations</b>	<b>317.1</b>	253.6
<b>Reconciliation from EBITDA to Adjusted EBITDA:</b>		
<b>EBITDA</b>	<b>281.3</b>	222.9
Employee stock option expenses	13.1	16.5
Professional fees	14.4	1.8
Fair value change and finance cost on contingent consideration	—	1.1
Provision for other receivables	1.2	2.8
Fair value change and finance cost on redemption liability	1.3	5.3
Charitable donation	3.5	3.2
Settlement of legal matter	2.3	—
<b>Adjusted EBITDA</b>	<b>317.1</b>	253.6
<b>Adjusted EBITDA margin</b>	<b>26%</b>	24%

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

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

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

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

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



## Divisional performance

### B2B Gambling

#### B2B Gambling revenue

	2021 €'m	2020 €'m	Change	Underlying basis <sup>1</sup>
Regulated – Americas	101.3	60.6	67%	63%
Regulated – Europe (excluding UK)	141.4	113.2	25%	42%
Regulated – UK	132.1	149.9	-12%	2%
Regulated – Rest of the world	3.9	3.0	30%	n/a
<b>Total regulated B2B revenue</b>	<b>378.7</b>	326.7	16%	33%
Unregulated excluding Asia	93.7	87.5	7%	8%
<b>Total core B2B revenue</b>	<b>472.4</b>	414.2	14%	26%
Asia	81.9	80.7	1%	1%
<b>Total B2B Gambling revenue</b>	<b>554.3</b>	494.9	12%	20%

<sup>1</sup> Online only excluding sports and material changes to Entain contract.

Core B2B Gambling revenues<sup>2</sup> increased by 14% which was driven by the increase in regulated markets in the Americas and Europe (excluding the UK) of 67% (64% on a constant currency basis) and 25% respectively and a 7% increase in revenues from unregulated markets excluding Asia. This was offset by a 12% decrease in UK revenues caused by the previously announced impact of changes to the contract with Entain.

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

Overall, B2B Gambling revenues increased by 12% and 11% on a constant currency basis, largely due to the increase in online performance. This was also heightened during retail closure periods, as well as the fact that, despite the lockdowns, major sporting events were still taking place (including UEFA Euro 2020 in June/July 2021), as opposed to the prior year where these were cancelled during the majority of the second quarter. Underlying Core B2B revenue from online only, excluding sports and the previously announced material changes to the Entain contract, increased by 26%.

# 67%

### Revenue growth in the Americas

#### B2B Gambling costs and margins

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

	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales €'m	Total €'m
2021			
Revenue	472.5	81.8	554.3
Costs	340.1	75.0	415.1
<b>Adjusted EBITDA</b>	<b>132.4</b>	<b>6.8</b>	<b>139.2</b>
<b>Margin</b>	<b>28%</b>	<b>8%</b>	<b>25%</b>

	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales €'m	Total €'m
2020			
Revenue	394.3	100.6	494.9
Costs	286.6	82.4	369.0
Adjusted EBITDA	107.7	18.2	125.9
Margin	27%	18%	25%

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

	2021 €'m	2020 €'m	2020 to 2021 %
<b>Revenue and costs relating to Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales</b>			
Revenue	81.8	100.6	-19%
Costs	75.0	82.4	-9%
<b>Adjusted EBITDA</b>	<b>6.8</b>	18.2	-63%
<b>Margin</b>	<b>8%</b>	18%	n/a

#### B2B Underlying Gambling revenue and costs

<b>B2B Underlying Gambling revenue<sup>1</sup></b>	<b>472.5</b>	394.3	20%
Research and development	74.7	71.1	5%
General and administrative	60.5	59.6	2%
Sales and marketing	13.0	15.2	-14%
Operations	74.7	67.5	11%

<b>Total costs (excluding Asia and strategic expenditure)</b>	<b>222.9</b>	213.4	4%
Asia-related costs	54.6	28.9	89%
Strategic expenditure	62.6	44.3	41%
<b>B2B Underlying Gambling costs</b>	<b>340.1</b>	286.6	19%

<b>B2B Underlying Gambling Adjusted EBITDA</b>	<b>132.4</b>	107.7	23%
<b>Margin</b>	<b>28%</b>	27%	n/a

<b>Total B2B revenue and costs</b>			
<b>B2B revenue</b>	<b>554.3</b>	494.9	12%
<b>B2B costs</b>	<b>415.1</b>	369.0	13%
<b>Total B2B Adjusted EBITDA</b>	<b>139.2</b>	125.9	11%
<b>Margin</b>	<b>25%</b>	25%	n/a

<sup>1</sup> 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.

# Chief Financial Officer's review<sup>1</sup> continued

## Divisional performance continued

### B2B Gambling continued

#### Revenue and costs excluded from Underlying EBITDA

The costs being excluded from underlying EBITDA include costs which are passed directly to licensees at a small margin or no margin at all, such as Live dedicated tables, dedicated teams and hosting fees, as well as the cost of retail hardware sales, where margins can fluctuate significantly depending on each deal. Although revenue generated from this expenditure decreased by 19%, the respective costs decreased by 9%, indicating their volatile nature and further supporting the reason for excluding these from the underlying B2B revenue and costs. Furthermore, margins also decreased accordingly from 18% in 2020, to 8% in the current period.

#### B2B Underlying Gambling costs

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

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

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

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

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

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

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

#### B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by 11% to €139.2 million (2020: €125.9 million) with no change in the margin year on year. However, Underlying Adjusted EBITDA has increased by 23% to €132.4 million (2020: €107.7 million). The increase was driven by the higher margin online overperformance, especially from specific licensees such as Caliente, as well as an increase in Casino, Live and Sports (with the latter driven by major sporting events taking place during the entire year as opposed to the prior year where we had major cancellations during Q2). B2B underlying Adjusted EBITDA margins have improved, increasing to 28% from 27% in the prior year.

### B2C Gambling

	2021 €'m	2020 €'m	Change
<b>Snaitech</b>			
Gambling revenue <sup>1</sup>	584.7	522.2	12%
Gambling costs	402.1	390.2	3%
<b>Adjusted EBITDA</b>	182.6	132.0	38%
<b>Margin</b>	31%	25%	n/a
<b>White label (incl. Sun Bingo)</b>			
Gambling revenue	61.9	55.0	13%
Gambling costs	55.2	48.0	15%
<b>Adjusted EBITDA</b>	6.7	7.0	(4)%
<b>Margin</b>	11%	13%	n/a
<b>Sports B2C</b>			
Gambling revenue	18.2	19.1	(5)%
Gambling costs <sup>2</sup>	29.6	30.4	(3)%
<b>Adjusted EBITDA</b>	(11.4)	(11.3)	(1)%
<b>Margin</b>	n/a	n/a	n/a
<b>B2C Adjusted EBITDA</b>	177.9	127.7	39%
<b>Margin</b>	27%	21%	n/a

<sup>1</sup> Includes intercompany revenue from Sports B2C of €1.1 million.

<sup>2</sup> Includes intercompany costs from Snaitech of €1.1 million.

### Snaitech

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

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

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

### White label (including Sun Bingo)

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

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

## Sport B2C

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

## Below EBITDA items

### Depreciation and amortisation

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

### Impairment of tangible and intangible assets

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

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

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

### Finance costs

Reported finance costs increased by 5% to €67.7 million (2020: €64.6 million), mainly due to the increase in the volume of activity in Snai which in turn has driven the increase in the bank charges. Adjusted finance costs increased by just 2% to €62.9 million (2020: €61.6 million). The difference between adjusted and reported finance costs is the movement of the contingent consideration and redemption liability of €4.8 million (2020: €3.0 million).

### Unrealised fair value changes on derivative financial assets

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

The largest value is attributable to Caliente (Mexico) of €506.7 million. As at 31 December 2020 the Group had an option to acquire up to 49% equity in the operating company over which it held an option. As there were no exercise conditions, and furthermore it was assessed that Playtech has significant influence over the operating entity and hence access to

profits, this was treated as an investment in associate. During 2021 the contract was amended so that the Group still held the existing option, but in addition to this, had a right to acquire shares in a new vehicle, should the Caliente operating entity become part of an M&A transaction. This new option was fair valued at €506.7 million on 31 December 2021 based on a possible transaction involving Caliente being merged into a US listed special purpose acquisition company and the merged entity entering into a long-term commercial agreement with a leading media partner.

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

Playtech's valuations of each of the options is either derived from a discounted cash flow model or a transaction-based approach, and contain a number of assumptions and estimates, including a calculation of an appropriate discount rate based on the maturity curve of each business. The valuations are discussed in detail in Note 20 of these financial statements. The value that could be realised should any of these options be exercised in the future could be materially higher or lower than the resulting fair value of the options recognised as at 31 December 2021.

### Taxation

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

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

The total adjusted tax credit in 2021 is €7.2 million (2020: tax charge of €17.9 million) of which a tax charge of €14.6 million (2020: tax charge of €10 million) relates to income tax expenses (including prior year adjustments) and deferred tax credit of €21.8 million (2020: deferred tax charge of €7.9 million). The total adjusted deferred tax credit mainly consists of a credit of €36.5 million relating to UK tax losses for which a tax benefit is recognised in the current year, a deferred tax charge of €15.2 million relating to Snaitech tax losses and other deferred tax assets utilised in the period. The tax rate is impacted by the geographic mix of profits with losses being recognised in some territories which cannot be offset against profits arising in other territories.

## Discontinued operations

### Casual and Social Gaming segment

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

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

This business has now been fully disposed of.

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



# Chief Financial Officer's review<sup>1</sup> continued

## Discontinued operations continued

### Finalto (formerly TradeTech Group)

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

Finalto had an outstanding 2020 where the business significantly benefited from increased market volatility and trading volumes, particularly in March and April 2020 as the effect of the pandemic created large price movements in major instruments. Market conditions normalised in 2021. In terms of performance, revenue decreased by 62% to €46.6 million (2020: €121.9 million). Reported and Adjusted EBITDA both decreased to a loss of €30.9 million (2020: profit of €45.3 million) and €23.0 million (2020: profit of €56.5 million) respectively.

### Adjusted profit

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

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

## Adjusted EPS (in Euro cents)

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

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

## Cash flow

### Cash conversion (including discontinued operations)

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

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

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

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

## Cash conversion (excluding discontinued operations)

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

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

## Cash flow statement analysis

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

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

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

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

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

## Balance sheet, liquidity and financing

### Cash

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

### Financing

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

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

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

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

# Chief Financial Officer's review<sup>1</sup> continued

## Balance sheet, liquidity and financing continued

### Contingent consideration

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

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

### Going concern

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

At 31 December 2021, the Group held total cash (excluding cash included in assets held for sale) of €575.4 million (31 December 2020: €683.7 million) and adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €434.3 million (31 December 2020: €554.6 million). As already mentioned, the decline is due to a €150 million RCF repayment and, as previously announced, the repayment of the 2020 gaming tax liability in Italy of €89.6 million, both made in 2021. Further, the Group has long-term debt facilities totalling €1,042.1 million (31 December 2020: €1,182.0 million). Management has considered future projected cash flows under a number of scenarios to stress test any risk of covenant breaches.

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

Management concluded that the risk of a covenant breach over the next 15-month period from the date of releasing this report is low and, as such, has a reasonable expectation that the Group will have adequate financial resources to continue in operational existence. Furthermore, although the €530.0 million bond renewal is outside the going concern period, the Directors see no basis on which this will not be achieved. It has therefore considered it appropriate to adopt the going concern basis of preparation for these financial statements.

- 1 Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10 of the financial statements.
- 2 Core B2B Gambling refers to the Company's B2B Gambling business excluding unregulated Asia.
- 3 Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.

**Andrew Smith**  
Chief Financial Officer  
24 March 2022



# Effectively managing our risks



Gambling  
division risk



Finalto  
division risk



People risk

## 1 Licensing requirements



### 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.

### 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.

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.

**Likelihood:** Low  
**Impact:** High

Static

## 2 Local technical regulatory requirements



### 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.

### 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.

**Likelihood:** Low  
**Impact:** Medium

Static

## 3 Taxation



### 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 a presence. Such taxes may include corporate income tax, withholding taxes and indirect taxes.

### 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 a 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.

**Likelihood:** Medium  
**Impact:** Medium

Static

# Emerging risks, principal risks and uncertainties continued

<h2>4 Capital adequacy</h2> 	<h2>5 Data protection</h2>  	<h2>6 Preventing financial crime</h2>  	<h2>7 Safer gambling</h2> 
<p><b>Description</b> The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.</p> <p><b>Mitigation</b> 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.</p>	<p><b>Description</b> The EU General Data Protection Regulation (GDPR) as well as other from GDPR derived regulations such as the UK Data Protection Act 2018 are setting out how Playtech as an organisation should be processing personal data and how to comply with these regulations.</p> <p><b>Mitigation</b> Data protection remains an inherent part of core Playtech compliance tasks including, but not limited to, the test-based data protection training which is completed by all Playtech employees on an annual basis. GDPR as well as the UK DPA 2018 continue being a priority for the Playtech Board and its Executive Management.</p>	<p><b>Description</b> 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.</p> <p><b>Mitigation</b> 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. In addition, the Company approved a new Anti-Facilitation of Tax Evasion Policy. Policies, risk assessments and operational procedures are refreshed to ensure alignment with evolving regulatory frameworks.  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.</p>	<p><b>Description</b> 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.</p> <p><b>Mitigation</b> 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.</p>
<p><b>Likelihood:</b> Low <b>Impact:</b> Medium  Static</p>	<p><b>Likelihood:</b> Medium <b>Impact:</b> High  Static</p>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium  Static</p>	<p><b>Likelihood:</b> High <b>Impact:</b> Medium  Static</p>

8

## Mergers and acquisitions



### 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 is not executed successfully.

### 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.

**Likelihood:** High  
**Impact:** Medium

Increased

9

## Key employees



### 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.

### 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.

Playtech reviewed its attrition rate against the market to identify gaps in recruitment and benchmark its salary rates and incentives.

We are working to mitigate the impact of Long Term Incentive Plan awards (LTIPs) that were not awarded to key employees during 2021.

**Likelihood:** Medium  
**Impact:** Medium

Static

10

## Cyber crime and IT security



### 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 a significant period due to network bandwidth consumption and/or data deletion or encryption.

### 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.

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 industry best practices and standards for information security.

**Likelihood:** Medium  
**Impact:** High

Static



Gambling division risk



Finalto division risk



People risk



# Emerging risks, principal risks and uncertainties continued

<h2>11 Market exposure</h2> 	<h2>12 Counterparty risk</h2> 	<h2>13 Global diversification</h2>  	<h2>14 Failure or disruption of supply chain</h2>  
<p><b>Description</b> 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><b>Mitigation</b> 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><b>Description</b> 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.</p> <p><b>Mitigation</b> 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.</p>	<p><b>Description</b> 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 and we need to manage regulatory requirements and aggressively tight timelines for delivery which can put whole projects at risk.</p> <p><b>Mitigation</b> 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. We closely monitor market changes and ensure alignment with leadership on the prioritisation of projects to achieve the required launch timelines and overall business objectives.</p>	<p><b>Description</b> 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. The current coronavirus (COVID-19) may present potential risks to our supply chains should the situation worsen.</p> <p><b>Mitigation</b> 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.</p>
<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium</p> <p>Static</p>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium</p> <p>Static</p>	<p><b>Likelihood:</b> High <b>Impact:</b> High</p> <p>Static</p>	<p><b>Likelihood:</b> High <b>Impact:</b> Medium</p> <p>Static</p>

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. When the situation started to escalate in Ukraine, we anticipated there will be disruption to business operations.

### Mitigation

Playtech has a Site Emergency Plan (SEP) for the Kiev office and BCP that was activated for Ukraine when the situation escalated. All employees were offered relocation packages for themselves and their families to neighbouring countries, Poland, Romania, Bulgaria, Estonia. A 24/7 robust team is supporting our employees across the region. Work continues daily to support employees both in and outside Ukraine with all requests.

The global diversification of our offices has helped us, as we have multiple sites across Europe, where we are now diverting employees coming from Ukraine. Additionally, employees from other offices are supporting teams by taking on some of the work assignments while they are unavailable.

In parallel, we are managing the migration of all key infrastructure and technology to other Playtech sites.

**Likelihood:** High  
**Impact:** Medium

Static

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 in place for all key Playtech sites including our offices in Kiev, Tartu and Tallinn, Gibraltar, Riga, Italy and London. 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 the coronavirus (COVID-19) pandemic, 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.

After the period, as the tension in Ukraine grew, the site emergency and business continuity plans have been put into practice and the Crisis Management Team (CMT) was mobilised. We have offered support to all our Ukrainian employees by way of, 24/7 support and communication, transportation, accommodation support, payments, basic supplies, as well as mental health and wellbeing support.

**Likelihood:** High  
**Impact:** High

Increased

17

## General health and wellbeing concerns from all sites during COVID-19



### Description

As new strands of COVID-19 continue 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

HR and Operations continue to operate under the local regulatory guidelines, following them per jurisdiction and implementing them per office.

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

During the last year, we continued offering through Playtech Academy 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.

**Likelihood:** High  
**Impact:** High

Static



Gambling division risk



Financial division risk



People risk

# Emerging risks, principal risks and uncertainties continued

18

## Lack of Disaster Recovery (DR) in production



### Description

The possibility of a disaster event on any respective primary hosting facility, meaning services could become unavailable for a longer period of time.

### Mitigation

Our availability of services is high and above industry standards.

We are constantly monitoring our sites in search of any issues, and fixes are applied immediately when necessary.

We continue to improve on our platform and production availability.

**Likelihood:** Medium  
**Impact:** High

New

19

## Environmental risk



### Description

Climate change increases the frequency and intensity of extreme weather events, which could disrupt operations for Playtech and its value chain. Policies and regulations to address climate change are accelerating globally.

### Mitigation

The Sustainability and Public Policy Committee keeps abreast of updated regulations and legislation, receiving regular briefings on climate change. Playtech has a GHG emission reduction target for its own operations and is strengthening its targets, including developing a Scope 3 target, to align with the latest climate science and ensure it plays its part in the global transition to a low carbon economy. The Company has assessed its climate-related risk and opportunities and is in the process of reviewing business continuity plans and engaging with its value chain.

**Likelihood:** High  
**Impact:** Medium

New

20

## Internal IT services transfer from Kiev



### Description

Critical corporate, infrastructure, security and product development services were based in Kiev and due to the escalating situation in Ukraine, we anticipated a potential impact to the availability of these services.

### Mitigation

In advance of the escalation, we initiated a project to move all critical services away from Ukraine into other locations.

The different teams focused on the work with full attention and succeeded in moving all services and servers that were defined as critical to the business.

The project was completed the week commencing 21 February 2022.

**Likelihood:** Low  
**Impact:** Low

New



Gambling division risk



Finalto division risk



People risk



# Viability statement

The UK Corporate Governance Code requires the Board to explain how it has assessed the prospects of the Group and state whether it has a reasonable expectation that the Group can continue to operate and meet its liabilities, taking into account its current position and principal risks.

The Group's principal markets and strategy are described in detail in the Strategic Report (pages 10 to 13).

The key factors affecting the Group's prospects are:

- Playtech is a global business and a leading technology provider in the gambling industry;
- Playtech is well positioned to meet the growing demand in technology in regulated and regulating markets;
- Playtech has a clear vision for its technology-centric growth strategy, driven by new licensee and partnership agreements in the newly regulated markets in the US and LATAM and expanding with existing customers with more products and markets;
- Playtech, through its B2B division has a diverse portfolio with over 180 licensees across retail and online, in over 30 countries; and
- Playtech, through its B2C division is also a leader in the second largest European market with Snaitech in Italy; with this leading brand and Playtech's technology it is ideally positioned to continue its success in this market.

The Directors believe that a five-year period is appropriate for their viability assessment as it is supported by a five-year plan adopted by the Board, which covers Playtech's strategy to continue to penetrate the newly regulated markets in the US and LATAM. This is the longest timeframe over which the Directors believe they can reasonably forecast the Group's performance. This plan relies on certain key milestones being met in the first three years (including successful entry in the US and certain LATAM countries), which would then drive further growth in the latter years. Should the plan not be as successful in the crucial first three years, the latter years would need to be revised.

In making this statement, the Directors have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This includes the availability and effectiveness of mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk management and internal control systems, as described on pages 85 to 90, are considered.

## Base case five-year projections

As set out in the Chief Financial Officer's Review (pages 77 to 84), even though the Group had a solid performance which was ahead of our expectations set at the start of the year, this was with a different contribution blend. Our online business performed exceptionally well; however, this was offset by the impact of the longer than expected retail closures in Italy due to COVID-19 during the first half of the year. Base case projections for viability purposes have been made using the Directors' best estimate including the following key assumptions:

- modest Adjusted EBITDA growth beyond FY22 on existing business;
- growth in new markets in LATAM and the US;
- no major changes in working capital;
- minimal further impact of COVID-19; and
- no changes to Group structure.

The resulting financial model assesses the ability of the Group to remain within the financial covenants and liquidity headroom of its existing borrowing facilities. Within the five-year assessment period, the revolving credit facility expires as well as the 2023 bond. We have therefore assumed that the outstanding RCF facility is repaid in November 2023 with no issues (noting that the Group may elect to refinance instead), and that the refinancing of the 2023 bond takes place. The Company has already received advice from its financiers and does not anticipate any issues with the refinancing. Both the RCF and bond covenants are detailed in Note 2 – Basis of preparation of these financial statements.

## Climate change impact

Included within our TCFD statement on pages 58 and 59 is the Group's first scenario analysis to identify the resilience of the Group's strategy under three different possible climate change scenarios (global warming of 1.5°C/2°C/3°C above pre-industrial levels by 2100) and where possible were able to quantify the impact as material or immaterial. In the instances where it was assessed as material, the impact was for long term, which is defined as more than five years, and therefore currently not considered to impact the conclusions made in our viability statement period.

An external company was appointed to assist with the analysis, and key management across the business is engaged in the assessments made to date and going forward. The key findings are summarised in the TCFD statement. Furthermore, environmental risk (risk number 19) was added to our emerging risks register for the first time this year, with a high likelihood and medium impact, which is in line with the disclosures made in the TCFD statement. The Board is committed to continue to assess the situation and the financial and other implications as quantification becomes possible over the viability statement period and beyond.

From a viability perspective, in the instances where we cannot yet quantify the impact under each of the scenarios because of the lack of data, this is considered in the overall reverse stress test analysis (see below). Furthermore, we are closely monitoring how the risks will progress over the next few years, meaning that we are already trying to mitigate our potential exposure, and at this point in time are comfortable that any climate change over the viability assessment period will not impact the conclusions being made in our scenario analysis below.

# Viability statement continued

## Scenario analysis

Two scenarios were applied to the base case as follows:

1. the stress test scenario: to encompass the principal risks which were applied to the base case; and
2. the reverse stress test scenario: to illustrate the Adjusted EBITDA reduction required to cause a breach of the interest cover covenant with respect to the bonds.

Under Scenario 1, the following risks were factored in:

- global diversification (risk number 13), being the risk of failure to launch in the US or certain LATAM countries due to regulation or competition - this risk was specifically considered as it has been allocated both a high likelihood and a high impact assessment; and
- failure or disruption of supply chain (risk number 14), disruption affecting business (risk number 15) and business continuity planning (risk number 16), being the risks of a further COVID-19 lockdown impacting our biggest B2C market in Italy, which, although considered remote, has not yet fully disappeared, as well as the escalating situation in the Ukraine, where the Group has a presence.

Other impacts applied to the stress test scenario included any potential increase in taxes in some of our key markets (such as Italy) and the remote probability that the Finalto disposal does not complete (as this is still undergoing regulatory approval), offset by potential savings such as reducing capital expenditure. In this scenario, the monthly average decrease in Adjusted EBITDA was 58% over the five-year period. Despite this, the Group was still able to meet its financial covenants under its RCF until the point it is repaid, further noting that the probability of all risks applied happening simultaneously is considered remote.

Scenario 2 was specifically looked at because should we breach the covenants under the RCF, the Group would have sufficient funds to repay the outstanding balance. However, if we were to breach the interest cover covenant under the bonds, which would mean the bonds might subsequently be called for repayment, the Group would not be able to repay. This scenario indicated that Adjusted EBITDA would need to decrease on average by 84% over the five-year period at each bank reporting date for us to breach the covenant, noting that it did not consider any mitigating actions the Board can take. The probability of this scenario materialising is therefore considered remote, further noting that, despite being affected by COVID-19 during the year ended 31 December 2021, the Group still had a strong year as discussed in the Chief Financial Officer's Review.

Based on this assessment, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2026. In forming this conclusion, the Directors considered the status of a potential offer for the Group in respect of the ongoing engagement with TTB Partners as well as any other potential activity of the Group which could give rise to new ownership of the Group. As there is no commitment in respect of this and there can be no certainty as to whether an offer for the Company will be announced, or the terms on which any offer might be made, it was concluded that this did not impact the Directors' assessment made in this statement.

The Strategic Report on pages 2 to 92 was approved by the Board and signed on its behalf by Mor Weizer and Andrew Smith.

**Mor Weizer**  
Chief Executive Officer  
24 March 2022

**Andrew Smith**  
Chief Financial Officer

# Governance

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## Chairman's introduction to governance

# Progress driven by constructive and continued dialogue



**Brian Mattingley**  
Chairman

“Central to Playtech’s progress and growth has been a track record of open and constructive dialogue with its shareholders and 2021 has seen the Board continue high levels of engagement to ensure important progress on Corporate Governance.”

### Dear Shareholder

In my capacity as Chairman of the Board, I am pleased to present the Corporate Governance Report for 2021.

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 demonstrated throughout 2021.

Central to Playtech’s progress and growth has been a track record of open and constructive dialogue with its shareholders and 2021 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 2021, 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 c.6,600 employees in 26 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.

I was appointed in June 2021 and Linda Marston-Weston joined the Board in October 2021. Following five years on the Board, John Jackson, Senior Independent Director, and Claire Milne, Non-executive Director, stepped down in September 2021. On behalf of the Board, I would like to express our thanks and appreciation to John and Claire for their contribution, which has been central in laying the foundations for the next phase ahead.

As a Board we are focused on and committed to diversity. I had hoped to be further along with our diversity agenda, but due to the volume and complexity of our corporate activity during 2021, we have been unable to move as quickly as I would have liked. Looking ahead to the remainder of 2022, I look forward to us being able to consolidate our diversity agenda.

The Board has confidence in the future of the Group and sees significant growth opportunities ahead. The operational progress reported in 2021 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 towards sustainability, problem gambling and diversity and inclusion, its definitions of success and its 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 2021, 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 30 June 2022. Further details of the meeting are included in the Notice of Annual General Meeting.

**Brian Mattingley**  
Chairman  
24 March 2022

# Board of Directors



**Brian Mattingley**

**Non-executive Chairman**

**Appointment to the Board**

Brian was appointed to the Board in June 2021.

**Career**

Brian joined 888 Holdings in 2005 as a Non-executive Director, before being appointed CEO in March 2012, and was Non-executive Chairman from March 2016 until he stepped down in 2021. Prior to 888, Brian was CEO of Gala Regional Developments, and held senior roles with Gala Group, Ritz Bingo, Kingfisher plc and Dee Corporation plc.

**Skills, competences and experience**

Brian brings considerable plc board experience to the role, as well as his extensive experience in the gambling and leisure industries.

**Board Committees**

Brian is Chair of the Nominations 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 high 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.



**Ian Penrose**

**Senior Independent 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 Director of ASX listed IXUP Limited, a Non-executive Director of Phenix Real Time Solutions Inc., and a Non-executive Director of Weatherbys Limited (together with its technology partnership with the British Horseracing Authority, Racing Digital Ltd). He has recently retired as Chairman of the National Football Museum.

**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 ESG 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 Non-executive Director of AGS LLC, BetMakers Technology Group Ltd and Artemis Strategic Investment Corporation.

**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 Chair of the Risk & Compliance Committee and sits on the Remuneration Committee and the Nominations 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.

**Board Committees**

John is Chair of the Audit Committee and sits on the Risk & Compliance Committee, the ESG Committee and the Nominations Committee.



**Linda Marston-Weston**

**Non-executive Director**

**Appointment to the Board**

Linda was appointed to the Board in October 2021.

**Career**

Formerly a Senior Tax Partner at EY, Linda was a member of the EY Midlands board and Head of Tax EY Midlands. Linda is passionate about Diversity and Inclusion and spent five years as EY Midlands' People Partner, leading the agenda across people matters. She established a cross-business female mentoring network for the Midlands region and set up and continues to lead a female entrepreneur network. Linda is currently Head of the Transaction Tax Team at Cooper Parry.

**Skills, competences and experience**

Linda is a Fellow of the Institute of Chartered Accountants and brings more than 30 years' experience of working with UK and global businesses across corporate finance, strategy, tax, culture and leadership.

**Board Committees**

Linda is Chair of the ESG Committee and sits on the Audit Committee and the Remuneration Committee.

# 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 2021. A copy of the Code is available at [www.frc.org.uk](http://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 96 and 97.

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 92.

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 85 to 90.

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 20 to 23.

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 92 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 99 to 105.

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 99 to 105.

Non-executive directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge and strategic guidance, offer specialist advice and hold management to account. See pages 99 to 105.

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 99 to 105.

## 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 the 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, and cognitive and personal strengths. See pages 99 to 105.

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 99 to 105.

Annual evaluation of the Board should consider its composition and diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. See page 104.

## 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 99 to 105.

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 92.

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 85 to 90. In addition, our Risk & Compliance Committee Report is set out on pages 101 and 102.

## 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 110 to 125.

## 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. I am pleased 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 2021.

Following the results on our AGM held in May 2021, the Board noted in its announcement dated 26 May 2021 that certain resolutions were passed with the necessary majority but received less than 80% of votes in favour. We explained at that time that we aspire to high levels of shareholder and stakeholder engagement and would consult with those shareholders who voted against these resolutions to understand their specific concerns. Since the AGM, we have held regular discussions with our shareholders to hear their views and better understand their concerns. Since Brian Mattingley's appointment in June, the composition of the Board has evolved, which aligns the overall functioning of the Board more closely with market practice. In addition, we have established a new

Sustainability and Public Policy Committee to steer Playtech towards stronger governance around sustainability. Due to the volume and complexity of corporate matters throughout the latter half of 2021, it was not possible to implement further changes, but it is our intention to pursue our agenda throughout the remainder of 2022. A statement setting out our response to the voting figures from last year's AGM was uploaded to the Investment Association portal at the beginning of this year.

In accordance with the principles of the Code, we are focused on engaging with our workforce. Full details of how we engage with our employees are set out in our Strategic Report, Stakeholder Engagement on pages 20 to 23. In addition, our Chief Operating Officer and our Head of Human Resources engage with the Board on strategic and operational issues affecting and of interest to our workforce. These issues include remuneration, talent pipeline, wellbeing and diversity and inclusion. The Chief Operating Officer is a standing attendee at Board meetings. We believe that these methods of engagement with our workforce are extensive and very effective and meet the requirements of the Code. At the end of 2021, the Board began a review of our current arrangements with a view to enhancing its engagement with the workforce including arrangements to appoint a Non-executive Director for workforce engagement at Board level.

We announced on 21 February 2022 that the Board was notified by our Chief Executive Officer, Mor Weizer, that he wished to explore participating in the investor group formed and advised by TTB Partners Limited (TTB) in considering a possible offer for the Company. The Board formed an Independent Committee consisting of the Playtech Directors excluding Mor Weizer to consider all matters relating to any possible offer from TTB and any other M&A proposals received by the Company. The Independent Committee is and will remain especially mindful of its obligations to Playtech stakeholders and the requirements of the Code.

Claire Milne was appointed as a Non-executive Director on 8 July 2016 and as Interim Chairman in May 2020. Claire stepped down from the Board in September 2021. At the time of her appointment, Claire was, and continued to be throughout her tenure at Playtech, 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 would 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 41 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 2021, the Board comprised the 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 2021 and their responsibilities are set out on pages 96 and 97.

With the exception of Claire Milne and John Jackson, who stepped down in September 2021; Brian Mattingley, who was appointed in June 2021; and Linda Marston-Weston, who was appointed in October 2021, 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
<b>Brian Mattingley</b>	Non-executive Chairman (appointed 1 June 2021)
<b>Mor Weizer</b>	Executive Director, Chief Executive Officer
<b>Andrew Smith</b>	Executive Director, Chief Financial Officer
<b>Ian Penrose</b>	Non-executive Director – Senior Independent Director
<b>Anna Massion</b>	Non-executive Director
<b>John Krumins</b>	Non-executive Director
<b>Linda Marston-Weston</b>	Non-executive Director (appointed 1 October 2021)
<b>John Jackson</b>	Non-executive Director (from 1 January 2021 to 30 September 2021)
<b>Claire Milne</b>	Interim Non-executive Chairman (from 1 January 2021 to 31 May 2021) Non-executive Director (from 1 June 2021 to 30 September 2021)

## Board operation

The roles of the Chairman (Brian Mattingley) and the Chief Executive Officer (Mor Weizer) are separated and 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



# Directors' governance report continued

## Matters considered by the Board in 2021

Month	Material matters considered
January	<ul style="list-style-type: none"> <li>Review of tax matters</li> <li>Review Finalto business</li> <li>Budget 2021</li> <li>Review of US business</li> <li>Appointment of permanent Chairman</li> <li>COVID-19</li> </ul>
February	<ul style="list-style-type: none"> <li>Appointment of permanent Chairman</li> <li>Review of LATAM business</li> <li>Review of Finalto business</li> <li>COVID-19</li> </ul>
March	<ul style="list-style-type: none"> <li>Report from the Audit Committee</li> <li>Financial statements for 31 December 2020</li> <li>Preliminary announcement</li> <li>Review of our LATAM business</li> <li>Review of Omnibus Guarantee</li> <li>COVID-19</li> </ul>
April	<ul style="list-style-type: none"> <li>COVID-19</li> <li>Operations review</li> <li>Review of key compliance issues</li> </ul>
May	<ul style="list-style-type: none"> <li>Prepare for AGM</li> <li>COVID-19</li> <li>Sale of Finalto business</li> <li>Review of internal policies</li> <li>Trading update</li> </ul>
June	<ul style="list-style-type: none"> <li>Review of RCF</li> <li>Review of base case plan</li> <li>Investor Relations update</li> <li>Communications and Corporate Affairs update</li> <li>COVID-19</li> </ul>
September	<ul style="list-style-type: none"> <li>Audit Committee update</li> <li>Review of interim results</li> <li>Aristocrat offer</li> <li>Sale of Finalto business</li> <li>COVID-19</li> </ul>
October	<ul style="list-style-type: none"> <li>Aristocrat offer</li> <li>Operations review</li> <li>Budget 2022</li> <li>COVID-19</li> </ul>
November	<ul style="list-style-type: none"> <li>Aristocrat offer</li> <li>Sale of Finalto business</li> <li>COVID-19</li> </ul>
December	<ul style="list-style-type: none"> <li>Review of current trading</li> <li>Budget 2022</li> <li>Aristocrat offer</li> </ul>

## The Board continued

### Board operation continued

#### 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.

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 19 meetings scheduled and held in 2021, of which 15 were held remotely. In addition, the Board held several informal calls throughout the year.

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 2021 are set out in the table to the left.

With effect from 4 January 2021, the Company moved its tax residence to the UK. Therefore, in 2021, Board meetings were scheduled to 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 101.

### Responsibility and delegation

The Chairman is primarily responsible for the efficient functioning of the Board. He 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; and
- 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, the Nominations Committee and the Sustainability and Public Policy Committee (the "ESG 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](http://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 106 to 109 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 auditor.

The Audit Committee comprises John Krumins (Chairman), Ian Penrose and Linda Marston-Weston.

### Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the Remuneration Policy for the Chairman, Executive Directors and senior management.

The Directors' Remuneration Report is set out on pages 116 to 125 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), Anna Massion and Linda Marston-Weston.

### 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 Anna Massion. The other members of the Committee are John Krumins (Non-executive Director) and Ian Penrose (Senior Independent 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.

Number of meetings	Board	Audit	Remuneration	Nominations	Risk	ESG
<b>Brian Mattingley<sup>1</sup></b>	11 of 11	—	—	1 of 1	—	—
<b>Mor Weizer</b>	19 of 19	—	—	—	—	—
<b>Andrew Smith</b>	19 of 19	—	—	—	—	—
<b>Ian Penrose</b>	19 of 19	4 of 4	3 of 3	4 of 4	3 of 3	2 of 2
<b>Anna Massion</b>	19 of 19	—	3 of 3	—	1 of 1	—
<b>John Krumins</b>	19 of 19	1 of 1	—	—	1 of 1	2 of 2
<b>Linda Marston-Weston<sup>3</sup></b>	6 of 6	1 of 1	1 of 1	—	—	2 of 2
<b>John Jackson<sup>2</sup></b>	13 of 13	3 of 3	—	3 of 4	2 of 2	—
<b>Claire Milne<sup>2</sup></b>	10 of 13	2 of 3	2 of 2	3 of 4	2 of 2	—

1 Brian Mattingley was appointed on 1 June 2021.

2 Claire Milne and John Jackson resigned on 30 September 2021.

3 Linda Marston-Weston was appointed on 1 October 2021.

# Directors' governance report continued

## Risk & Compliance Committee continued

The Committee works closely with the Audit Committee in carrying out its responsibilities and the Chairman of the Audit Committee, John Krumins, is also a member of the Committee.

In addition, PwC LLP, in its capacity as provider of co-sourced internal audit services, and members of the Group's senior management including the Chief Security Officer, 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 reviewing 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 reporting to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate; and
- monitoring ongoing compliance with the conditions of the regulatory licences held by the Group.

The Risk & Compliance Committee met formally three times during the year, and a summary of the key matters considered by the Committee during 2021 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; and
- 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 85 to 90 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, 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 Brian Mattingley (Chairman), Anna Massion and John Krumins.

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 the 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 92.

The Nominations Committee meets on an as-needed basis. Four formal meetings were held in 2021. 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. In addition, the Committee considered the appointment of a new Non-executive Director, which led to the appointment of Linda Marston-Weston with effect from 1 October 2021.



## Sustainability and Public Policy Committee

As part of our strategy to strengthen our approach to sustainability, the Sustainability and Public Policy Committee (the “ESG Committee”) was established in 2021. The Committee is chaired by Linda Marston-Weston and the other Committee members are Ian Penrose and John Krumins. In addition, we established a Stakeholder Advisory Panel to inform and challenge our thinking and inform our approach to sustainability as well as future actions on safer gambling and diversity, equity and inclusion, as well as climate change. The Stakeholder Advisory Panel has played an instrumental role in accelerating Playtech's journey towards sustainability into its business strategy and culture.

We have undergone an extensive exercise to better understand how climate change could pose risks and opportunities for the Company in the short and long term. This exercise has been critical to help inform Playtech's climate action plan and will play a crucial role in meeting the Company's targets relating to emissions reduction in its operations and value chain.

We have also refreshed our approach to promoting diversity, equity and inclusion across our leadership and workforce. Playtech continues to operate in numerous countries, each with their own distinct cultures. Our aim continues to focus on each individual and celebrate the difference and cultural diversity of our workforce.

We will continue to report against our targets going forward.

## 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 Krumins (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), Ian Ince (Chief Compliance Officer), Sharon Kafman-Raz (VP Finance), Kam Sanghera

(Head of Tax), Karen Zammit (Head of Global HR) 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 disapply pro-rating or to permit awards to vest on cessation of employment.

Provision	Detail
<b>Remuneration</b>	Salary, bonus, LTIP, benefits and pension entitlements in line with the above Directors' Remuneration Policy table
<b>Change of control</b>	No special contractual provisions apply in the event of a change of control
<b>Notice period</b>	12 months' notice from the Company or employee for the CEO and six months' notice for the CFO <ul style="list-style-type: none"> <li>• CEO contract signed on 1 January 2013</li> <li>• CFO contract signed on 10 January 2017</li> </ul>
<b>Termination payment</b>	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
<b>Restrictive covenants</b>	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
<b>Brian Mattingley</b>	1 June 2021	Until third AGM after appointment	180 days' notice on either side or if not re-elected or commits gross misconduct
<b>Linda Marston-Weston</b>	1 October 2021	Until third AGM after appointment unless not re-elected	
<b>Ian Penrose</b>	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
<b>Anna Massion</b>	2 April 2019	Until third AGM after appointment unless not re-elected	
<b>John Krumins</b>	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. Brian Mattingley, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual Directors. Ian Penrose, as Senior Non-executive Director, considered the performance of Brian Mattingley, 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.

As stated in last year's Annual Report, the Board was required to carry out a full external review in 2021. This review commenced in late 2021. This review is facilitated by Independent Audit Limited. Independent Audit Limited has no other connection to the Company or any individual Director and is considered by the Board to be independent.

This review is ongoing and involves detailed questionnaires, individual interviews with Directors and members of senior management and attendance at Board and Committee meetings. 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 2022.

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. Brian Mattingley, 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.

Shareholders are encouraged to participate in the Company's AGM and the 2022 AGM will take place in June 2022.

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; and
- direct participation of the Risk & Compliance Committee Chair in the Company's Global Community Investment Committee.

The Director of Investor Relations & Strategic Analysis, Chief Operating Officer and 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 to 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 of and engagement with stakeholder concerns in the future.

During 2021, the Board discussed, reviewed and engaged on a number of stakeholder issues. The material stakeholder topics discussed by the Board in 2021 included executive compensation and pay, corporate governance, diversity and inclusion, the gender pay gap, regulatory and compliance developments, safer gambling, data protection, the environment, sustainability, anti-money laundering and anti-bribery and corruption, human rights and modern slavery, responsible supply chain and procurement and commercial developments with B2B licensees and third parties.

In 2021, the Board considered the engagement and understanding of stakeholder interests and perspectives through the implementation of the following:

- new and updated policies covering the Compliance Procurement Policy, human rights and the modern slavery statement;
- approval of Speak Up Policy;
- approval of Environmental Policy;
- approval of Business Ethics Policy; and
- 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 are 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 & Strategic Analysis 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 2021, 722 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](http://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 is consistent with that used for reporting in the financial statements and if there is 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 2021 are representative of the year and is confident that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

**Brian Mattingley**  
Chairman  
24 March 2022



# Maintaining accountability



**John Krumins**

Chairman of the Audit Committee

## Dear Shareholder

I am pleased to present the Committee's report for the year.

During 2021, 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, the 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 2021 are set out below.

### Composition

The Audit Committee comprises three independent Non-executive Directors. John Krumins is the Chair of the Committee and holds an MBA from Harvard Business School and has many years' experience in corporate finance, technology and complex project management. Therefore, John has recent relevant financial experience, in compliance with provision 24 of the Code. The other members are Ian Penrose and Linda Marston-Weston. The Committee is authorised to obtain independent advice if considered necessary.

The Chief Financial Officer, the Director of Internal Audit and Risk and the external auditor, BDO LLP (BDO), 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. 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 it on matters such as the quality of interaction with management. John Krumins met with BDO during the year to discuss matters involving the audit process.

During the year, John Krumins met 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.

## 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](http://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;
- guiding, reviewing and challenging 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 (the "Code of Ethics") and compliance with its 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; and
- reporting to the Board on how it has discharged its responsibilities.

## Audit Committee's activities

John Krumins joined the Committee on 30 September 2021 and was joined by Linda Marston-Weston on 1 October 2021. The other member of the Committee is Ian Penrose. Following John's appointment as Chair, the Committee members instigated a review of the Committee's activities, with a view to resetting targets and processes in line with best practice. This involved several informal meetings and discussions, and these were undertaken in addition to the four formal Committee meetings scheduled in 2021.

Matters that were broadly considered by the Committee during the year included:

- implementation of Risk Management System;
- external quality assessment of Internal Audit;
- 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;
- review Committee terms of reference;
- results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution;
- going concern and long-term viability; and
- synergies with the ESG Committee.

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 148 to 214.

## 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, specifically on the revenue earned under the B2B royalty arrangements. 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 predominantly a revenue share model which is based on royalties earned from B2C business partners' revenue. The Committee concluded that the Group's revenue recognition policy relating to these types of contracts is in line with IFRS requirements.

# Audit Committee report continued

## Classification of assets as held for sale and discontinued operations

During the year, the Audit Committee considered the judgements made by management over whether certain groups of assets and liabilities continue to meet the criteria as held for sale under IFRS make space in between. 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 considers 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. The continuing but reduced effects of 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, which reported its findings to the Committee. The Committee satisfied itself that the conclusions made on the impairment of the Bingo VF cash-generating unit and the partial reversal of impairment of the assets held for sale were reasonable, and, aside from that, there were no other material impairments to the carrying value of goodwill or other intangible assets. The Committee was also satisfied that, despite the regulatory changes in certain markets of the Quickspin cash-generating unit, there was still no impairment to this unit, based on the assumptions made.

## Classification and valuation of investment in associates and derivative financial assets

The Audit Committee has considered the judgements made in determining the

classification of each structured agreement arrangement, as further explained in Note 6 of the financial statements, and in particular using the appropriate guidance under the accounting standards to determine the existence of control or significant influence.

In reviewing each assessment, the Committee is comfortable that each classification, which is further explained and disclosed in Note 20 of the financial statements, is correct and in accordance with the accounting standards.

The Group engaged third-party valuation specialists to perform the valuations of the derivative financial assets held at fair value, which were guided by management in terms of judgements made. The Committee reviewed and challenged the resulting values of each arrangement and is comfortable with the assumptions, estimates and judgements in each of the valuations, including the valuation methodology applied.

## Legal, regulatory and taxation

Given the developing nature of the gambling sector in many countries across the world, and evolving regulation, 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.

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. Following the Group's internal restructuring, the Group is entitled to deductions in respect of certain

goodwill and intangible assets. A deferred tax asset is recognised as the tax base of the goodwill and intangible assets is in excess of the book basis of those assets. The Committee assessed the advice taken by management and considers the 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, documented in management papers, and it is satisfied that the judgement made and disclosures included in the financial statements are reasonable and in line with each applicable IFRS:

- 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, one-off items and not directly related expenses to the operations of the Group should form part of the adjusted results; and
- right-of-use assets under IFRS 16 Leases determining the lease term of the contracts with renewal and termination options.

## Viability and going concern statements

The Committee reviewed management's work on assessing risks and potential risks to the Company's business both for the going concern and viability statement periods, which included challenging the approach taken by management to support the going concern statement on page 84 and viability statement set out on pages 91 and 92, including the ongoing COVID-19 pandemic and taking into account the potential impacts of the growing conflict in Ukraine and the impact this has had on the 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 the viability and going concern statements.



## 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.

The Audit Committee concurred with the judgements made by management in respect of the presentation of the Alternative Performance Measures (APMs). Furthermore, the Audit Committee concluded that clear and meaningful descriptions have been provided for the APMs used, that the relationship between these measures and the equivalent IFRS measures is clearly explained, that the IFRS measures are afforded equal prominence to the APMs, and that the APMs support understanding of the financial statements.

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

PricewaterhouseCoopers LLP (PwC) attended the Audit Committee meeting held on 19 January 2022 to raise awareness to the Committee of the BEIS consultation, which may result in the implementation of a UK SOX style regime to reform the UK's corporate governance, audit and reporting by setting out strengthened internal controls requirements. The Audit Committee remains focused on monitoring the potential

impact of this and will work with its advisers to ensure the best guidance is provided to the organisation and results are delivered in line with any requirements that may result.

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 2021. The established internal audit relationship between PricewaterhouseCoopers LLP (PwC) and Playtech continues and presents a co-sourced arrangement, with PwC continuing to provide support to the Playtech Internal Audit Team given its breadth of experience with the Group and the specialist services it offers.

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 engagements were reported to the Audit Committee on a regular basis, with recommendations made by Playtech 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 on a quarterly basis or upon request by the Committee.

An Internal Audit Plan for 2022 was developed by the Playtech Internal Audit Team and agreed with the Audit Committee at the November 2021 Audit Committee meeting. The Playtech Internal Audit Team adopts an agile approach to its risk-based audit planning to enable it to effectively respond to the immediate requirements of the business; therefore, any suggested enhancements to the plan are raised to the Audit Committee Chair for significant changes and to the Audit Committee on a quarterly basis at the scheduled Audit Committee meetings. Internal Audit will carry out engagements in accordance with this plan using a risk-based approach and continues 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.

Prior to the year end the Financial Reporting Council (FRC) informed the Group that in line with its standard review process it had carried out a review of the Annual Report for the year ended 31 December 2020. Whilst the Group continues to work with the FRC to clear its queries, the FRC did highlight a number of disclosure matters which have been enhanced within the 2021 financial statements. The Group expects the review to be completed during 2022.

## 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 it is 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 117.

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 considered that BDO was the optimal provider of audit services and would remain as auditor for 2021. This matter was monitored throughout 2021 and the Committee continues to believe that BDO remains the optimal provider of audit services and should remain as auditor for 2022. This matter will continue to be monitored throughout the year.

## John Krumins

Chairman of the Audit Committee  
24 March 2022

## Statement by the Committee Chairman

# Improved governance and restructured remuneration



**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 2021.

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 as they relate to Directors' remuneration and the report below is divided into: (i) this Annual Statement; (ii) a summary of the Directors' Remuneration Policy (the "Policy") as approved 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 2021.

As shareholders will be aware, during the second half of 2020 and into the beginning of 2021 we carried out an extensive review of our Remuneration Policy to make material changes to the structure and level of pay. In undertaking this review the Committee sought to draw a line under the poor voting record on remuneration over the past few years, and I was pleased that the new Remuneration Policy was approved by shareholders at the 2021 AGM. On behalf of the Remuneration Committee, I would like to thank shareholders again for their extensive and open engagement; we have continued to take on board their feedback and reiterate that we are committed to a continued high standard of corporate governance.

As a result of these discussions with our Remuneration Committee advisers, shareholders, proxy advisers and corporate governance experts and our assessment of

current best practice, we made the following wide-ranging changes to the Policy, 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 bonus deferral into shares from 25% over two years to 33.3% from 1 January 2021;
- payouts under the annual bonus for on-target performance were reduced from 60% to 50%;
- reduced executive pension contributions from 20% to 15% effective 1 July 2021, with further reductions to 12.5% effective 1 July 2022, then to 10% effective 1 October 2022 and finally to align with; the wider workforce from 1 January 2023;
- material reduction in the fee for the Chairman, from the previous incumbent receiving £394,000 plus a fully expensed car, to £338,000 with no company car for the new Chairman. The Interim Chairman earned £290,000 p.a. plus car allowance for the period she was in role;
- introduced a financial EPS metric to the LTIP scheme, in addition to the TSR metrics;
- no pay rises for 2021, and pay rises below those for the wider workforce for 2022;
- the new Chairman, following shareholder consultation, wanted to recognise the increased workload resulting from the extensive global regulatory filings now required and to reorganise the Company's Board Committees to improve corporate governance. As a result, from 1 October 2021 the remuneration for the Senior Independent Director was set at £120,000 (having not been separately recognised previously), the basic NED fee increased from £107,625 to £110,000, and the Chair of each Board Committee receives an additional £10,000 per annum in respect of these additional responsibilities. There are no fee increases planned for 2022; and
- increase in Executives' share ownership – the CEO's share ownership has now increased to 254% of salary, in line with the Remuneration Policy, from 42% at 31 December 2019. In addition, the CFO's share ownership has increased to 144% of salary at 31 December 2021, from 32% on 31 December 2019.

The net impact of these changes is a significant reduction in the overall remuneration package for the CEO on a go-forward basis.

The Annual Report on Remuneration and this Statement will be the subject of an advisory shareholder resolution at the forthcoming AGM.

### Remuneration philosophy

Our Remuneration Policy is designed to reward the contributions of senior management as well as incentivise it 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 a fast-moving sector such as ours we need to apply the Policy flexibly in order to deliver the right level of overall pay to Directors.

### Implementation of Policy in 2021

The significant changes which formed the basis of the new Policy were implemented for the first time in 2021, and we operated this in line with the statement of our intentions set out in last year's report. The one exception to this was the LTIP, since we were not able to grant awards during 2021 due to the Company being in a closed period for an extended period of time for the majority of last year and into this year, to date, as a result of the proposed acquisition of Playtech by Aristocrat, and then the subsequent strategic options being pursued since the start of the beginning of the financial year. For the avoidance of doubt, it is not the Committee's intention to issue any form of catch-up LTIP award despite missing the 2021 award.

As set out in last year's report, the CEO's salary was reduced to £800,000 with effect from 1 January 2021, while the CFO's salary remained unchanged. 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.

### Performance and pay outcome for 2021 Bonuses

The financial performance of Playtech was strong in 2021. At the start of the year there were a number of challenges that faced the business including the continued impact of the pandemic globally and in particular the lockdown of the retail estate in Italy, one of our key markets,

for the majority of the first half of 2021. Market consensus (and therefore target for bonuses) at the beginning of 2021 for EBITDA and cash generation was exceeded by 7% and 24% respectively which in both instances exceeds the 105% of target required to deliver 100% of the financial performance required for EBITDA and cash flow.

The Financials division, Finalto, has been treated as an asset held for sale since the beginning of 2021, and shareholders approved the sale of this business at the EGM on 1 December 2021. City forecasts were updated to reflect these changes early in 2021, and the bonus targets set accordingly early last year. As a comparison, EBITDA from continuing operations in 2021 of €317 million is €63 million (25%) higher than in 2020, despite a number of the challenges presented by the pandemic being present in many of the markets in which we operate.

The Group made good progress against many of the key strategic and operational objectives set at the beginning of the year. These included disposing of the Finalto business, accelerating the performance and corporate valuation of the LATAM business, continuing to drive the digital growth/channel shift in Snaitech to improve the quality of earnings and accelerating Playtech's presence/customer numbers/physical presence in the rapidly growing market in the United States, and furthermore, the executives were tasked with driving initiatives to unlock material increases in shareholder value.



# Statement by the Committee Chairman continued

## Performance and pay outcome for 2021 continued

### Bonuses continued

Furthermore, the Committee took account of the CEO's exceptional leadership and social responsibility during the COVID-19 pandemic and the ongoing Ukraine crisis. Over 6,600 Playtech employees worked remotely in 24 countries, with exceptional technical resilience for our global product offerings, where we process around 400 million bets a day. The Company adopted a highly responsible approach during the pandemic to protect and embrace Playtech's employees and staff, also utilising a COVID-19 Fund that was established to support local communities in which Playtech operates. Furthermore, Playtech has over 700 employees (10%+ of the global workforce) in Ukraine, and, before and during the invasion, Playtech's Crisis Management Group has worked 24/7 to look after our workforce, provide relocation opportunities to adjacent countries and provide humanitarian support whilst ensuring the business continues to operate. The Committee is proud of Playtech's response to this awful situation. Finally, it should be noted that the above has been achieved against the backdrop of continued corporate activity and takeover approaches which have understandably consumed large amounts of management time.

No discretion was exercised in determining the bonus outcomes for 2021.

This amounts to a total bonus award of 30% and 15% (out of 30%) against the strategic and operational objectives for the CEO and CFO respectively, which together with the 70% award for financial targets, results in a total bonus award of 100% and 85% for each of the CEO and CFO.

Following the strong financial performance in the year, and development of numerous strategic initiatives to deliver additional shareholder value, bonuses for 2021 were up on the COVID-19 impacted 2020 outcomes. They amounted to £1.6 million (2020: £480k) for the CEO and £549k (2020: £155k) for the CFO.

As a result of changes introduced under the new Policy, 33.3% of these payments will be deferred into shares, an increase from 25% in 2020.

### LTIPs

The LTIP granted in 2019 which will vest in 2022 was subject to relative TSR performance, with an overall outcome of 46.16% of maximum. The awards are also subject to a two-year retention period post vesting.

No discretion was exercised in determining the LTIP outcome for 2021.

As noted previously, no LTIP award was granted in 2021, due to the Company being in a closed period for the majority of 2021 and into this year, to date, as a result of the proposed acquisition of Playtech by Aristocrat, and then the subsequent strategic options being pursued in the last seven weeks.

This represented a significant reduction in the remuneration entitlement/potential of the executives, and indeed the wider Playtech executive and management teams.

The Committee recognises that the CEO has a contractual one-off equity incentive scheme that was approved by shareholders in 2019. This partially vested during 2021 as a consequence of the share price increasing beyond the £6 and £7 share price targets set in 2019. Full details are set out in the Annual Report on Remuneration.

### How we will operate the Policy in 2022

#### Base salary

The average salary increase for 2022 awarded across the UK workforce was 7% as a consequence of the increasing cost due to the rising demand for suitably qualified technology staff. The Committee decided that increases of less than this level would be awarded to the CEO and CFO, whose salaries increased with effect from 1 January 2022 by 2% and 3.5% respectively, to £816,000 for the CEO and £445,567 for the CFO.

### Annual bonus

The annual bonus opportunity for 2022 will remain unchanged at 200% and 150% of salary for the CEO and CFO respectively. Financial performance will continue to drive 70% of the bonus and will be split 50% EBITDA and 20% cash flow. We have set stretching targets for both measures which reflect the post-COVID-19 trading environment, with target performance set at above market consensus, and with maximum for achieving 110% of target. The remaining 30% of the bonus will be based on key strategic targets which will include ESG measures relating to safer gambling, diversity and reduction of the Company's Scope 1, Scope 2 and supply chain emissions. 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, 33.3% of any annual bonus payment will be deferred into shares for two years.

### LTIP award

The ten-year Playtech LTIP scheme expired on 11 March 2022. We intend to put a resolution to the 2022 Annual General Meeting to adopt a new ten-year LTIP scheme, which will be materially on the same terms as the scheme that has now expired.

In the event that we remain an independent public company, and when not in a closed period, it is the intention of the Company to issue LTIPs to the Executive Directors, senior management and staff in respect of 2022 as soon as practicable following the AGM.

### Pension

Following an initial reduction from 20% to 15% effective 1 July 2021, the pension contributions to Executive Directors will further reduce from 15% to 12.5% of salary effective from 1 July 2022 and to 10% effective from 1 October 2022, and will ultimately be aligned to the wider workforce from 1 January 2023.

### Concluding remarks

The Committee has worked hard over the last 18 months to improve corporate governance and introduce a pay for performance culture in the business, whilst materially reducing the fixed pay and pension contributions for the executives. We believe that this has had a significant positive impact on the financial performance of the business, and on delivering initiatives to materially improve shareholder returns.

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 2022 AGM.

### Ian Penrose

Chairman of the Remuneration Committee  
24 March 2022

# Directors' Remuneration Policy

Approved at 2021 AGM

The Directors' Remuneration Policy was approved by shareholders at the AGM on 26 May 2021 (75.47% of votes cast being in favour) and became effective from that date. There are no proposals to amend the Directors' Remuneration Policy at the 2022 AGM.

A summary of the Policy is set out below for reference to assist with the understanding of the contents of this report. The full Policy is detailed in our 2020 Annual Report, which can be found in the "Investors" section under "Annual Reports" on the Company's corporate website ([www.playtech.com](http://www.playtech.com)).

## 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, 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 allows 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
<b>Base salary</b>	<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
<b>Benefits</b>	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

# 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
<b>Annual bonus</b>	<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>
<b>Long Term Incentive Plan (LTIP)</b>	<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>
<b>Pension</b>	<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"> <li>• 20% until 30 June 2021</li> <li>• 15% effective from 1 July 2021</li> <li>• 12.5% effective from 1 July 2022</li> <li>• 10% effective from 1 October 2022</li> <li>• From 1 January 2023, alignment with the wider workforce</li> </ul> <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>



Element of remuneration	Short-term and long-term strategic objectives	Operation	Opportunity	Framework to assess performance
<b>Share ownership guidelines</b>	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 the deferred bonus plan and 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
<b>Non-executive Directors</b>	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

### 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 and aligned to the Company's remuneration principles and support the culture and growth of the business.

With respect to employee engagement, the Committee (and the wider 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.

### Consideration of shareholders' views

The Company is committed to engagement with shareholders and has engaged extensively on remuneration issues since the 2021 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.

# Annual report on remuneration

The sections of this report subject to audit have been highlighted. The figures are shown both in Pounds and Euros, for ease of reference.

## Directors' emoluments (in £) (audited)

Executive Director	Mor Weizer		Andrew Smith	
	2021	2020	2021	2020
Salary <sup>1</sup>	800,000	1,000,000	430,500	430,500
Bonus <sup>2</sup>	1,600,000	480,000	548,888	154,980
Annual long-term incentive <sup>3</sup>	1,440,661	—	452,710	—
One-off long-term incentive <sup>4</sup>	5,114,000	—	—	—
Benefits <sup>5</sup>	34,633	35,187	33,637	57,017
Pension	156,667	183,334	82,604	78,833
Total emoluments	9,145,961	1,698,520	1,548,339	721,330
Total fixed pay	991,300	1,218,520	546,741	566,350
Total variable pay	8,154,661	480,000	1,001,598	154,980

## Directors' emoluments (restated in €) (audited)

Executive Director	Mor Weizer		Andrew Smith	
	2021	2020	2021	2020
Salary <sup>1</sup>	932,921	1,124,987	501,936	484,301
Bonus <sup>2</sup>	1,906,208	534,285	653,934	172,507
Annual long-term incentive <sup>3</sup>	1,727,051	—	542,704	—
One-off long-term incentive <sup>4</sup>	6,013,000	—	—	—
Benefits <sup>5</sup>	40,367	39,358	39,987	63,539
Pension	182,230	206,447	96,091	88,767
Total emoluments	10,801,777	1,905,077	1,834,650	809,114
Total fixed pay	1,155,518	1,370,792	638,014	636,607
Total variable pay	9,646,259	534,285	1,196,638	172,507

- 1 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. The Committee reviewed the Executive Directors' salaries with effect from 1 January 2021. It was decided that Mr Weizer's salary would be reduced from £1,000,000 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. Mr Smith's 2020 salary figure has been restated from last year to reflect a small underpayment to his full salary which was corrected during 2021. It should also be noted that both Executive Directors waived 20% of their salaries for five 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.
- 2 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 2020 and 31 December 2021 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.
- 3 No LTIP awards were granted in 2018 and therefore no awards were due to vest in 2020. The LTIP awards granted in February 2019 vested subject to performance conditions measured over a three-year period from 1 January 2019 to 31 December 2021. As a result of the performance conditions being partially met, 46.16% of the award will vest. This performance outcome corresponds to a total of 217,787 and 68,437 nil cost options for Mor Weizer and Andrew Smith. The value included in the table is therefore £1,440,661 (£1,727,051) and £452,710 (£542,704), based on the share price on vesting (11 March 2022) of £6.615 (£7.93), of which £520,729 (£653,361) and £163,632 (£205,310) relates to share price appreciation respectively. Further details on the LTIP outcomes for the 2019 awards are set out on pages 118 and 119.
- 4 Awards granted to Mor Weizer in December 2019 partially vested during the year, with 300,000 options vesting on 26 November 2021 and 400,000 options vesting on 14 December 2021. The value included in the table is therefore £2,208,000 (£2,601,000) and £2,906,000 (£3,412,000) respectively, based on the share prices on vesting of £7.36 (£8.67) and £7.265 (£8.53), of which £1,050,300 (£1,251,000) and £1,362,400 (£1,612,000) relates to share price appreciation.
- 5 Benefits include private medical insurance, permanent health insurance, car and life assurance.

No discretion was exercised in determining the remuneration outcomes set out in the single total figure table above.

## Non-executive Directors' emoluments (in £) (audited)

Director	Fees		Annual bonus <sup>2</sup>		Benefits <sup>3</sup>		Pension		Total emoluments	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Brian Mattingley <sup>1</sup>	197,167	—	—	—	—	—	—	—	197,167	—
Claire Milne	156,708	219,800	—	—	20,000	—	—	—	176,708	219,800
John Jackson	80,719	107,625	—	—	—	—	—	—	80,719	107,625
Ian Penrose	113,219	107,625	—	—	—	—	—	—	113,219	107,625
Anna Massion	110,719	107,625	—	—	—	—	—	—	110,719	107,625
John Krumins	110,719	107,625	—	—	—	—	—	—	110,719	107,625
Linda Marston-Weston <sup>1</sup>	30,000	—	—	—	—	—	—	—	30,000	—

## Non-executive Directors' emoluments (in €) (audited)

Fees are paid in Sterling and are translated into Euros in the table below:

Director	Fees		Annual bonus <sup>2</sup>		Benefits <sup>3</sup>		Pension		Total emoluments	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Brian Mattingley <sup>1</sup>	231,662	—	—	—	—	—	—	—	231,662	—
Claire Milne	181,359	245,556	—	—	23,479	—	—	—	204,838	245,556
John Jackson	93,664	121,055	—	—	—	—	—	—	93,664	121,055
Ian Penrose	132,180	121,055	—	—	—	—	—	—	132,180	121,055
Anna Massion	129,202	121,055	—	—	—	—	—	—	129,202	121,055
John Krumins	129,202	121,055	—	—	—	—	—	—	129,202	121,055
Linda Marston-Weston <sup>1</sup>	35,537	—	—	—	—	—	—	—	35,537	—

1 Brian Mattingley was appointed as Chairman of the Board on 1 June 2021 and Linda Marston-Weston joined the Board on 1 October 2021. Claire Milne served as Chairman of the Board from 20 May 2020 until the date of Brian Mattingley's appointment.

2 Non-executive Directors are not eligible to receive any variable pay under the Remuneration Policy and thus received no variable pay during 2020 and 2021.

3 Claire Milne was in receipt of a car allowance during her period as Interim Chairman. Following appointment of the new Chairman, the Committee has ensured that none of the Non-executive Directors are eligible to receive benefits in accordance with best practice.

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 five 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.

5 The Non-executive Directors received increased fees during the year and Ian Penrose was appointed as Senior Independent Director, effective from 1 October 2021. Further details of these increases can be found in the Chair's Statement.

## Determination of 2021 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a bonus in respect of 2021 of 200% and 150% of salary respectively. 2021 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%	281.2	310.8	317	50%	50%
Cash flow (€'m)	20%	173.85	192.15	225	20%	20%
Strategic and non-financial (30%)	30%		See below		30%	15%
Total	100%				100%	85%

As set out in the 2020 Directors' Remuneration Report, the financial performance targets were divided this year between Adjusted EBITDA and cash flow, with 50% and 20% weightings respectively. The targets for Adjusted EBITDA and cash flow were set based on analyst consensus as at January 2021. When setting the cash flow target, the Committee excluded Snaitech's PREU tax payment of €90 million which was delayed into 2021 due to the Italian Government's extension of the payment deadline.

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 2021, the Committee and Board took into consideration both consensus estimates and internal forecasts.

When setting the cash flow target, it is important to note Snaitech's PREU tax payment of €90 million which related to 2020 but was delayed into 2021 due to the Italian Government's extension of the payment deadline, as a consequence of COVID-19 and its impacts on businesses. The Company was not in a position to announce this payment delay to the market until its FY20 results in March 2020, and, as such, the analyst consensus as at January 2021 did not adjust for the payment of €90 million in 2021. To ensure accuracy and relevance of consensus as at January 2021, for which cash flow from operations was €273 million at that time, the Committee excluded Snaitech's PREU tax payment of €90 million which related to 2020 but was delayed into 2021 from the January 2021 consensus for cash flow from operations, in order to reflect where consensus would have been had the market known about the tax payment delay.



# Annual report on remuneration continued

## Determination of 2021 bonus continued

As a result, the relevant consensus for cash flow from operations was €183 million.

On target performance level (50% payout, which has been reduced from 60% in 2019) was set at EBITDA of €296 million, which excludes the contribution of Finalto (discontinued operation). The Committee noted that the Adjusted EBITDA for the financial year ended 31 December was €317 million, resulting in 100% of the Adjusted EBITDA element of bonus being payable. The Committee noted that the net cash generated from operating activities was €227 million, resulting in 100% 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 measures were:

- disposal of the Finalto business (CEO 2.5%, CFO 5%);
- acceleration of the performance and corporate valuation of the Latin American business (CEO 10%);
- drive initiatives to unlock material increases in shareholder value (CEO 7.5%, CFO 7.5%);
- drive digital growth/channel shift in Snaitech (CEO 5%, CFO 2.5%); and
- accelerate presence in the US market CEO (5%).

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, with the exception of those objectives which became redundant as a result of the takeover approaches. The Committee carried out an overall assessment of performance against the above measures, and, taking into account the individual contribution of each of the Executive Directors towards these, the Committee resolved that the non-financial element should pay out at a level of 30% and 15% (out of a maximum of 30%) to the CEO and CFO respectively.

This 100% and 85% bonus entitlement resulted in a total bonus payment of £1,600,000 for the CEO (€1,906,208, or 200% of salary in 2021) and £548,888 for the CFO (€653,934, or 127.5% of salary in 2021) respectively. In line with the proposed Policy, 33.3% of this amount will be deferred in shares for two years.

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 vesting in the year

The LTIP awards granted in February 2019 vested subject to performance conditions measured over a three-year period from 1 January 2019 to 31 December 2021. As a result of the performance conditions being partially met, 46.16% of the award will vest. The Committee did not exercise any discretion in determining this outcome. The outcome was calculated as follows:

	Weighting	% of award vesting for threshold performance	Threshold performance	Maximum performance	Actual performance	Outcome (% of maximum)
Relative TSR – FTSE 250 index (excluding investment trusts)	50%	25%	18.39% (median)	63.69% (upper quartile)	59.05%	46.16%
Relative TSR – bespoke <sup>1</sup>	50%	25%	82.34% (median)	99.46% (upper quartile)		0%
<b>Total</b>	<b>100%</b>					<b>46.16%</b>

<sup>1</sup> The bespoke peer group consisted of 888 Holdings plc, Betsson AB (B shares), GVC Holdings plc (renamed Entain plc), International Game Technology plc, JPJ Group plc (renamed Gamesys Group plc), Kindred Group plc, Organization of Football Prognostics S.A. (renamed OPAP S.A.), Paddy Power Betfair plc (renamed Flutter Entertainment plc), Rank Group plc, Sportech plc and William Hill plc.

Awards for Mor Weizer and Andrew Smith vested on 1 March 2022 as follows:

Director	Original number of awards granted	Number of awards vested	Total value <sup>1</sup>	Total value due to share price appreciation <sup>2</sup>
Mor Weizer	471,809	217,787	£1,440,661	£520,729
Andrew Smith	148,260	68,437	£452,710	£163,632

<sup>1</sup> Based on the share price on vesting of £6.615.

<sup>2</sup> Calculated as the share price on vesting of £6.615 less the share price on the date of grant of £4.224.

The awards are also subject to a two-year retention period post vesting.

## One-off award approved by shareholders in 2019

Tranche	Number of awards granted	Share price target	Performance period (years)	Share price target achieved	Vesting date
A	300,000	£6.00	3	Yes	26/11/2021
B	400,000	£7.00	3	Yes	14/12/2021
C	500,000	£8.00	3	No	N/A
D	700,000	£12.00	5	No	N/A

Accordingly, the tranches that vested during the year are as follows:

Tranche	Original number of awards granted	Number of awards vested	Total value <sup>1</sup>	Total value due to share price appreciation <sup>2</sup>
A	300,000	300,000	£2,208,000	£1,050,300
B	400,000	400,000	£2,906,000	£1,362,400

<sup>1</sup> Based on the share price on vesting of £7.36 (Tranche A) and £7.265 (Tranche B).

<sup>2</sup> Calculated as the share price on vesting less the share price on the date of grant of £3.859.

### LTIP awards (audited)

As noted previously, no LTIP award was granted in 2021, due to the Company being in a closed period for the majority of 2021.

### Termination payments (audited)

Claire Milne and John Jackson received payment in lieu of notice during 2021. No termination payments were made to any other Directors during 2021.

### Payments to past Directors (audited)

No payments to past Directors were made in 2021.

### Implementation of Policy for 2022

This section sets out the proposed implementation of the Directors' Remuneration Policy in 2022. The proposed implementation does not contain any deviations from the Directors' Remuneration Policy approved by 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 February 2022. It was decided that Mr Weizer and Mr Smith would receive a salary increase of 2% and 3.5% respectively, effective from 1 January 2022. The average salary increase awarded across the UK workforce was 7%.

The current basic salary levels of the Executive Directors are:

- Mor Weizer: £816,000 (equivalent to €972,166 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2022; and
- Andrew Smith: £445,567 (equivalent to €530,840 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2022.

Following the changes to the Board and Committee membership at the end of September 2021, the Committee reviewed the fees payable to Non-executive Directors in light of standard market practice. The pay structure was normalised to standard remuneration practice with a basic NED fee, a fee for chairing Committees, and a differential to the SID.

Accordingly, the Committee determined the revised remuneration structure would be as follows, effective from 1 October 2021:

- Chairman: £338,000 (equivalent to €402,686 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts);
- Non-executive Director base fee: £110,000 (equivalent to €131,052 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts);
- additional Committee Chair fee: £10,000 (equivalent to €11,914 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts); and
- Senior Independent Director fee: £120,000 (equivalent to €142,966 at 31 December 2021 exchange rate between Sterling and Euro used in the accounts).

The Non-executive Director fees recognise core responsibilities and additional duties as Chair of a Board Committee. There will be no increases for 2022.

### Benefits

Benefit will continue to be in line with the approved Policy.

### Pension

The pension contributions to Executive Directors will be 15% of salary for the period from 1 January 2021 to 30 June 2022, and will reduce to 12.5% of salary effective from 1 July 2022, and then further reduce to 10% of salary effective from 1 October 2022.

# Annual report on remuneration continued

## Implementation of Policy for 2022 continued

### Annual bonus

The annual bonus opportunity will remain unchanged at 200% of salary for the CEO and 150% of salary for the CFO.

For 2022, 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 have been set above City consensus in line with the business plan and the targets will be very challenging in light of the post-COVID-19 trading environment. Maximum payout for achieving the financial targets has been set for achieving 110% of the stretching target level.

The Committee has introduced ESG measures for the 2022 bonus, including measures relating to safer gambling, diversity and reduction of the Company's Scope 1, Scope 2 and supply chain emissions.

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, or 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 and subject to shareholder approval of a new LTIP, the Committee intends to grant LTIP awards this year at 200% of salary for the CEO and 150% for the CFO. For the avoidance of doubt, it is not the Committee's intention to issue any form of catch-up LTIP award despite missing the 2021 award due to the Company being in a closed period for an extended period of time for the majority of last year.

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 or 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.

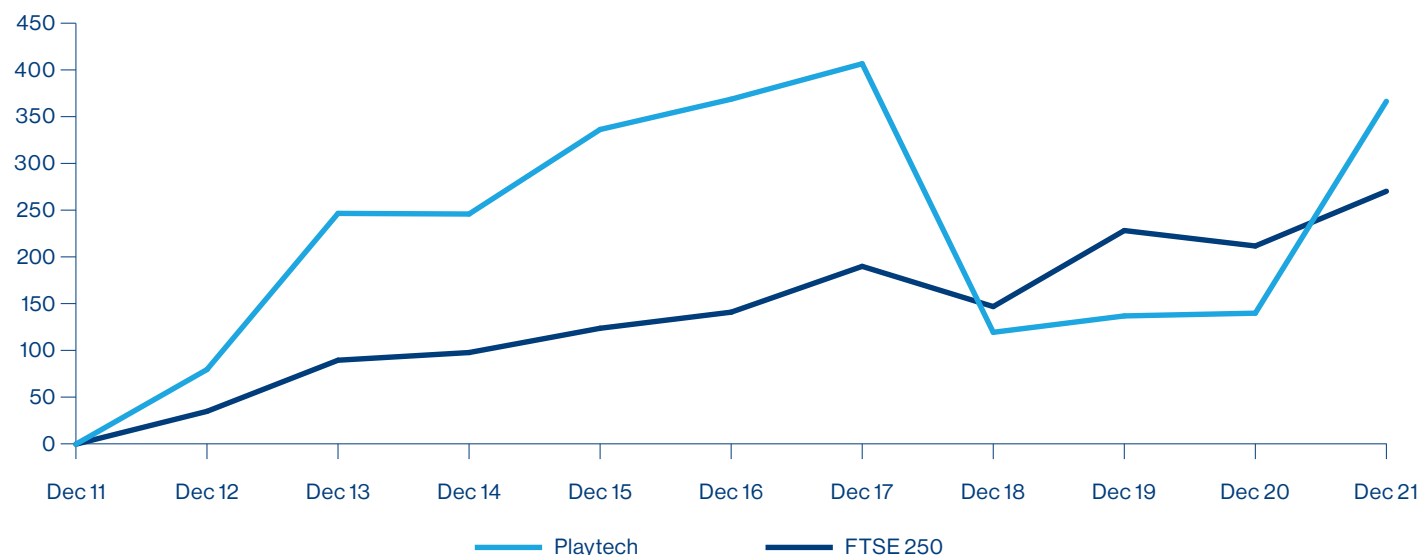


## Dilution limits

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. As at 31 December 2021 we hold 2,937,550 Treasury Shares. As at 1 January 2021, we held 9,965,889 shares in Treasury but on 25 February 2021, we transferred 7,028,339 of these shares to the Company's Employee Benefit Trust.

## 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.

	Year ending 31 December									
Remuneration of the CEO (Mor Weizer)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total remuneration (€'000)	800	1,381	1,740	2,449	2,346	4,192	2,055	2,931	1,905	10,802
Annual bonus (% of maximum)	100%	100%	100%	87.5%	100%	93%	25%	65%	24%	100%
LTIP vesting (% of maximum)	—	—	—	—	—	70%	22%	—	—	46.16%

# Annual report on remuneration continued

## 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 2020 to 2021 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	
	2019 to 2020	2020 to 2021	2019 to 2020	2020 to 2021	2019 to 2020	2020 to 2021
<b>Executive Directors</b>						
Mor Weizer	0%	-20%	+31.6% <sup>2</sup>	-1.6%	-63.1%	+233.3%
Andrew Smith	+2.5%	0%	+75.3% <sup>3</sup>	-41.0%	-64.3%	+254.2%
<b>Non-executive Directors</b>						
Brian Mattingley	N/A	N/A	N/A	N/A	N/A	N/A
Claire Milne	+2.5%	-26.1%	N/A	N/A	N/A	N/A
John Jackson	+2.5%	-22.6%	N/A	N/A	N/A	N/A
Ian Penrose	+2.5%	+5.2%	N/A	N/A	N/A	N/A
Anna Massion	+2.5%	+2.8%	N/A	N/A	N/A	N/A
John Krumins	+2.5%	+2.8%	N/A	N/A	N/A	N/A
Linda Marston-Weston	N/A	N/A	N/A	N/A	N/A	N/A
<b>Wider workforce</b>						
Average employee – UK based <sup>1</sup>	+2.7%	+4.5%	+6%	+0.8%	+22%	-15.6%

<sup>1</sup> 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 remove unnecessary space).

<sup>2</sup> The increase in the value of Mor Weizer's benefits was due to the provision of a fully expensed company car.

<sup>3</sup> The increase in the value of Andrew Smith's benefits was due to an increase in healthcare costs.

<sup>4</sup> The increase for Ian Penrose reflects his appointment as Senior Independent Director.

## 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 2020 and 2021:

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
<b>2021</b>	<b>Method A</b>	<b>229:1</b>	<b>160:1</b>	<b>107:1</b>
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 2021 and remuneration figures are determined with reference to the financial year to 31 December 2021. The CEO is paid in GBP Sterling and the ratios have been calculated using the CEO's 2021 total single figure of remuneration expressed in GBP Sterling (£9,145,961).

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2021, in line with the approach taken in 2020, 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 2020 financial year) as 2021 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 on a 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
<b>2021</b>	<b>£35,962</b>	<b>£39,868</b>	<b>£45,000</b>	<b>£57,029</b>	<b>£65,000</b>	<b>£85,662</b>

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, as has been the case this year due to the vesting of the one-off award which was approved by shareholders in 2019, as a consequence of the increase in the Company's share price. Due to the one-off nature of this award, the Committee has also reviewed the pay ratio excluding the value of this, as set out in the table below:

25th percentile	50th percentile	75th percentile
<b>101:1</b>	<b>71:1</b>	<b>47:1</b>

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 and dividends, and total remuneration paid to all employees:

Payouts	2021 €'m	2020 €'m	Change %
Dividends <sup>1</sup>	—	—	0%
Share buybacks	—	101	-100%
Total employee remuneration <sup>2</sup>	<b>384.6</b>	358.2	+7.4%

<sup>1</sup> 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 2021
	2021	2020	2021	2020	
<b>Executive Directors<sup>1,2,3,4</sup></b>					
Mor Weizer <sup>5</sup>	<b>277,550</b>	258,750	<b>3,012,225</b>	3,014,685	<b>3,289,775</b>
Andrew Smith <sup>5</sup>	<b>84,875</b>	78,675	<b>324,550</b>	324,910	<b>409,425</b>
<b>Non-executive Directors</b>					
Brian Mattingley	—	—	—	—	—
Claire Milne	—	—	—	—	—
John Jackson	<b>5,000</b>	5,000	—	—	<b>5,000</b>
Ian Penrose	<b>17,500</b>	17,500	—	—	<b>17,500</b>
Anna Massion	<b>32,000</b>	32,000	—	—	<b>32,000</b>
John Krumins	<b>10,000</b>	10,000	—	—	<b>10,000</b>
Linda Marston-Weston	—	—	—	—	—

<sup>1</sup> There has been a significant increase in Executives' share ownership; the CEO's share ownership increased to 254% of salary based on the closing share price of 732.5 pence on 31 December 2021, from 104% on 31 December 2020. In addition, the CFO's share ownership increased to 144% of salary as at 31 December 2021, from 73% on 31 December 2020.

<sup>2</sup> Share options are granted for nil consideration.

<sup>3</sup> 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.

<sup>4</sup> 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 to 25 October 2023 with normal vesting scheduled for 26 October 2023.

<sup>5</sup> No LTIP awards were granted in 2021.

<sup>6</sup> There was no movement in share interests between 31 December 2021 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 Linda Marston-Weston and Anna Massion.

Details of attendance at the Remuneration Committee meetings are set out on page 101 and their biographies and experience on pages 96 to 97.

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](http://www.playtech.com), and include:

- determining and agreeing the Policy for the remuneration of the CEO, the CFO, the Chairman and other members of the senior management team;
- reviewing the broad Policy framework for remuneration to ensure it remains appropriate and relevant;
- reviewing the design of and determining targets for any performance-related pay and the annual level of payments under such plans;
- reviewing the design of and approving any changes to long-term incentive or option plans; and
- ensuring that contractual terms on termination and payments made are fair to the individual and the Company and that failure is not rewarded.



# Annual report on remuneration continued

## Role and membership continued

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 three meetings throughout the year, with additional meetings and calls held when necessary. During 2021, the Committee met nine times, addressing a wide variety of issues, including:

Month	Principal activity
<b>January and February</b>	<ul style="list-style-type: none"> <li>Review of bonus and other incentivisation arrangements in relation to Executive Directors and members of senior management</li> <li>Review of amendments to Policy to be put to shareholders at the 2021 AGM, including bonus deferral and reduction in pension provision</li> <li>Review of market benchmarking and corporate governance best practice</li> </ul>
<b>March</b>	<ul style="list-style-type: none"> <li>Review of benchmarking, and setting of remuneration of incoming Chairman</li> <li>Consultation with shareholders</li> </ul>
<b>June</b>	<ul style="list-style-type: none"> <li>Review of AGM voting results</li> <li>Market benchmarking</li> <li>Shareholder feedback</li> </ul>
<b>August, September and October</b>	<ul style="list-style-type: none"> <li>Consideration of all remuneration matters in view of takeover approach from Aristocrat</li> </ul>

## External advisers

As a result of PricewaterhouseCoopers LLP's (PwC's) appointment as reporting accountant in relation to Finalto during 2020, the firm stood down as independent adviser to the Committee. The Committee engaged the services of a leading corporate governance adviser to provide advice and market insights in relation to remuneration for which it received fees of £25,000 during the year to 31 December 2021.

## Engagement with shareholders and shareholder voting

The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration. Following the 2020 AGM result and in advance of the AGM in 2021, 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 2021.

The Directors' Remuneration Policy and the Directors' Annual Report on Remuneration were each subject to a shareholder vote at the AGM held on 26 May 2021, the results of which were as follows:

	For	Against	Withheld
Approval of Remuneration Report	161,331,310 (69.18%)	71,887,800 (30.82%)	2,059,240
Approval of Remuneration Policy	177,453,581 (75.47%)	57,668,932 (24.53%)	155,838

In the first half of 2021 the Remuneration Committee carried out 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. Following approval of the new Policy, the Board and the Remuneration Committee are committed to keeping this 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.

Specifically, wide-ranging discussions were held around remuneration, reviewing benchmarking data about the competitiveness of Playtech's basic pay levels compared to peer groups and geographies. Bonus targets and quantum were reviewed to continue to improve the alignment of individual and Group operating and strategic performance. The Committee also took the opportunity to consider the list of team members who historically have been eligible for an LTIP grant, to ensure that this element of aligning employee and shareholder interests remains appropriate. There was significant engagement around the wide-ranging implications of the Takeover Offer by Aristocrat for the Company, and also around the uncertainties created for the business and its employees by the numerous items of corporate activity that affected the Company in the year.

Furthermore, and working in conjunction with the ESG Committee, several discussions were held reviewing the Company's approach to diversity and inclusion, followed by setting the Company goals and targets in this area.

During 2021, the Board discussed, reviewed and engaged on a number of stakeholder issues. The material stakeholder topics discussed by the Board in 2021 included:

- executive compensation and pay;
- environmental, social and governance matters;
- developing the business in markets;
- corporate governance;
- diversity;
- inclusion and gender pay gap and 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; and
- commercial developments with B2B licensees and third parties.

In 2021, 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 the Compliance Procurement Policy, human rights and the modern slavery statement;
- monitoring of safer gambling protocols and sustainability blueprint;
- consideration of Directors' Remuneration Policy; and
- monitoring developments on the Human Resources function and strategy.

By order of the Board

**Ian Penrose**

Chair of the Remuneration Committee

24 March 2022

# Directors' report

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2021.

The Directors' Report should be read in conjunction with the other sections of this Annual Report: the Strategic Report, the 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 93 to 131;
- information relating to financial instruments, as provided in the notes to the financial statements; and
- 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 131.

## 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.

## Finalto

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 end of 2020.

In June 2021, the Company received an indicative non-binding offer from Gopher Investments ("Gopher") to acquire the Finalto business for USD 250 million.

In September 2021, the Company announced that it had entered into an agreement with a purchaser, an investment vehicle incorporated in the Cayman Islands, to dispose of the Finalto business for a total consideration of USD250 million. The resolution to sell the Finalto business was put to shareholders on 1 December 2021 and was duly passed. Completion of the disposal is expected to take place in the second quarter of 2022.

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 92 which also includes an analysis of 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 85 to 90 of this Annual Report and details of the policies and the use of financial instruments are set out in Note 5 to the financial statements.

## Directors and Directors' indemnity

The Directors of the Company who held office during 2021 and to date are:

	Appointed	Resigned
Brian Mattingley	01.06.2021	—
Mor Weizer	02.05.2007	—
Andrew Smith	10.01.2017	—
John Jackson	01.01.2016	30.09.2021
Claire Milne	08.07.2016	30.09.2021
Ian Penrose	01.09.2018	—
Anna Massion	02.04.2019	—
John Krumins	02.04.2019	—
Linda Marston-Weston	01.10.2021	—

All of the current Directors will stand for re-election at the forthcoming Annual General Meeting to be held on 30 June 2022.

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 2021 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 93 to 131 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 141 to 214. The Company is not recommending the payment of a final dividend for the year ended 31 December 2021. This situation will be reviewed throughout 2022.

## 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 85 to 90 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 and 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 2021, 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 around the COVID-19 pandemic and the potential impact of the Ukraine crisis. 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, 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 15 months from the date of approval of the financial statements. In respect of the viability assessment, the Directors reviewed a five-year forecast considering the viability status for the period to December 2026 in accordance with the Group's five-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. 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 as per the Viability Statement on pages 91 and 92. Given the above, the Directors continue to adopt the going concern basis in preparing the accounts.

## Significant shareholdings

As of 21 March 2022, 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
Albula Investment Fund	5.08	15,583,174
Setanta Asset Management	5.08	15,550,370
TT Bond Partners	4.97	15,237,921
Future Capital Group	4.90	15,000,000
Paul Suen Cho Hung	4.61	14,115,010
Vanguard Group	4.41	13,523,899
Dimensional Fund Advisors	3.49	10,705,416
Interactive Brokers (EO)	3.11	9,530,111

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 21 March 2021 and the date of this report.

## Capital structure

As at 28 February 2022, 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 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 the 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.

### Political and charitable donations

During the year ended 31 December 2021, the Group made charitable donations of €6.0 million (2020: €6.3 million), 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 (2020: €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 43 to 76.

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 a 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 92 and in the statement dealing with our relationship with stakeholders on pages 20 to 23.

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 20 to 23. 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](http://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 and VF 2011 Limited has established a branch in Gibraltar.

### 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 page 139 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 123
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 127
9.8.6(3)	The going concern statement	See page 84
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	30,635,669 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 pages 98 and 99
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	See the statement on pages 98 and 99
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 103 The Chairman and the Non-executive Directors serve under letters of appointment described on page 104

## 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 24 March 2022, 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 141 to 226 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 2 to 92 The Statement of Directors' Responsibilities can be found on page 131
4.1.6	Audited financial statements	The audited financial statements set out on pages 141 to 226 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 on pages 133 to 140
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 2 to 92 includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business and a review of the Company's business and on pages 85 to 90 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 92 gives details of important events since the year end. See Note 41 to the audited financial statements on page 214
4.1.11(2)	Future development	The Strategic Report on pages 2 to 92 gives an indication of the likely future development of the Company
4.1.11(3)	Research and development	The Strategic Report on pages 2 to 92 gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See the statement on page 127
4.1.11(5)	Branch offices	See the statement on page 129
4.1.11(6)	Use of financial instruments	See Note 5 to the audited financial statements on pages 151 to 162
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 131

## 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 UK.

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 IFRS as adopted by the UK subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in IFRS 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. 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, is fair, balanced and understandable and provides 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 96 and 97, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- 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 2021 was held in May at MidCity Place, 77 High Holborn, London WC1V 6EA. As a result of the COVID-19 pandemic and the legislative measures and associated guidance introduced by the UK Government in response, for the safety of our shareholders, our employees and the general public, 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 2022 is scheduled for 30 June 2022. 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.

### Auditor

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 auditor is 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 auditor for the purposes of its audit and to establish that the auditor is aware of that information.

A resolution to reappoint BDO LLP as the Company's auditor 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  
24 March 2022



# Financial Statements

## Financial Statements

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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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice.

We have audited the financial statements of Playtech plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements and notes to the Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards in respect of the Group financial statements and, as regards the Parent Company financial statements, UK Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework.

### 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, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 December 2005 and subsequent financial periods. In respect of the financial year ended 31 December 2021, we were reappointed by resolution of the members of the Company at the Annual General Meeting held on 26 May 2021. The period of total uninterrupted engagement including retenders and reappointments is 17 years, covering the years ended 31 December 2005 to 31 December 2021. 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 public interest 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 for a period of at least 12 months from the date of approval of the financial statements included:

- evaluating the Directors' process in making their assessment, including the period covered, 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 Group's markets, strategies and risks;
- understanding the achievability of key Director assumptions in their cash flow forecasts and challenging these against our knowledge of the prior year, our knowledge of the business and industry, and other areas of the audit;
- checking through enquiry with the Directors, 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 the Directors' stress test scenarios and challenging whether other reasonably possible scenarios could occur and including these in our assessment where appropriate;
- assessing the Directors' reverse stress test to analyse the level of reduction in EBITDA that could be sustained before a covenant breach or liquidity event would be indicated;
- confirming the financing facilities, repayment terms and financial covenants to supporting documentation;
- reviewing the Directors' assessment of covenant compliance throughout the going concern period;
- enquiring with management the impact of the current Russia / Ukraine conflict and the resultant impact on the Group's operations and trading;
- challenging the Directors as to matters outside of the going concern assessment period, principally relating to the bond refinancing required in October 2023 of €530 million;
- reviewing the different scenarios presented by the Directors with reference to potential corporate activity relating to the Group; and
- 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 the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

# Independent auditor's report continued

## To the members of Playtech plc

### Conclusions relating to going concern continued

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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Overview

Coverage	100% (2020: 100%) of Group revenue. 95% (2020: 94%) of Group total assets.		
Key audit matters		2021	2020
	Revenue recognition	✓	✓
	Accounting for and the valuation of LATAM equity call options	✓	✗
	Impairment of goodwill in respect of the Sports B2C cash-generating unit	✗	✓
	Potential legal claims	✗	✓
	Non-current assets held for sale and discontinued operations	✗	✓
	Accounting for and the valuation of LATAM equity call options is new key audit matters (KAM) for the year following the new option arrangement for Caliply and the growth of the LATAM market.		
	Impairment of goodwill in respect of the Sports B2C cash-generating unit is no longer considered to be a key audit matter because the goodwill was fully impaired during the year ended 31 December 2020.		
	Potential legal claims is no longer considered to be a key audit matter given the potential material claims have not progressed further in the year ended 31 December 2021.		
	Non-current assets held for sale and discontinued operations is no longer considered a key audit matter due to the level of judgement and estimate being substantially reduced following the signing of the sales and purchase agreement in the year to dispose of Finalto for a fixed value subject only to regulatory approval.		
Materiality	<b>Group financial statements as a whole</b> €7.9 million (2020: €5.0 million) based on 2.5% of Adjusted EBITDA (2020: 5% of the average of the last three years' normalised adjusted profit before tax).		

### 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.

We performed full scope audit procedures on nine components. Five of these were considered significant components based on their size; four of these components were audited by the Group audit team and the remaining one by BDO Italy. Full scope procedures were also performed on the Finalto division, the component classified as held for sale, by a component auditor within the BDO network. For the remaining non-significant components, component auditors within the BDO network 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.

### Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed 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 the component auditor of the significant component included attending key meetings remotely or in person as appropriate (including those with local management), directing the scope and approach of the audit, and performing a detailed review remotely or in person of the audit files.

For the component auditors of the non-significant components we provided group instructions, directed the scope of their work and, where considered necessary, performed a detailed review of their working papers.

## An overview of the scope of our audit continued

### Key audit matters

Key audit matters (KAM) 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, Note 6 and Note 9)</p> <p>Revenue recognition was considered a KAM due to the complexity of the IT systems and the level of audit focus required.</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. Our key audit matters in respect of revenue consist of the following:</p> <p>Playtech B2B gaming revenue: There is a risk that amounts invoiced are calculated incorrectly due to manipulation of the underlying source data, an error in the IT system or the incorrect contractual rates being applied.</p> <p>Snaitech B2C streams: There is a risk that data within the revenue system is incorrect due to manipulation or error between the operating platform, ADM (government regulatory system), and the billing system, resulting in incomplete or inaccurate revenue being recognised.</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.</p> <p>In completing this work we utilised our own IT specialists to assess the IT controls in respect of the key operating systems supporting the above transaction flows. Our IT specialists also reviewed the work completed by the IT specialists from component teams.</p> <p>We examined and assessed the treatment of a sample of new and modified revenue contracts in the year to check 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>Our testing approach for revenue was tailored for the different revenue streams and entities across the Group.</p> <p><b>B2B gaming revenue</b></p> <p>We tested revenue recognised with the support of IT specialists, by completing the following:</p> <ul style="list-style-type: none"> <li>• tested the operating effectiveness of certain controls within the IMS operating system;</li> <li>• for a sample of customers and invoices, with the support of our IT specialists, we obtained underlying source data and independently recalculated invoices based on contractual terms in place;</li> <li>• performed a full reconciliation of the IMS systems to the billing database (used by management to calculate revenue for invoicing) to confirm the accuracy and completeness of the underlying data;</li> <li>• confirmed a sample of invoices to cash receipts;</li> <li>• completed test bets and traced through underlying data to customer invoicing; and</li> <li>• for sample of customers, analysed revenue for the year on a monthly basis to identify exceptions and tested those identified to underlying source data to confirm completeness and accuracy.</li> </ul> <p><b>B2C revenue</b></p> <p>Our testing approach for B2C revenue recognised by Snaitech included the following:</p> <ul style="list-style-type: none"> <li>• With the assistance of our IT specialists, we carried out an end-to-end walkthrough to understand the IT system, process and controls in place for each of the revenue streams (betting, amusement with prizes (AWP) and video lottery terminals (VLT)).</li> <li>• With the support of our IT specialists, we tested the operating effectiveness of controls, including user access controls, change management and data processing management.</li> <li>• Testing of the operating effectiveness of relevant key controls was linked to the approval of sales with a sample also verified to cash receipts.</li> <li>• For betting, we performed a reconciliation of bets from the operating platform to the government ADM reports, and for a sample of bets we recalculated the revenue recognised based on contractual terms in place, and agreed amounts to underlying contracts and cash receipts.</li> <li>• For AWP and VLT machines, we agreed the revenue recognised to the operating system for a sample of items, and recalculated the revenue recognised based on contractual terms in place.</li> </ul> <p><b>Key observations</b></p> <p>Based on the work performed we did not identify any evidence of manipulation of data in the underlying IT systems and consider that revenue has been recognised appropriately.</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
<p>Accounting for and valuation of LATAM equity options (with reference to Note 5 – Significant accounting policies, Note 6 and Note 20)</p> <p>This was considered a KAM due to the level of audit team effort, the complexities and judgements required in the accounting and the significance of estimates and judgements required.</p> <p><b>Mexico: Caliplay</b></p> <p>The framework agreement was renegotiated in the year such that the Group now holds an equity call option up to 49% (subject to dilution and other contractual matters) which is exercisable over an acquisition vehicle should Caliplay be part of an M&amp;A transaction.</p> <p>The new option is in addition to the pre-existing call option which continues to be held over Caliplay which is currently exercisable.</p> <p>The new option is only exercisable should an M&amp;A transaction complete and therefore does not provide the Group with current access to profits and in line with the requirements of IAS 28 requires the option to be recorded at fair value.</p> <p>The accounting and valuation require management judgement in terms of the accounting adopted and in respect of the inputs and the methodology applied to calculate fair value.</p> <p>Management has based its valuation on the anticipated enterprise value of Caliplay should the proposed acquisition of Caliplay by a US listed special purpose acquisition company (SPAC) complete and has determined a fair value of €506.7 million.</p>	<p><b>Mexico: Caliplay</b></p> <p>We scrutinised the revised agreement and management's assessment of the accounting requirements. We checked that the assessment made and the requirement to fair value the additional new option aligned to the requirements of IAS 28.</p> <p>With the support of our valuation specialists, we completed the following in respect of the fair value calculation:</p> <ul style="list-style-type: none"> <li>• reviewed supporting documentation prepared by advisers to the SPAC in respect of the proposed enterprise value;</li> <li>• confirmed the proposed listing share price of US\$10 per share and the Group's expected shareholding in the SPAC;</li> <li>• assessed the impact of warrants and options held by third parties based on the expected warrants to be issued and options held to consider the dilution impact;</li> <li>• challenged management's judgement as to the likely timing for completion of the acquisition by the SPAC based on status of the potential transaction; and</li> <li>• assessed the impact of the post-completion restrictions on disposing of shares held by the Group in the SPAC by reference to the terms of the proposed transaction.</li> </ul> <p><b>Other LATAM options</b></p> <p>In respect of the accounting, we reviewed the respective agreements for each of the LATAM arrangements and confirmed management's assessment of significant influence or control in each case is in line with the requirements of IFRS. For each arrangement we checked the contractual terms to confirm management's assessment of the exercise date for each option.</p> <p>Where the accounting assessment determined that the options were required to be recorded at fair value, with the support of our valuation specialists we challenged the key assumptions used in management's discounted cash flow model, including:</p> <ul style="list-style-type: none"> <li>• challenge of the cash flows used and, where possible, comparison to third-party market data;</li> <li>• recalculated the discount rates used to check appropriate risk premiums had been applied;</li> <li>• assessed the sensitivity analysis performed by management to changes in key assumptions (such as discount rate and growth rates) and considered any additional sensitivities required based on the audit team's assessment of the key inputs and judgements;</li> <li>• confirmed to contractual terms the expected shareholdings of the Group on exercise of the options; and</li> <li>• checked the underlying models for mathematical accuracy.</li> </ul> <p>In respect of the Caliplay and other LATAM options management was supported by third-party experts. We assessed the independence, expertise and qualifications of these experts.</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
Accounting for and valuation of LATAM equity options (with reference to Note 5 – Significant accounting policies, Note 6 and Note 20) continued	<p><b>Other LATAM options – Colombia: Wplay, Guatemala: Super Sports, Costa Rica: Tenbet, Panama: Onjoc and Brazil: Galera</b></p> <p>The Group holds equity call options in each of the above investments, a number of which are currently exercisable.</p> <p>Judgement is required as to whether the options give rise to control or significant influence over the entities and if the option provides current access to profits.</p> <p>Where options are not yet exercisable and hence do not provide current access to profits of the underlying entity, management determined the requirement to fair value the options; this includes:</p> <ul style="list-style-type: none"> <li>• Wplay: €97.2 million (2020: €22.3 million);</li> <li>• Onjoc €6.9 million (2020: € Nil); and</li> <li>• Tenbet €11.4 million (2020: € Nil).</li> </ul> <p>Management has calculated the fair value of the options using discounted cash flow models which requires estimate and judgement.</p> <p>There is a risk that the accounting for each of the options is not appropriate and that the valuations are materially misstated.</p> <p>In respect of all valuations management engaged third-party experts to support it in the calculations.</p> <p><b>Disclosures</b></p> <p>In respect of all options held there is a risk that the disclosures, sensitivities given and disclosure of key judgements and estimates are not complete and accurate.</p> <p><b>Disclosures</b></p> <p>In respect of all options, we reviewed the disclosures to check that they were complete and accurate based on the accounting approach, IFRS and the audit team's assessment of the valuation work completed; this included an assessment of the adequacy of the detail included in the critical judgements and estimates section (see Note 6).</p> <p><b>Key observation</b></p> <p>Based on the work performed we consider the judgements and estimates made in the accounting for and valuation of LATAM equity options and the related disclosure to be appropriate.</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	
	2021 £m	2020 £m	2021 £m	2020 £m
Materiality	<b>7.9</b>	5.0	<b>4.5</b>	3.9
Basis for determining materiality	<b>2.5% of Adjusted EBITDA</b>	5% of a normalised three-year average of Adjusted profit before tax	<b>55% of Group materiality</b>	75% of Group materiality
Rationale for the benchmark applied	<b>Given the corporate transaction activity, Adjusted EBITDA (which was the underlying basis for the Aristocrat offer) is considered to be the metric of greatest interest to users of the financial statements</b>	Given the impact of COVID-19 on profits for the year a three-year average of adjusted profit before tax was 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.	<b>2% of total assets capped at 55% of Group materiality</b>	2% of total assets capped at 75% of Group materiality
Performance materiality	<b>5.5</b>	3.5	<b>3.2</b>	2.7
Basis for determining performance materiality	<b>70% of Group materiality – this was set by the audit team with reference to the level of adjustments identified in the prior year, the level of sampling work required and the number of components</b>	70% of Group materiality – this was set by the audit team with reference to the level of adjustments identified in the prior year, the level of sampling work required and the number of components	<b>70% of Parent Company materiality – this was set by the audit team with reference to the level of adjustments identified in the prior year and the level of sampling work required</b>	70% of Parent Company materiality – this was set by the audit team with reference to the level of adjustments identified in the prior year and the level of sampling work required

### Component materiality

We set materiality for each component of the Group based on a percentage of between 9% and 63% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €0.8 million to €5.0 million. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to it all individual audit differences in excess of €136k (2020: €100k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Our application of materiality continued

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements 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.

### 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 Code 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"> <li>the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 84; and</li> <li>the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 91.</li> </ul>
Other Code provisions	<ul style="list-style-type: none"> <li>the Directors' statement on fair, balanced and understandable set out on page 109;</li> <li>The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 91;</li> <li>the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 85 to 90; and</li> <li>the section describing the work of the audit committee set out on page 101.</li> </ul>

### 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

### Corporate Governance Statement continued

#### 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 gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and the Audit Committee and our knowledge of the industry. We focused on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Isle of Man Companies Act 2006, the UK Listing Rules, IFRSs as they apply in the UK, compliance with certain gaming licensing requirements and tax legislations.
- We considered compliance with these laws and regulations through discussions with management, in-house legal counsel, the Company Secretary, and the Head of Regulatory as well as reviewing internal audit reports. Our procedures also included reviewing minutes from Board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria.
- We performed a detailed review of the Group's year end adjusting entries and journals throughout the year, investigated any that appeared unusual as to nature or amount, assessed whether the judgements made in accounting estimates were indicative of a potential bias and tested the risk of manipulation of IT systems with regards to revenue recognition (see key audit matter above).
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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, or 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](http://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 (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
24 March 2022

**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 2021

		2021		2020	
	Note	Actual €'m	Adjusted €'m <sup>1</sup>	Actual €'m	Adjusted €'m <sup>1</sup>
Continuing operations					
Revenue	9	1,205.4	1,205.4	1,078.5	1,078.5
Distribution costs before depreciation and amortisation		(794.5)	(788.8)	(726.7)	(719.1)
Administrative expenses before depreciation and amortisation		(127.4)	(98.5)	(112.5)	(92.2)
Impairment of financial assets		(2.2)	(1.0)	(16.4)	(13.6)
EBITDA	10	281.3	317.1	222.9	253.6
Depreciation and amortisation		(169.1)	(134.3)	(188.1)	(149.1)
Impairment of tangible and intangible assets	12	(21.6)	—	(45.4)	—
Finance income	13A	1.1	1.1	1.1	1.1
Finance costs	13B	(67.7)	(62.9)	(64.6)	(61.5)
Share of (loss)/profit from joint ventures and associates	20A	(0.6)	(0.6)	1.1	1.1
Fair value change on acquisition of associate	20A	—	—	6.5	—
Loss on disposal of associate	20A	—	—	(8.9)	—
Unrealised fair value changes of equity investments	20B	(1.6)	—	0.6	—
Unrealised fair value changes of derivative financial assets	20C	583.2	—	—	—
Profit on disposal of asset classified as held for sale	25	—	—	22.1	—
Profit/(loss) before taxation		605.0	120.4	(52.7)	45.2
Income tax credit/(expense)	10, 14	81.7	7.2	(20.4)	(17.9)
Profit/(loss) from continuing operations		686.7	127.6	(73.1)	27.3
Discontinued operation					
(Loss)/profit from discontinued operation, net of tax	8	(12.1)	(13.8)	(224.3)	20.0
Profit/(loss) for the year – total		674.6	113.8	(297.4)	47.3
Other comprehensive loss:					
Items that are or may be classified subsequently to profit or loss:					
Exchange loss arising on translation of foreign operations		(1.4)	(1.4)	(19.9)	(19.9)
Items that will not be classified to profit or loss:					
Loss on remeasurement of employee termination indemnities		(0.1)	(0.1)	(0.1)	(0.1)
Other comprehensive loss for the year		(1.5)	(1.5)	(20.0)	(20.0)
Total comprehensive income/(loss) for the year		673.1	112.3	(317.4)	27.3
Profit/(loss) for the year attributable to:					
Owners of the Company		674.6	113.8	(297.3)	47.4
Non-controlling interests		—	—	(0.1)	(0.1)
		674.6	113.8	(297.4)	47.3
Total comprehensive income/(loss) attributable to:					
Owners of the Company		673.1	112.3	(317.3)	27.4
Non-controlling interests		—	—	(0.1)	(0.1)
		673.1	112.3	(317.4)	27.3
Earnings per share attributable to the ordinary equity holders of the Company					
Profit or loss – total					
Basic (cents)	15	226.3	38.2	(99.6)	15.9
Diluted (cents)	15	216.2	36.5	(99.6)	15.2
Profit or loss from continuing operations					
Basic (cents)	15	230.3	42.8	(24.5)	9.2
Diluted (cents)	15	220.1	40.9	(24.5)	8.8

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

# Consolidated statement of changes in equity

For the year ended 31 December 2021

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee Benefit Trust €'m	Put/call options reserve €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non- controlling interests €'m	Total equity €'m
<b>Balance at 1 January 2021 (as restated)</b>	<b>592.1</b>	<b>(0.4)</b>	<b>343.7</b>	<b>(14.5)</b>	<b>(3.7)</b>	<b>(21.3)</b>	<b>895.9</b>	<b>0.3</b>	<b>896.2</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	—	—	674.6	—	—	—	674.6	—	674.6
Other comprehensive loss for the year	—	(0.1)	—	—	—	(1.4)	(1.5)	—	(1.5)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>(0.1)</b>	<b>674.6</b>	<b>—</b>	<b>—</b>	<b>(1.4)</b>	<b>673.1</b>	<b>—</b>	<b>673.1</b>
<b>Transactions with the owners of the Company</b>									
<b>Contributions and distributions</b>									
Exercise of options	—	—	(13.9)	13.9	—	—	—	—	—
Employee stock option scheme	—	—	11.9	—	—	—	11.9	—	11.9
Transfer from treasury shares to Employee Benefit Trust	13.9	—	8.7	(22.6)	—	—	—	—	—
<b>Total contributions and distributions</b>	<b>13.9</b>	<b>—</b>	<b>6.7</b>	<b>(8.7)</b>	<b>—</b>	<b>—</b>	<b>11.9</b>	<b>—</b>	<b>11.9</b>
<b>Total transactions with owners of the Company</b>	<b>13.9</b>	<b>—</b>	<b>6.7</b>	<b>(8.7)</b>	<b>—</b>	<b>—</b>	<b>11.9</b>	<b>—</b>	<b>11.9</b>
<b>Balance at 31 December 2021</b>	<b>606.0</b>	<b>(0.5)</b>	<b>1,025.0</b>	<b>(23.2)</b>	<b>(3.7)</b>	<b>(22.7)</b>	<b>1,580.9</b>	<b>0.3</b>	<b>1,581.2</b>
<b>Balance at 1 January 2020, as previously reported</b>	<b>601.0</b>	<b>(0.3)</b>	<b>659.9</b>	<b>(16.2)</b>	<b>(16.4)</b>	<b>(1.4)</b>	<b>1,226.6</b>	<b>(4.3)</b>	<b>1,222.3</b>
Prior year adjustment (Note 40)	—	—	(3.7)	—	—	—	(3.7)	—	(3.7)
<b>Restated balance at 1 January 2020</b>	<b>601.0</b>	<b>(0.3)</b>	<b>656.2</b>	<b>(16.2)</b>	<b>(16.4)</b>	<b>(1.4)</b>	<b>1,222.9</b>	<b>(4.3)</b>	<b>1,218.6</b>
<b>Total comprehensive loss for the year</b>									
Loss for the year	—	—	(297.3)	—	—	—	(297.3)	(0.1)	(297.4)
Other comprehensive loss for the year	—	(0.1)	—	—	—	(19.9)	(20.0)	—	(20.0)
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>(0.1)</b>	<b>(297.3)</b>	<b>—</b>	<b>—</b>	<b>(19.9)</b>	<b>(317.3)</b>	<b>(0.1)</b>	<b>(317.4)</b>
<b>Transactions with the owners of the Company</b>									
<b>Contributions and distributions</b>									
Exercise of options	—	—	(1.7)	1.7	—	—	—	—	—
Employee stock option scheme	—	—	8.5	—	—	—	8.5	—	8.5
Share buyback	(8.9)	—	(1.3)	—	—	—	(10.2)	—	(10.2)
<b>Total contributions and distributions</b>	<b>(8.9)</b>	<b>—</b>	<b>5.5</b>	<b>1.7</b>	<b>—</b>	<b>—</b>	<b>(1.7)</b>	<b>—</b>	<b>(1.7)</b>
<b>Change in ownership interests</b>									
Acquisition of non-controlling interests without change in control	—	—	(20.7)	—	16.4	—	(4.3)	4.4	0.1
Acquisition of subsidiary with non-controlling interests	—	—	—	—	(3.7)	—	(3.7)	0.3	(3.4)
<b>Total changes in ownership interests</b>	<b>—</b>	<b>—</b>	<b>(20.7)</b>	<b>—</b>	<b>12.7</b>	<b>—</b>	<b>(8.0)</b>	<b>4.7</b>	<b>(3.3)</b>
<b>Total transactions with owners of the Company</b>	<b>(8.9)</b>	<b>—</b>	<b>(15.2)</b>	<b>1.7</b>	<b>12.7</b>	<b>—</b>	<b>(9.7)</b>	<b>4.7</b>	<b>(5.0)</b>
<b>Balance at 31 December 2020</b>	<b>592.1</b>	<b>(0.4)</b>	<b>343.7</b>	<b>(14.5)</b>	<b>(3.7)</b>	<b>(21.3)</b>	<b>895.9</b>	<b>0.3</b>	<b>896.2</b>

# Consolidated balance sheet

## As at 31 December 2021

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

<sup>1</sup> See Note 40 for details regarding the restatement as a result of an error.

<sup>2</sup> As explained in Note 20, investments classification changed in 2021. In this respect, the comparative information is re-presented.

<sup>3</sup> In prior years, inventories were presented as part of other receivables. In this respect, the comparative information is re-presented.



# Consolidated balance sheet continued

## As at 31 December 2021

	Note	2021 €'m	2020 €'m Restated <sup>1</sup>	2019 €'m Restated <sup>1</sup>
<b>LIABILITIES continued</b>				
Loans and borrowings		—	—	0.2
Trade payables	31	41.3	47.7	62.4
Lease liability	18	20.3	21.0	25.5
Progressive operators' jackpots and security deposits	24	110.7	100.2	98.2
Client deposits		—	—	113.9
Client funds	24	30.4	28.9	126.3
Income tax payable		2.6	12.0	22.0
Gaming and other taxes payable	34	105.4	126.9	98.3
Deferred revenues		5.2	9.7	6.9
Contingent consideration and redemption liability	30	5.0	1.2	58.6
Provisions for risks and charges	29	3.2	20.9	19.5
Other payables	33	166.2	145.2	141.9
		<b>490.3</b>	<b>513.7</b>	<b>773.7</b>
Liabilities directly associated with assets classified as held for sale	25	344.8	309.2	3.6
<b>Current liabilities</b>		<b>835.1</b>	<b>822.9</b>	<b>777.3</b>
<b>TOTAL LIABILITIES</b>		<b>2,071.1</b>	<b>2,175.3</b>	<b>1,886.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,652.3</b>	<b>3,071.5</b>	<b>3,104.7</b>

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

**Mor Weizer**  
Chief Executive Officer

**Andrew Smith**  
Chief Financial Officer

<sup>1</sup> See Note 40 for details regarding the restatement as a result of an error.

# Consolidated statement of cash flows

## For the year ended 31 December 2021

	Note	2021 €'m	2020 €'m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) for the year		674.6	(297.4)
Adjustment to reconcile net income to net cash provided by operating activities (see below)		(419.0)	689.8
Net taxes paid		(30.6)	(27.9)
<b>Net cash from operating activities</b>		<b>225.0</b>	<b>364.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans granted		(16.7)	(2.5)
Acquisition of property, plant and equipment		(49.6)	(41.7)
Dividends received		—	0.1
Acquisition of intangible assets		(7.2)	(19.5)
Acquisition of subsidiaries (see below)		—	(19.8)
Cash of subsidiaries on acquisition (see below)		—	8.5
Capitalised development costs		(57.4)	(55.8)
Investment in other investments and derivative financial assets	20A/B	(8.1)	(21.7)
Proceeds from the sale of property, plant and equipment		0.7	0.5
Proceeds from sale of discontinued operations and assets held for sale, net of cash disposed	25	10.7	49.8
<b>Net cash used in investing activities</b>		<b>(127.6)</b>	<b>(102.1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest payable on bonds and loans and borrowings		(39.4)	(39.7)
Share buyback	26	—	(10.2)
Repayment of loans and borrowings		(150.0)	(0.2)
Proceeds from loans and borrowings	27	—	245.8
Payment of contingent consideration and redemption liability (see below)		(0.7)	(48.5)
Principal paid on lease liability		(22.7)	(21.5)
Interest paid on lease liability		(5.6)	(5.9)
<b>Net cash (used in)/from financing activities</b>		<b>(218.4)</b>	<b>119.8</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(121.0)</b>	<b>382.2</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>1,061.2</b>	<b>674.2</b>
<b>Exchange gain on cash and cash equivalents</b>		<b>1.9</b>	<b>4.8</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>942.1</b>	<b>1,061.2</b>
Cash and cash equivalents consists of:			
Cash and cash equivalents – continuing operations	24	576.0	684.3
Cash and cash equivalents treated as held for sale	24	366.1	376.9
		<b>942.1</b>	<b>1,061.2</b>
Less: expected credit loss on cash and cash equivalents	24	(0.6)	(0.6)
		<b>941.5</b>	<b>1,060.6</b>

# Consolidated statement of cash flows continued

## For the year ended 31 December 2021

	Note	2021 €'m	2020 €'m
<b>ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>			
<b>Income and expenses not affecting operating cash flows:</b>			
Depreciation on property, plant and equipment	17	42.9	48.8
Amortisation of intangible assets	19	109.3	149.0
Amortisation of right of use assets	18	20.2	21.9
Capitalisation of amortisation of right of use assets		(2.1)	(2.5)
Gain on early termination of lease contracts	18	(1.2)	(1.1)
Share of loss/(profit) from joint ventures and associates	20A	0.6	(1.1)
Fair value change on acquisition of associate		—	(6.5)
Impairment of other receivables		1.2	1.3
Impairment of right of use assets	18	—	2.8
Impairment of property, plant and equipment	17	12.5	8.7
Impairment of intangible assets	19	9.1	33.9
(Reversal of impairment)/impairment of asset classified as held for sale	25C	(2.0)	221.2
Profit on disposal of discontinued operations	25B	(7.6)	(0.6)
Profit on disposal of asset classified as held for sale	25A	—	(22.1)
Loss on disposal of associate	20A	—	8.9
Changes in fair value of equity investments	20B	1.6	(0.6)
Changes in fair value of derivative financial assets	20C	(583.2)	—
Interest on bonds and loans and borrowings		41.2	41.8
Interest on lease liability		5.6	5.9
Interest income on loans receivable		(0.5)	—
Income tax (credit)/expense		(79.8)	23.2
Employee stock option plan expenses		13.8	21.1
Movement in contingent consideration and redemption liability		6.2	8.3
Expected credit loss on cash and cash equivalents		—	0.6
Unrealised exchange loss/(gain)		8.7	(10.3)
Other		0.4	0.5
<b>Changes in operating assets and liabilities:</b>			
Change in trade receivables		(5.9)	34.6
Change in other receivables		(28.0)	2.2
Change in inventories		(0.2)	(1.8)
Change in trade payables		(7.9)	(13.3)
Change in progressive operators, jackpots and security deposits		10.5	2.0
Change in client funds and deposits		21.7	76.6
Change in other payables		1.8	32.6
Change in provisions for risks and charges		(4.2)	1.4
Change in deferred revenues		(3.7)	2.4
		<b>(419.0)</b>	<b>689.8</b>

## Acquisition of subsidiaries

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

## Cash of subsidiaries on acquisition

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

## Payment of contingent consideration and redemption liabilities on previous acquisitions

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



# Notes to the financial statements

## Note 1 – General

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

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

Playtech is one of the gambling industry’s leading technology companies delivering business intelligence driven gambling software, services, content and platform technology across the industry’s most popular product verticals, including Casino, Live Casino, Sports Betting, Virtual Sports, Bingo and Poker. It was the pioneer of omni-channel gambling technology through its integrated platform technology, Playtech ONE. Playtech ONE delivers data driven marketing expertise, single wallet functionality, CRM and responsible gambling solutions across one single platform across product verticals and across retail and online.

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

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

- B2C retail contracts for difference (CFD), through www.markets.com where the Group acts as the execution venue and the market maker on a variety of instruments which fall under the general categories of foreign exchanges, commodities, equities and indices;
- B2B clearing and execution services for other retail brokers and professional clients, 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 UK adopted International Financial Reporting Standards (IFRS). They were authorised for issue by the Company’s Board of Directors on 24 March 2022.

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

## Coronavirus (COVID-19) impact

### Background

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

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

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

### Process applied

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

**Note 2 – Basis of preparation** continued  
**Coronavirus (COVID-19) impact** continued  
 Process applied continued

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

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

**Going concern basis**

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

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

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

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

The modelling of downside scenarios assessed if there was a significant risk to the Group's liquidity and covenant compliance position. This includes the risk of future lockdowns, and consideration of the recovery period in the 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, the 2018 Bond amounting to €530.0 million and the 2019 Bond amounting to €350.0 million which are repayable in October 2023 and March 2026 respectively. Although both the RCF and the €530.0 million Bond renewal are outside the going concern period, the Directors see no basis on which these will not be successfully refinanced should this be required. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 27 and 28. In the past, and due to the breakout of the pandemic, the RCF covenants were relaxed as follows:

- leverage: Net Debt/Adjusted EBITDA revised to 4.5:1 for the 12 months ended 30 June 2021 (31 December 2020: revised to 5:1). This returned to a normal level of 3:1 at 31 December 2021 and beyond; and
- interest cover: Adjusted EBITDA/interest revised to 3.5:1 for the 12 months ended 30 June 2021 (31 December 2020: revised to 3:1). This returned to a normal level of 4:1 at 31 December 2021 and beyond.

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

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

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

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

# Notes to the financial statements continued

## Note 2 – Basis of preparation continued

### Going concern basis continued

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

#### Stress test

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

#### Reverse stress test

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

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

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

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

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

## Note 3 – Functional and presentation currency

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

## Note 4 – New standards, interpretations and amendments adopted by the Group

### New standards, interpretations and amendments adopted from 1 January 2021

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

### New standards, interpretations and amendments not yet effective

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

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

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

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

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

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

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

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

#### Note 4 – New standards, interpretations and amendments adopted by the Group continued

##### New standards, interpretations and amendments not yet effective continued

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

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

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

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

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

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

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

#### Note 5 – Significant accounting policies

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

##### A. Basis of consolidation

###### (i) Business combinations

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

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

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

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

###### (ii) Subsidiaries

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

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

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



# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### A. Basis of consolidation continued

#### (ii) Subsidiaries continued

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

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

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

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

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

#### (iii) Non-controlling interests (NCI)

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

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

#### (iv) Loss of control

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

#### (v) Investment in associates and equity call options

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

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

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

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

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

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

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

## Note 5 – Significant accounting policies continued

### A. Basis of consolidation continued

#### (v) Investment in associates and equity call options continued

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

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

#### (vi) Equity investments held at fair value

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

#### (vii) Transactions eliminated on consolidation

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

### B. Foreign currency

#### (i) Foreign currency transactions

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

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

#### (ii) Foreign operations

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

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

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

### C. Discontinued operation

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

- represents a separate major line of business or geographical area of operations;
- is part of a single 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.

# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### D. Revenue recognition

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

Type of income	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B licensee fee	<p>Licensee fee relates to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces).</p> <p>Licensee fee is based on the underlying gaming revenue earned by our licensees calculated using the contractual terms in place. Revenue is recognised when performance obligation is met which is when the gaming transaction occurs.</p>
B2B fixed-fee income	<p>Fixed-fee income includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed fee and/or stepped according to the monthly usage of the service/technology. The usage measurement is typically reset on a monthly basis.</p> <p>The performance obligation is met and revenue is recognised once the obligations under the contracts have been met.</p> <p>Services provided and fees for:</p> <ol style="list-style-type: none"> <li>MRG Delta: the additional balance billed by the Group on a monthly basis for the difference in the minimum guarantee per licensee contract and actual performance; and</li> <li>other: hosting, live, set-up, CDN and maintenance fees. The fees charge to licensees for these services are fixed per month.</li> </ol> <p>The amounts for the above are recognised over the life of the contracts and are typically charged on a fixed percentage and stepped according to the monthly usage of the service depending on the type of service. Set-up fees are recognised over the whole period of the contract, with an average period of 36 months. The revenue is recognised monthly over the period of the contract.</p>
B2B cost-based revenue	<p>Cost-based revenue is the total revenue charged to the licensee based on the development costs needed to satisfy the contract with the licensee.</p> <p>The largest type of service included in cost-based revenue is the dedicated team costs. Dedicated team employees are charged back to the client based on time spent on each product.</p> <p>Cost-based revenues are recognised on a monthly basis based on the contract in place of licensee with Playtech and any additional services needed on development are charged to the licensee upon delivery of the service.</p>
B2B revenue received from the sale of hardware	<p>Revenue received from the sale of hardware is the total revenue charged to customers upon the sale of each hardware product. The performance obligation is met and revenue is recognised on delivery of the hardware and acceptance by the customer.</p> <p>Revenue received from future sale of hardware is recognised as deferred revenue. Once the obligation for the future sale is met, revenue is then recognised in profit or loss.</p>
Additional B2B services fee	<p>This income is calculated based on the profit and/or net revenues generated by the customer in return for the additional services provided to them by the Group. This is typically charged on a monthly basis and is measured using a predetermined percentage set in each licensee arrangement.</p> <p>This revenue is recognised when the performance obligation is met according to the services provided to the customer.</p>

## Note 5 – Significant accounting policies continued

### D. Revenue recognition continued

Type of income	Nature, timing of satisfaction of performance obligations and significant payment terms
B2C revenue	<p>In respect of B2C Snaitech revenues, the Group acts as principal with the end customer, with specific revenue policies as follows:</p> <ul style="list-style-type: none"> <li>• The revenues from land-based gaming machines are recognised net of the winnings, jackpots and certain flat-rate gaming tax.</li> <li>• 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 Casino and Bingo, revenue is recognised at the conclusion. Revenue from games of skill is recognised at the time of the bet.</li> <li>• 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.</li> <li>• Revenues related to fixed odds bets are recognised at the conclusion of the event.</li> <li>• 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.</li> <li>• All the revenues from gaming machines are recorded net of players, winnings and certain gaming taxes while the concession fees payable to the regulator and the compensation of operators, franchisees and platform providers are accounted as expenses. Revenue is recognised at the time of the bet.</li> </ul> <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> <p>In respect of Sun Bingo and B2C Sport revenue, the Group acts as principal with the end customer, with revenue being received at the conclusion of the event, net of winnings, jackpots and bonuses.</p>
Financial trading income	<p>Financial trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange.</p> <p>Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.</p> <p>The performance obligation is met in the accounting periods in which the trading transaction occurs and is concluded.</p>

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

### E. Share-based payments

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

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



# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### F. Income tax

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

#### (i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

#### (ii) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- 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; and
- 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 reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

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

### G. Inventories

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

## Note 5 – Significant accounting policies continued

### H. Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

#### (ii) Subsequent expenditure

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

#### (iii) Depreciation

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

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

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

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

### I. Intangible assets and goodwill

#### (i) Recognition and measurement

##### Goodwill

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

##### Externally acquired intangible assets

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

##### Business combinations

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

##### Internally generated intangible assets (development costs)

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

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

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

# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### I. Intangible assets and goodwill continued

#### (ii) Subsequent expenditure

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

#### (iii) Amortisation

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

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

	%
Domain names	Nil
Internally generated capitalised development costs	20–33
Technology IP	13–33
Customer lists	In line with projected cash flows or 7–20
Affiliate contracts	5–12.5
Patents and 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.

### J. Assets held for sale

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

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

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

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

### K. Financial instruments

#### Initial recognition and subsequent measurement

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

#### (i) Financial assets

##### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

##### Subsequent measurement

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

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

## Note 5 – Significant accounting policies continued

### K. Financial instruments continued

#### (i) Financial assets continued

##### *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.

##### *Financial assets at fair value through profit or loss*

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

##### *Derecognition*

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

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

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

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

##### *Impairment*

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

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

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

#### (ii) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or; 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; and
- 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.



# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### K. Financial instruments continued

#### (ii) Financial liabilities continued

##### *Financial liabilities at amortised cost*

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

##### *Derecognition*

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

#### (iii) Offsetting

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

### L. Share capital

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

### M. Share buyback

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

### N. 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.

### O. Dividends

Dividends are recognised when they become legally due. In the case of interim dividends to equity shareholders, this is when paid by the Directors. In the case of final dividends, this is when they are declared and 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 semi-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 of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

### 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 minimum.

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

## Note 5 – Significant accounting policies continued

### 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 in the period in which the event or condition that triggers the payment occurs.

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

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

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

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

### 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

# Notes to the financial statements continued

## Note 5 – Significant accounting policies continued

### T. Adjusted results

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

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

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

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

Adjusted results exclude the following items:

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

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

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

Constant currency adjusted results are presented in order to try and present measures that exclude the effect of currency fluctuations. In view of the fact that the Group has transactions in foreign currencies and may be affected from the fluctuations of the currencies, all transactions in foreign currencies 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 from these estimates.

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

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

### 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.

#### Revenue from contracts with customers

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

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Judgements continued

#### Revenue from contracts with customers continued

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

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

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

#### Internally generated intangible assets

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

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

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

#### Classification as held for sale

The definition of asset held for sale involves a significant degree of judgement given that in order for an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. The meaning of "highly probable" is 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; and
- significant changes to be made to the plan must be unlikely.

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

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

#### Adjusted performance measures

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



# Notes to the financial statements continued

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Judgements continued

#### Provision for risks and charges and potential liabilities

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

#### Classification of equity call options

##### Background

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

Playtech generates revenues from the structured agreements as follows:

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

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

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

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

##### Judgement applied

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

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

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

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

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

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

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

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Judgements continued

#### Classification of equity call options continued

##### Judgement applied continued

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

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

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

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

#### Determining the lease term of contracts with renewal and termination options

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

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

### Estimates and assumptions

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

#### Deferred tax asset

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

#### Deferred tax asset in the UK

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

# Notes to the financial statements continued

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Estimates and assumptions continued

#### Deferred tax asset continued

##### *Deferred tax asset in the UK continued*

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

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

#### Impairment of financial assets

The Group undertook a review of trade receivables and other financial assets, as applicable, and their expected credit losses (ECLs). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures, were revised. The Group's financial assets consist of trade receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit rating for each financial institution, while ECL on trade receivables was based on past default experience and an assessment of the future economic environment. ECL and specific provisions are considered and calculated with reference to the ageing and risk profile of the balances. In addition, where customers within the financial trading division have not passed the necessary ongoing regulatory requirements, consideration is given as to whether financial assets relating to those customers should be impaired. More details are included in Note 38.

#### Sun Bingo agreement

##### *Background*

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

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

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

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

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

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

##### *Judgements made on recognition and measurement*

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

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

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

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Estimates and assumptions continued

#### Sun Bingo agreement continued

##### Judgements made on recognition and measurement continued

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

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

#### Calculation of legal provisions

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

#### Measurement of fair values of equity investments and equity call options

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

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

As mentioned in Note 20, the Group has:

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

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

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

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



# Notes to the financial statements continued

## Note 6 – Significant accounting judgements, estimates and assumptions continued

### Estimates and assumptions continued

#### Measurement of fair values of equity investments and equity call options continued

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

	Carrying amount	Fair value		
	2021 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
<b>Non-current assets</b>				
Other investments (Note 20B)	8.1	1.6	—	6.5
Derivative financial assets (Note 20C)	622.2	—	—	622.2
	<b>630.3</b>	<b>1.6</b>	<b>—</b>	<b>628.7</b>
	Carrying amount	Fair value		
	2020 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
<b>Non-current assets</b>				
Other investments (Note 20B)	9.7	3.2	—	6.5
Derivative financial assets (Note 20C)	22.4	—	—	22.4
	<b>32.1</b>	<b>3.2</b>	<b>—</b>	<b>28.9</b>

## Note 7 – Segment information

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

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

The operating segments identified are:

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

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

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

Year ended 31 December 2021	Core B2B €'m	Asia B2B €'m	Total B2B €'m	B2C – continuing operations €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
Revenue	471.5	82.8	554.3	663.7	(12.6)	1,205.4	46.6	—	46.6	1,252.0
Adjusted EBITDA	—	—	139.2	177.9	—	317.1	(23.0)	—	(23.0)	294.1
Adjusted profit/(loss) attributable to the owners of the Company	—	—	45.9	81.7	—	127.6	(13.8)	—	(13.8)	113.8
Total assets	—	—	1,911.1	1,253.8	—	3,164.9	487.4	—	487.4	3,652.3
Total liabilities	—	—	842.7	884.6	—	1,727.3	343.8	—	343.8	2,071.1
Year ended 31 December 2020	Core B2B €'m	Asia B2B €'m	Total B2B €'m	B2C – continuing operations €'m	Intercompany €'m	Total Gaming continuing operations €'m	Financial discontinued operations €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
Revenue	413.0	81.9	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5
Adjusted EBITDA	—	—	125.9	127.7	—	253.6	56.5	0.4	56.9	310.5
Adjusted profit/(loss) attributable to the owners of the Company	—	—	7.8	19.6	—	27.4	19.9	0.1	20.0	47.4
Total assets	—	—	1,304.2	1,300.6	—	2,604.8	465.9	0.8	466.7	3,071.5
Total liabilities	—	—	959.6	906.5	—	1,866.1	308.6	0.6	309.2	2,175.3

## Note 7 – Segment information continued

### Geographical analysis of non-current assets

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

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

### Note 8 – Discontinued operation

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

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

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

# Notes to the financial statements continued

## Note 8 – Discontinued operation continued

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

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

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

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

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

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

## Note 8 – Discontinued operation continued

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

### Earnings per share from discontinued operations

	2021		2020	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Basic (cents)	(4.0)	(4.6)	(75.1)	6.7
Diluted (cents)	(4.0)	(4.6)	(75.1)	6.4

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

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

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



# Notes to the financial statements continued

## Note 9 – Revenue from contracts with customers

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

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

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

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

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

For the year ended 31 December 2021

Primary geographic markets	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Italy	30.7	583.6	(7.6)	606.7	1.2	607.9
UK	132.2	61.9	(4.1)	190.0	14.1	204.1
Mexico <sup>1</sup>	90.3	—	—	90.3	0.3	90.6
Philippines	67.6	—	—	67.6	—	67.6
Malta	52.3	—	—	52.3	0.5	52.8
Gibraltar	27.9	—	—	27.9	—	27.9
Spain	21.7	—	—	21.7	1.7	23.4
Germany	1.2	16.4	(0.8)	16.8	2.3	19.1
Greece	16.8	—	—	16.8	1.5	18.3
Poland	14.4	—	—	14.4	0.1	14.5
Curacao	12.2	—	—	12.2	0.1	12.3
Netherlands	7.2	—	—	7.2	3.2	10.4
Colombia	8.5	—	—	8.5	(0.2)	8.3
Romania	5.7	—	—	5.7	0.2	5.9
Norway	5.4	—	—	5.4	0.3	5.7
Rest of World	60.2	1.8	(0.1)	61.9	21.3	83.2
	554.3	663.7	(12.6)	1,205.4	46.6	1,252.0

<sup>1</sup> Revenue from Mexico includes the additional B2B services fee as explained in Note 5. Note 20 provides the impact on this if the Playtech M&A Call Option is exercised.

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

Timing of transfer of performance obligations	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Recognised at point in time (other sales)	548.1	663.7	(12.6)	1,199.2	46.6	1,245.8
Recognised at point in time (hardware sales)	5.4	—	—	5.4	—	5.4
Recognised over time	0.8	—	—	0.8	—	0.8
	554.3	663.7	(12.6)	1,205.4	46.6	1,252.0

# Note 9 – Revenue from contracts with customers continued

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

For the year ended 31 December 2021 continued

	2021 €'m
Regulated – Americas	101.3
Regulated – Europe (excluding UK)	141.4
Regulated – UK	132.1
Regulated – Rest of World	3.9
<b>Total regulated B2B revenue</b>	<b>378.7</b>
Unregulated excluding Asia	93.7
<b>Total core B2B revenue</b>	<b>472.4</b>
Asia	81.9
<b>Total B2B Gambling revenue</b>	<b>554.3</b>

For the year ended 31 December 2020

Primary geographic markets	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
Italy	25.0	522.7	(6.2)	541.5	2.2	—	2.2	543.7
UK	150.0	54.4	(3.6)	200.8	76.1	—	76.1	276.9
Philippines	70.2	—	—	70.2	0.1	—	0.1	70.3
Malta	54.7	—	—	54.7	1.0	—	1.0	55.7
Mexico	54.9	—	—	54.9	0.4	—	0.4	55.3
Spain	22.8	—	—	22.8	0.9	—	0.9	23.7
Germany	2.1	16.1	(2.1)	16.1	1.7	—	1.7	17.8
Gibraltar	16.5	—	—	16.5	—	—	—	16.5
Greece	13.9	—	—	13.9	0.3	—	0.3	14.2
Curacao	10.6	—	—	10.6	—	—	—	10.6
United Arab Emirates	—	—	—	—	9.2	—	9.2	9.2
Cyprus	0.8	—	—	0.8	7.4	—	7.4	8.2
Norway	6.1	—	—	6.1	0.1	—	0.1	6.2
Finland	5.8	—	—	5.8	0.1	—	0.1	5.9
Poland	5.3	—	—	5.3	—	—	—	5.3
Rest of World	56.2	3.1	(0.8)	58.5	22.4	8.1	30.5	89.0
	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5

# Notes to the financial statements continued

## Note 9 – Revenue from contracts with customers continued

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

For the year ended 31 December 2020 continued

Product type	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	B2C – discontinued operations €'m	Total discontinued operations €'m	Total €'m
B2B	494.9	—	(12.7)	482.2	—	—	—	482.2
Snaitech	—	522.2	—	522.2	—	—	—	522.2
Sun Bingo and Other B2C	—	55.0	—	55.0	—	—	—	55.0
B2C Sport	—	19.1	—	19.1	—	8.1	8.1	27.2
Total B2C	—	596.3	—	596.3	—	8.1	8.1	604.4
Financial	—	—	—	—	121.9	—	121.9	121.9
	494.9	596.3	(12.7)	1,078.5	121.9	8.1	130.0	1,208.5

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

	2020 €'m
Regulated – Americas	60.6
Regulated – Europe (excluding UK)	113.2
Regulated – UK	149.9
Regulated – Rest of World	3.0
<b>Total regulated B2B revenue</b>	<b>326.7</b>
Unregulated excluding Asia	87.5
<b>Total core B2B revenue</b>	<b>414.2</b>
Asia	80.7
<b>Total B2B Gambling revenue</b>	<b>494.9</b>

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

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

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

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

## Note 10 – Adjusted items

Management regularly uses adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. The primary adjusted financial measures are Adjusted EBITDA and Adjusted Profit, 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 from continuing operations:

	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA €'m	Profit/ (loss) – B2B €'m	Profit/ (loss) – B2C €'m	Profit/(loss) from continuing operations attributable to the owners of the Company €'m	Profit/(loss) before tax from continuing operations €'m
<b>For the year ended 31 December 2021</b>								
Reported as actual	1,205.4	105.5	175.8	281.3	629.2	57.5	686.7	605.0
Employee stock option expenses <sup>1</sup>	—	11.5	1.6	13.1	11.5	1.6	13.1	13.1
Professional fees <sup>2</sup>	—	13.9	0.5	14.4	13.9	0.5	14.4	14.4
Fair value change and finance cost on redemption liability <sup>3</sup>	—	1.3	—	1.3	1.4	—	1.4	1.4
Charitable donation <sup>4</sup>	—	3.5	—	3.5	3.5	—	3.5	3.5
Provision for other receivables <sup>5</sup>	—	1.2	—	1.2	1.2	—	1.2	1.2
Settlement of legal matter <sup>6</sup>	—	2.3	—	2.3	2.3	—	2.3	2.3
Fair value change and finance cost on contingent consideration <sup>3</sup>	—	—	—	—	4.4	0.3	4.7	4.7
Fair value change of equity instruments <sup>7</sup>	—	—	—	—	1.6	—	1.6	1.6
Fair value change of derivative assets <sup>7</sup>	—	—	—	—	(583.2)	—	(583.2)	(583.2)
Amortisation of intangibles on acquisitions <sup>8</sup>	—	—	—	—	16.9	17.9	34.8	34.8
Impairment of tangible and intangible assets <sup>9</sup>	—	—	—	—	9.3	12.3	21.6	21.6
Deferred tax on acquisitions <sup>8</sup>	—	—	—	—	(2.5)	(6.6)	(9.1)	—
Deferred tax on asset held for sale <sup>10</sup>	—	—	—	—	—	(1.8)	(1.8)	—
Deferred tax <sup>11</sup>	—	—	—	—	(63.6)	—	(63.6)	—
Adjusted measure	1,205.4	139.2	177.9	317.1	45.9	81.7	127.6	120.4
Constant currency impact	(9.1)	—	—	(0.5)	—	—	2.1	—
Adjusted result on constant currency basis	1,196.3	—	—	316.6	—	—	129.7	—
Adjusted result related to acquisitions on constant currency basis	(2.6)	—	—	0.2	—	—	0.4	—
Underlying adjusted result on constant currency basis	1,193.7	—	—	316.8	—	—	130.1	—

<sup>1</sup> Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.

<sup>2</sup> Professional fees incurred for: (a) the reorganisation of the Group following the potential exercise of Playtech M&A Call Option (Note 20A); and (b) the potential sale of the Group. These expenses are not considered ongoing costs of operations and therefore are excluded.

<sup>3</sup> Fair value change and finance cost on redemption liability and contingent consideration relate to the acquisitions of Statscore and Eyecon and the contingent commitments of Wplay as discussed in Note 20. These costs are not considered ongoing costs of operations and therefore are excluded.

<sup>4</sup> In 2020, the Board of Directors approved a £3.0 million COVID-19 Recovery and Resilience Fund which was paid in the year ended 31 December 2021. This is a one-off payment and therefore is excluded.

<sup>5</sup> Provision against loan receivables that do not relate to the ordinary operations of the Group.

<sup>6</sup> Settlement of legal matter which is not considered a recurring cost and therefore is excluded.

<sup>7</sup> Fair value change of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.

<sup>8</sup> Amortisation and deferred tax on intangible assets acquired through business combinations in prior years. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.

<sup>9</sup> Impairment of tangible and intangible assets mainly relates to the impairment of land before the classification as held for sale.

<sup>10</sup> Deferred tax recognised in respect of the assets classified as held for sale during the year. Please refer to Note 25A for further details.

<sup>11</sup> The recognition of €63.6 million of deferred tax asset relates to the special project the Group completed on 1 January to move the tax residency of a number of companies from the Isle of Man to the UK. Please refer to Note 14 for further details.



# Notes to the financial statements continued

## Note 10 – Adjusted items continued

For the year ended 31 December 2020	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA €'m	Profit/ (loss) – B2B €'m	Profit/ (loss) – B2C €'m	Profit/(loss) from continuing operations attributable to the owners of the Company €'m	Profit/(loss) before tax from continuing operations €'m
Reported as actual	1,078.5	97.5	125.4	222.9	(94.4)	21.4	(73.0)	(52.7)
Employee stock option expenses <sup>1</sup>	—	14.9	1.6	16.5	14.9	1.6	16.5	16.5
Professional fees <sup>2</sup>	—	1.3	0.5	1.8	1.3	0.5	1.8	1.8
Fair value change and finance cost on redemption liability <sup>3</sup>	—	5.3	—	5.3	5.9	—	5.9	5.9
Charitable donation <sup>4</sup>	—	3.2	—	3.2	3.2	—	3.2	3.2
Provision for other receivables <sup>5</sup>	—	2.6	0.2	2.8	2.6	0.2	2.8	2.8
Fair value change and finance cost on contingent consideration <sup>3</sup>	—	1.1	—	1.1	3.6	—	3.6	3.6
Fair value change of equity instruments <sup>6</sup>	—	—	—	—	(0.6)	—	(0.6)	(0.6)
Amortisation of intangibles on acquisitions <sup>7</sup>	—	—	—	—	20.9	18.1	39.0	39.0
Impairment of tangible and intangible assets <sup>8</sup>	—	—	—	—	45.4	—	45.4	45.4
Fair value change on acquisition of associate <sup>9</sup>	—	—	—	—	(6.5)	—	(6.5)	(6.5)
Loss on sale of associate <sup>10</sup>	—	—	—	—	8.9	—	8.9	8.9
Profit on sale of asset classified as held for sale <sup>11</sup>	—	—	—	—	—	(22.1)	(22.1)	(22.1)
Tax on disposal of asset classified as held for sale <sup>11</sup>	—	—	—	—	—	9.3	9.3	—
Deferred tax on acquisitions <sup>7</sup>	—	—	—	—	(2.3)	(9.4)	(11.7)	—
Tax relating to prior years	—	—	—	—	4.9	—	4.9	—
Adjusted measure	1,078.5	125.9	127.7	253.6	7.8	19.6	27.4	45.2
Constant currency impact	—	—	—	—	—	—	2.1	—
Adjusted result on constant currency basis	1,078.5	—	—	253.6	7.8	19.6	29.5	—
Adjusted result related to acquisitions on constant currency basis	(1.9)	—	—	0.3	—	—	0.3	—
Underlying adjusted result on constant currency basis	1,076.6	—	—	253.9	—	—	29.8	—

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

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

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

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

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.

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

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

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

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

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

## Note 10 – Adjusted items continued

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

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

## Note 11 – Auditor's remuneration

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

## Note 12 – Impairment of tangible and intangible assets

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

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

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

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

# Notes to the financial statements continued

## Note 13 – Finance income and costs

### A. Finance income

	2021 €'m	2020 €'m
Interest income	1.1	1.1
	1.1	1.1

### B. Finance costs

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

## Note 14 – Tax (credit)/expense

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

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

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

## Note 14 – Tax (credit)/expense continued

### Reported tax charge/(credit)

A reported tax credit from continuing operations of €81.7 million arises on a profit before tax of €605.0 million compared to an expected charge of €115.0 million. The key reasons for the difference are:

The Group's internal restructuring resulted with the Group becoming entitled to deductions for UK tax purposes in respect of certain internally generated goodwill and intangible assets, for which no intangible asset exists on the Group balance sheet. A deferred tax asset amounting to €75.2 million was initially recognised in respect of future tax deductions due to a change in the tax base of the Group's intangible assets resulting from the restructuring (this has no impact on the book value of the intangible assets reported in these financial statements).

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

### Changes in tax rates and factors affecting the future tax charge

Following the internal restructuring of the Group implemented in January 2021, which resulted in Playtech plc migrating its tax residency to the UK and the Group's key operating entity transferring its business to a UK tax resident company, the most significant elements of the Group's income in 2021 will now arise in the UK where the tax rate for the current period is 19% (previously the most significant elements of the Group's income arose in the Isle of Man, where the tax rate was 0%). It should be noted that the UK tax rate is set to increase to 25% from 1 April 2023 (as mentioned further below). As such, the UK statutory headline rate of corporation tax is the basis on which the applicable tax rate is computed.

### Deferred tax

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

### Note 15 – Earnings per share

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

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

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

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

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

EPS for discontinued operations is disclosed in Note 8.



# Notes to the financial statements continued

## Note 16 – Employee benefits

Total staff costs comprise the following:

	2021 €'000	2020 €'000
Salaries and personnel-related costs	367.4	337.0
Cash-settled share-based payments	3.4	—
Equity-settled share-based payments	13.8	21.1
	<b>384.6</b>	358.1
<b>Average number of personnel:</b>		
Distribution	6,259	5,776
General and administration	650	668
	<b>6,909</b>	6,444

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

- the GTS 2010 Company Share Option Plan (CSOP). Options granted under these plan vest on the first day on which they become exercisable which is three years after grant date; and
- the Long Term Incentive Plan 2012 (LTIP). Awards (options, conditional awards, cash-settled awards, or a forfeitable share award) granted under this plan vest on the first day on which they become exercisable which is typically between 18 and 36 months after grant date.

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

There were no grants during 2021.

During 2020 the Group granted the following under its LTIP:

- 4,983,428 nil cost awards at fair value per share of £2.97–£2.99; and
- 2,483,140 nil cost awards subject to diluted EPS, relative total shareholder return (TSR) against constituents of the FTSE 250 but excluding the investment trusts index, and relative TSR against a sector comparator group of 9–12 peer companies. The fair value per share according to the Monte Carlo simulation model is between £2.03 and £3.34. Inputs used were as follows:

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

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

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

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

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

## Note 16 – Employee benefits continued

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

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

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

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

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

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

### Finalto ESOP

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

- the 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; and
- the TradeTech Performance Share Plan 2017 (the “Second Plan”). Options granted under the Second Plan vest three years after grant date, according to performance targets set in the years 2017 and 2018.

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

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

	2021 Number	2020 Number
Shares vested between 1 December 2015 and 31 December 2018 at an exercise price of \$70 per share	4,000	4,000
Shares vested between 1 January 2019 and 30 September 2020 at an exercise price of \$70 per share	4,000	4,000
	<b>8,000</b>	<b>8,000</b>

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

	2021 Number of options	2020 Number of options	2021 Weighted average exercise price	2020 Weighted average exercise price
Outstanding at the beginning of the year	8,000	15,898	\$70.00	\$35.23
Granted through the year	—	—	—	—
Forfeited	—	(327)	—	—
Exercised	—	(7,571)	—	—
<b>Outstanding at the end of the year</b>	<b>8,000</b>	<b>8,000</b>	<b>\$70.00</b>	<b>\$70.00</b>

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

# Notes to the financial statements continued

## Note 16 – Employee benefits continued

### Finalto ESOP continued

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

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

## Note 17 – Property, plant and equipment

	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
<b>Cost</b>					
At 1 January 2021	115.1	86.6	34.7	302.8	539.2
Additions	24.2	10.7	7.8	6.0	48.7
Disposals	(7.2)	(1.1)	(1.4)	(2.9)	(12.6)
Transfer to held for sale	—	—	—	(35.8)	(35.8)
<b>At 31 December 2021</b>	<b>132.1</b>	<b>96.2</b>	<b>41.1</b>	<b>270.1</b>	<b>539.5</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2021	87.5	44.4	21.0	29.2	182.1
Charge	14.8	17.7	4.8	5.6	42.9
Impairment loss	—	—	—	12.5	12.5
Disposals	(7.0)	(0.7)	(1.3)	(2.9)	(11.9)
Transfer to held for sale	—	—	—	(15.8)	(15.8)
<b>At 31 December 2021</b>	<b>95.3</b>	<b>61.4</b>	<b>24.5</b>	<b>28.6</b>	<b>209.8</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>36.8</b>	<b>34.8</b>	<b>16.6</b>	<b>241.5</b>	<b>329.7</b>
<b>At 1 January 2021</b>	<b>27.6</b>	<b>42.2</b>	<b>13.7</b>	<b>273.6</b>	<b>357.1</b>
	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
<b>Cost</b>					
At 1 January 2020	108.3	67.9	32.3	303.7	512.2
Additions	14.3	19.6	5.5	2.3	41.7
Disposals	(0.3)	(0.2)	(0.5)	(0.1)	(1.1)
Write offs	(4.4)	(0.7)	(0.7)	(1.5)	(7.3)
Transfer to held for sale	(2.6)	—	(1.7)	(1.5)	(5.8)
Effect of movement in exchange rates	(0.2)	—	(0.2)	(0.1)	(0.5)
<b>At 31 December 2020</b>	<b>115.1</b>	<b>86.6</b>	<b>34.7</b>	<b>302.8</b>	<b>539.2</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2020	78.1	21.2	15.4	21.2	135.9
Charge	15.0	21.9	5.4	6.5	48.8
Impairment loss	1.2	2.0	2.0	3.5	8.7
Disposals	(0.3)	(0.1)	(0.3)	—	(0.7)
Write offs	(4.3)	(0.6)	(0.6)	(1.5)	(7.0)
Transfer to held for sale	(1.9)	—	(0.8)	(0.5)	(3.2)
Effect of movement in exchange rates	(0.3)	—	(0.1)	—	(0.4)
<b>At 31 December 2020</b>	<b>87.5</b>	<b>44.4</b>	<b>21.0</b>	<b>29.2</b>	<b>182.1</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>27.6</b>	<b>42.2</b>	<b>13.7</b>	<b>273.6</b>	<b>357.1</b>

## Note 18 – Leases

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

	Office leases €'m	Hosting €'m	Total €'m
At 1 January 2021	60.1	6.6	66.7
Additions/modifications	22.5	4.8	27.3
Amortisation charge	(14.8)	(5.4)	(20.2)
<b>At 31 December 2021</b>	<b>67.8</b>	<b>6.0</b>	<b>73.8</b>
	Office leases €'m	Hosting €'m	Total €'m
At 1 January 2020	69.1	5.6	74.7
Additions/modifications	14.5	6.3	20.8
Transfer to held for sale	(4.2)	—	(4.2)
Acquisitions through business combinations	0.1	—	0.1
Amortisation charge	(16.6)	(5.3)	(21.9)
Impairment loss	(2.8)	—	(2.8)
At 31 December 2020	60.1	6.6	66.7

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

	2021 €'m	2020 €'m
At 1 January	82.5	90.8
Additions/modifications	26.1	21.5
Transfer to held for sale	—	(5.6)
Acquisitions through business combinations	—	0.2
Accretion of interest	5.3	5.9
Payments	(26.2)	(27.2)
Effect of movement in exchange rates	2.4	(3.1)
At 31 December	90.1	82.5
Current	20.3	21.0
Non-current	69.8	61.5
	90.1	82.5

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

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

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

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



# Notes to the financial statements continued

## Note 19 – Intangible assets

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

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

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

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

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

## Note 19 – Intangible assets continued

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

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

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

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

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

	Average revenue growth rate 2022-2026	Discount rate applied
Snai	9.9%	15.0%
Sports B2B	23.7%	13.9%
Services	10.3%	14.2%
Casino	6.0%	12.9%
Poker	2.2%	14.7%
Videobet retail	47.5%	11.2%
IGS	24.0%	12.9%

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

The recoverable amount of the Bingo VF CGU, with carrying value of €43.2 million, has been determined using a cash flow forecast that includes annual revenue growth rates between 0% and 3% over the one to five-year forecast period, a 2% long-term growth rate and a post-tax discount rate of 14.9%. Due to the recent termination of one of the biggest customers of the network, the CGU is making considerable efforts to recover through new geographical expansion and organic growth; however, the recoverable amount does not cover the carrying value, with an impairment loss of €6.4 million recognised in the current year. In case the revenue growth rate per annum is lower by 1%, then an additional impairment of €4.0 million would be recognised. The same case applies if the discount rate increases by 1% to a post-tax discount rate of 15.9%, which would again result in an impairment of €2.8 million.

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

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

# Notes to the financial statements continued

## Note 19 – Intangible assets continued

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

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

## Note 20 – Investments and derivative financial assets

### Introduction

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

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

	Previously presented 31 December 2020 €'m	Adoption of a different presentation €'m	Revised 31 December 2020 €'m
A. Investments in associates	1.5	16.8	18.3
B. Investments in structured agreements	39.2	(39.2)	—
C. Other investments	9.7	—	9.7
D. Derivative financial assets	—	22.4	22.4
	50.4	—	50.4

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

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

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

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

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

## Note 20 – Investments and derivative financial assets continued

### A. Investment in associates

#### Balance sheet

	2021 €'m	2020 €'m
Caliplay	—	16.8
ALFEA SPA	1.6	1.5
Galera	3.6	—
<b>Total investment in equity accounted associates</b>	<b>5.2</b>	<b>18.3</b>

#### Profit and loss impact

	2021 €'m	2020 €'m
Share of profit in BGO	—	0.7
Share of profit from Exalogic (Note 25D)	—	0.2
Share of profit in ALFEA SPA	—	—
Capital repayment from ITL partnership	—	0.2
Share of loss in Galera	(0.6)	—
<b>Total profit and loss impact</b>	<b>(0.6)</b>	<b>1.1</b>

#### Caliplay

##### Background

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

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

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

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

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

##### Assessment of control and significant influence

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

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

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

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



# Notes to the financial statements continued

## Note 20 – Investments and derivative financial assets continued

### A. Investment in associates continued

#### Calipay continued

#### Accounting for each of the options

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

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

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

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

Below is the audited financial information of Calipay:

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

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

#### Investment in BGO

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

#### Investment in Statscore

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

#### Investment in ALFEA SPA

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

#### Investment in International Terminal Leasing

The Group had a joint venture in International Terminal Leasing (ITL); however, the carrying amount is €Nil as the Group has recovered the full amount of the initial investment. Any future profits will be recognised directly in the consolidated statement of comprehensive income. The Group has recognised €0.2 million profit for the year ended 31 December 2020 and €Nil in the current year.

## Note 20 – Investments and derivative financial assets continued

### A. Investment in associates continued

#### Investment in Galera

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

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

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

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

Under the agreement in place:

- the standard operator income to be generated from services provided to Galera when combined with the additional B2B services fee, the loan and certain other contractual rights are all indicators of significant influence; and
- the Group provides standard B2B services (similar to services provided to other B2B customers) as well as additional services to Galera that Galera requires to assist it in successfully running its operations, which could be considered essential technical information.

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

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

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

#### Other investment in associates that are fair valued under IAS 28, paragraph 14

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

- Wplay;
- Tenbet (Costa Rica); and
- Onjoc (Panama).

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

### B. Other investments

#### Balance sheet

	2021 €'m	2020 €'m
Listed investment – PhilWeb	0.8	1.2
Listed investment – Torque Esports Corp	0.8	2.0
Investment in Tenlot Guatemala	4.4	4.4
Investment in Tentech Costa Rica	2.1	2.1
<b>Total other investments</b>	<b>8.1</b>	<b>9.7</b>

#### Profit and loss impact

	2021 €'m	2020 €'m
Change of fair value of listed securities – PhilWeb	(0.4)	—
Change in fair value of listed securities – Torque Esports Corp	(1.2)	0.6
<b>Total profit and loss impact</b>	<b>(1.6)</b>	<b>0.6</b>

#### Listed investments

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

# Notes to the financial statements continued

## Note 20 – Investments and derivative financial assets continued

### B. Other investments continued

#### Investment in Tenlot Guatemala

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

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

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

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

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

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

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

#### Investment in Tentech Costa Rica

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

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

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

### C. Derivative financial assets

#### Balance sheet

	2021 €'m	2020 €'m
Playtech M&A Call Option	506.7	—
Wplay	97.2	22.4
Onjoc	6.9	—
Tenbet	11.4	—
<b>Total derivative financial assets</b>	<b>622.2</b>	<b>22.4</b>

#### Profit and loss impact

	2021 €'m	2020 €'m
Fair value of Playtech M&A Call Option	506.7	—
Playtech Call Option (Note 20A)	(16.6)	—
Fair value change in Wplay	74.8	—
Fair value change in Tenbet	11.4	—
Fair value change in Onjoc	6.9	—
<b>Total profit and loss impact</b>	<b>583.2</b>	<b>—</b>

#### Calipay

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

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

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

## Note 20 – Investments and derivative financial assets continued

### C. Derivative financial assets continued

#### Caliplay continued

##### Valuation

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

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

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

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

##### Sensitivity analysis

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

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

#### Wplay

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

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

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

##### Assessment of control and significant influence

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

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

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

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

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



# Notes to the financial statements continued

## Note 20 – Investments and derivative financial assets continued

### C. Derivative financial assets continued

#### Wplay continued

#### Assessment of control and significant influence continued

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

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

#### Valuation

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

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

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

#### Sensitivity analysis

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

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

#### Onjoc

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

#### Assessment of control and significant influence

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

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

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

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

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

## Note 20 – Investments and derivative financial assets continued

### C. Derivative financial assets continued

#### Onjoc continued

##### Assessment of control and significant influence continued

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

##### Valuation

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

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

##### Sensitivity analysis

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

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

#### Tenbet Costa Rica

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

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

##### Assessment of control and significant influence

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

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

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

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

# Notes to the financial statements continued

## Note 20 – Investments and derivative financial assets continued

### C. Derivative financial assets continued

#### Tenbet Costa Rica continued

##### Valuation

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

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

##### Sensitivity analysis

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

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

### Note 21 – Other non-current assets

	2021 €'m	2020 €'m
Security deposits	3.3	3.2
Guarantee for gaming licences	2.6	2.8
Prepaid costs relating to Sun Bingo contract	71.7	49.6
Loans receivable	8.1	4.8
Loans receivable from related parties (Note 36)	9.5	—
Other	9.2	6.9
	<b>104.4</b>	<b>67.3</b>

### Note 22 – Trade receivables

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

### Note 23 – Other receivables

	2021 €'m	2020 €'m
Prepaid expenses	25.9	34.1
VAT and other taxes	14.1	8.9
Security deposits for regulators	13.1	13.5
Prepaid costs relating to Sun Bingo contract	4.3	9.5
Receivable for legal proceedings and disputes <sup>1</sup>	16.4	16.4
Loans receivable	2.1	0.7
Loans receivable from related parties (Note 36)	2.4	—
Other receivables	8.8	10.6
	<b>87.1</b>	<b>93.7</b>

<sup>1</sup> Receivable for legal proceedings and disputes relates to funds held in an escrow, in relation to a historical and ongoing legal matter. The corresponding liability is included under gaming and other taxes. The funds will be released when the case is finally settled, in accordance with the escrow agreement.

## Note 24 – Cash and cash equivalents

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

	2021 €'m	2020 €'m
<b>Continuing operations</b>		
Cash at bank	572.4	677.6
Deposits	3.6	6.7
	576.0	684.3
Less: expected credit loss (Note 38A)	(0.6)	(0.6)
	575.4	683.7
<b>Treated as held for sale</b>		
Cash at bank	71.2	124.7
Cash at brokers	293.4	249.0
Deposits	1.5	3.2
	366.1	376.9
<b>Cash and cash equivalents in the statement of cash flows</b>	942.1	1,061.2
Less: expected credit loss (Note 38A)	(0.6)	(0.6)
	941.5	1,060.6

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

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

## Note 25 – Assets held for sale

	2021 €'m	2020 €'m
<b>Assets</b>		
A. Property, plant and equipment	20.0	—
B. Casual CGU	—	0.8
C. Financials CGU	487.4	465.9
D. Investment in associates	—	2.2
	507.4	468.9

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

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



# Notes to the financial statements continued

## Note 25 – Assets held for sale continued

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

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

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

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

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

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

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

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

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

	2021 €'m	2020 €'m
<b>Assets</b>		
Property, plant and equipment	3.6	2.6
Right of use assets	5.5	4.5
Intangible assets	86.6	72.2
Trade and other receivables	25.6	10.5
Cash and cash equivalents	366.1	376.9
Assets classified as held for sale	487.4	466.7
<b>Liabilities</b>		
Deferred tax liability	6.5	6.3
Trade payables and other payables	14.9	12.8
Client deposits	138.5	109.5
Client funds	170.3	170.9
Income tax payable	8.4	3.9
Lease liability	5.2	5.8
Liabilities directly associated with the asset classified as held for sale	343.8	309.2

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

## Note 26 – Shareholders' equity

### A. Share capital

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

	2021 Number of shares	2020 Number of shares
Authorised <sup>1</sup>	N/A	N/A
Issued and paid up	309,294,243	309,294,243

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

The table below shows the movement of the shares:

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

### B. Employee Benefit Trust

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

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

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

### C. Share options exercised

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

### D. Distribution of dividends

During 2021, the Group did not pay any dividends.

### E. Reserves

The following describes the nature and purpose of each reserve within owners' 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 retranslating the net assets of overseas operations
Employee termination indemnities	Gains/losses arising from the actuarial remeasurement of the employee termination indemnities
Non-controlling interest	The portion of equity ownership in a subsidiary not attributable to the owners of the Company
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

# Notes to the financial statements continued

## Note 27 – Loans and borrowings

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

The Group took a prudent and disciplined approach to its banking relationships and proactively approached its lenders and agreed to amend the covenants in its RCF for the 31 December 2020 and 30 June 2021 tests as follows:

- leverage: Net Debt/Adjusted EBITDA revised to 5:1 for the year ended 31 December 2020 and 4.5:1 for the last 12 months to 30 June 2021; and
- 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.

The covenants returned to previous levels of 3x Net Debt/Adjusted EBITDA and 4x interest/Adjusted EBITDA from 31 December 2021 onwards.

As at 31 December 2021 and 2020 the Group met these financial covenants. The covenants are monitored on a regular basis by the Finance department, including modelling future projected cash flows under a number of scenarios to stress test any risk of covenant breaches, the results of which are reported to management and the Board of Directors.

## Note 28 – Bonds

	2018 Bond €'m	2019 Bond €'m	Total €'m
At 1 January 2020	525.0	346.2	871.2
Interest expenses on bonds	1.3	0.6	1.9
<b>At 31 December 2020/1 January 2021</b>	<b>526.3</b>	<b>346.8</b>	<b>873.1</b>
Interest expenses on bonds	1.3	0.6	1.9
<b>At 31 December 2021</b>	<b>527.6</b>	<b>347.4</b>	<b>875.0</b>

### Bonds

#### (a) 2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes (the "2018 Bond") maturing in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the Bond.

The issue price was 100% of its principal amount and bears interest from 12 October 2018 at the rate of 3.75% per annum payable semi-annually, in arrears, on 12 April and 12 October commencing on 12 April 2019.

The fair value of the Bond as Level 1 at 31 December 2021 was €536.1 million (31 December 2020: €539 million).

#### (b) 2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes (the "2019 Bond") maturing in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the Bond.

The issue price is 100% of its principal amount and bears interest from 7 March 2019 at a rate of 4.25% per annum payable semi-annually, in arrears, on 7 September and 7 March commencing on 7 September 2019.

The fair value of the Bond as Level 1 at 31 December 2021 was €358.3 million (31 December 2020: €363 million).

As at 31 December 2021 and 2020 the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/interest ratio, for the combined 2018 and 2019 Bonds.

## Note 29 – Provisions for risks and charges, litigation and contingent liabilities

The Group is involved in proceedings before civil and administrative courts, and other legal or potential legal actions related to its business, including certain matters related to previous acquisitions. Based on the information currently available, and taking into consideration the existing provisions for risks, the Group currently considers that such proceedings and potential actions will not result in an adverse effect upon the financial statements; however, where this is not considered to be remote, they have been disclosed as contingent liabilities.

All the matters were subject to a review and estimate by the Board of Directors based on the information available at the date of preparation of these financial statements and, where appropriate, supported by updated legal opinions from independent professionals. These provisions are classified based on the Directors' assessment of the progress and probabilities of success of each case at each reporting date.

Movements of the provisions outstanding as at 31 December 2021 are shown below:

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 1 January 2021	10.3	7.2	3.4	20.9
Provisions made during the year	1.5	1.3	1.0	3.8
Provisions used during the year	(1.0)	—	(0.2)	(1.2)
Provisions reversed during the year	(3.9)	(1.8)	(1.1)	(6.8)
<b>Balance at 31 December 2021</b>	<b>6.9</b>	<b>6.7</b>	<b>3.1</b>	<b>16.7</b>
	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
<b>2020</b>				
Non-current liabilities	10.3	7.2	3.4	20.9
<b>2021</b>				
Non-current liabilities	6.9	3.5	3.1	13.5
Current liabilities	—	3.2	—	3.2
	6.9	6.7	3.1	16.7

In prior years, provisions for contractual claims amounting to €2.8 million were presented as part of other payables. The comparative information has therefore been re-presented.

### Provision for legal and regulatory issues

The Group is subject to proceedings and potential claims regarding complex legal matters (including those related to previous acquisitions), which are subject to a different degree of uncertainty. Provisions are held for various legal and regulatory issues that relate to matters arising in the normal course of business, including in particular various disputes that arose in relation to the operation of the various 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 to be resolved.

### Contractual claims

The Group is subject to historical claims relating to contractual matters that arise with customers in the normal course of business. The Group believes 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.

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.



# Notes to the financial statements continued

## Note 30 – Contingent consideration and redemption liability

	2021 €'m	2020 €'m
<b>Non-current contingent consideration consists of:</b>		
Amount payable to Aquila Global Group SAS ("Wplay") (Note 20)	—	3.9
	—	3.9
<b>Non-current redemption liability consists of:</b>		
Acquisition of Statscore SP Z.O.O. (Note 35A)	6.0	4.6
	6.0	4.6
<b>Total non-current contingent consideration and redemption liability</b>	<b>6.0</b>	<b>8.5</b>
<b>Current contingent consideration consists of:</b>		
Acquisition of Eyecon Limited	3.6	—
Amount payable to Aquila Global Group SAS ("Wplay") (Note 20)	0.8	—
Other acquisitions	0.6	1.2
<b>Total current contingent consideration</b>	<b>5.0</b>	<b>1.2</b>
<b>Total contingent consideration and redemption liability</b>	<b>11.0</b>	<b>9.7</b>

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

	2021 €'m	2020 €'m
Acquisition of Eyecon Limited	3.6	25.0
Acquisition of HPYBET Austria GmbH	15.0	15.0
Interest in Aquila Global Group SAS ("Wplay")	0.9	4.9
Acquisition of Statscore SP Z.O.O.	15.0	15.0
Other acquisitions	6.8	7.3
	41.3	67.2

## Note 31 – Trade payables

	2021 €'m	2020 €'m
Suppliers	33.5	35.1
Customer liabilities	7.8	12.5
Other	—	0.1
	41.3	47.7

## Note 32 – Deferred tax

The movement on the deferred tax is as shown below:

	2021 €'m	2020 €'m
At 1 January, as previously reported	(82.5)	(76.8)
Impact of correction of errors	—	(10.6)
Restated balance at 1 January	(82.5)	(87.4)
Transferred to asset classified as held for sale	—	6.2
Arising on the acquisitions during the year	—	(0.4)
Charge to profit or loss (Note 14)	96.3	(1.7)
Exchange differences	0.2	0.8
At 31 December	14.0	(82.5)

### Note 32 – Deferred tax continued

The 2020 movement includes both continuing (€3.2 million) and discontinued (€1.5 million) operations.

	2021 €'m	2020 €'m
Split as:		
Deferred tax liability on acquisitions	97.2	108.2
Deferred tax liability	0.4	4.5
Deferred tax asset (offset with deferred tax liability)	(8.7)	(26.9)
	88.9	85.8
Deferred tax asset	102.9	3.3

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

On 31 December 2021, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carried forward, with the latter only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Please refer to Note 14 for the assessment performed on the recognition of deferred tax in the period.

Details of the deferred tax outstanding as at 31 December 2020 and 2021 are as follows:

	2021 €'m	2020 €'m
Deferred tax recognised on Group restructuring	63.6	—
Tax losses	36.9	0.5
Other temporary and deductible differences	2.4	2.8
Total	102.9	3.3

Details of the deferred tax, amounts recognised in profit or loss are as follows:

	2021 €'m	2020 €'m
Accelerated capital allowances	76.8	18.4
Employee pension liabilities	0.1	0.3
Other temporary and deductible differences	(15.5)	(11.4)
Leases	—	0.3
Tax losses	34.9	(9.3)
Total	96.3	(1.7)

### Note 33 – Other payables

	2021 €'m	2020 €'m
<b>Non-current liabilities</b>		
Payroll and related expenses	10.8	8.9
Other	2.0	3.6
	12.8	12.5
<b>Current liabilities</b>		
Payroll and related expenses	81.7	70.9
Accrued expenses	67.4	51.9
VAT payable	3.8	5.8
Interest payable	10.4	10.5
Other payables	2.9	6.1
	166.2	145.2

### Note 34 – Gaming and other taxes payable

	2021 €'m	2020 €'m
Gaming tax	105.3	126.6
Other	0.1	0.3
	105.4	126.9

# Notes to the financial statements continued

## Note 35 – 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 20). The book value of the investment in associate (net of share of losses) was €1.5 million at the point of acquisition and the equivalent fair value was €8.0 million, resulting in a fair value gain of €6.5 million recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020. The remaining 15% of the shares are held by the founder. As part of the acquisition, the Group holds a call option to purchase the remaining 15% of Statscore as follows:

- (1) to purchase 7.5% within three months of the third anniversary if certain conditions are met and regardless of whether the founder remains employed. The option price, which is capped at €5.0 million, depends on the last 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; and
  - (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; and
- (2) to purchase 7.5% within three months of the sixth 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 by the percentage of the additional acquisition; and
  - (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 irrevocable put option to require the Group to purchase the 15% under the terms and conditions provided below:

- (1) to sell 7.5% within three months of the third anniversary if the following conditions are satisfied:
  - (a) the founder continuing to be employed by the company and continuing to be appointed as CEO of the company and a member of the management board on the date on which the option is exercised unless the founder has ceased to be employed by the company under the good leaver scenario; and
  - (b) the last 12-month EBITDA being equal or higher than €4.0 million; and
- (2) to sell 7.5% within three months of the sixth anniversary if the following conditions are satisfied:
  - (a) the founder continuing to be employed by the company and continuing to be appointed as CEO of the company and a member of the management board on the date on which the option is exercised unless the founder has ceased to be employed by the company under the good leaver scenario; and
  - (b) the last 12-month EBITDA being equal or higher than €8.0 million.

### B. Acquisition of Best In Game S.r.l.

On 17 June 2020, the Group acquired 100% of Best In Game S.r.l. ("Best In Game"), an Italian gaming company active in the online segment. The Group paid a total cash consideration of €13.3 million.

### Note 36 – Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

During the year, Group companies entered into the following transactions with related parties which are not members of the Group:

	2021 €'m	2020 €'m
<b>Revenue</b>		
Associates and structured agreements	95.0	62.2
<b>Operating expenses</b>		
Associates and structured agreements	—	0.2
<b>Interest income</b>		
Associates and structured agreements	0.1	0.2

The following amounts were outstanding at the reporting date:

	2021 €'m	2020 €'m
<b>Trade receivables (Note 22)</b>		
Associates and structured agreements	16.5	15.2
<b>Loans and interest receivable – current (Note 23)</b>		
Associates and structured agreements	2.4	—
<b>Loans and interest receivable – non-current (Note 21)</b>		
Associates and structured agreements	9.5	—

Key management personnel compensation which includes the Board members (Executive and Non-executive Directors) and senior management personnel comprised the following:

	2021 €'m	2020 €'m
Short-term employee benefits	13.5	11.4
Post-employment benefits	0.1	0.1
Termination benefits	0.1	0.1
Share-based payments	4.3	5.1
	18.0	16.7

The Group is aware that a partnership in which a member of key management personnel (who is not a Board member) has a non-controlling interest provides certain advisory and consulting services to third-party service providers of the Group in connection with certain of the Group's structured and other commercial agreements. The partnership contracts with and is compensated by the third-party service providers, and the Group has no direct arrangement with the partnership. The total paid to this partnership by the third-party service providers was €3.0 million (2020: €3.6 million).



# 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 up to December 2020, owns the intellectual property rights and licenses the software to customers. From January 2021 onwards, the principal activity is the holding of investment in subsidiaries
Playtech Software Limited	United Kingdom	100%	Main trading company from 2021 onwards, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the iPoker Network in regulated markets. Owns the intellectual property of the 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 and 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 and hosting services to online gaming operators
S-Tech Limited	British Virgin Islands and branch office in the Philippines	100%	Live game 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 Financials division
Safecap Limited	Cyprus	100%	Primary trading company of the Financials division. Licensed investment firm and regulated by CySEC
TradeFXIL limited	Israel	100%	Financials division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	100%	Financials division back office customer support
Magnasale Limited	Cyprus	100%	Financials division, licensed and regulated investment firm
Stronglogic Services Limited	Cyprus	100%	Maintains the Financials 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 A/S	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

## Note 37 – Subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Finalto Trading Limited (ex. TradeTech Alpha Limited)	UK	100%	Regulated FCA broker providing trading, risk management and liquidity solutions
Rarestone Gaming PTY Ltd	Australia	100%	Development company
HPYBET Austria GmbH	Austria	100%	Operating shops in Austria
Snaitech SPA	Italy	100%	Italian retail betting market and gaming machine market
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Techplay S.A. Software Limited	Israel	100%	Develops online software
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to Parent Company
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
PokerStrategy Ltd	Gibraltar	100%	Operates poker community business
Snai Rete Italia S.r.l.	Italy	100%	Italian retail betting market
PT Services UA LTD	Ukraine	100%	Designs, develops and manufactures software
Trinity Bet Operations Ltd	Malta	100%	Retail and Digital Sports Betting
Euro live Technologies SIA	Latvia	100%	Global broadcaster providing innovative video stream services for users worldwide
Gaming Technology Solutions Limited	UK	100%	Provision of B2B services within Bingo, Virtual Sports, Sports Betting and Games Development
Statscore SP Z.O.O.	Poland	85%	Software development firm providing sports data and statistical widgets to online/retail bookmakers, sporting clubs, sports federations, portals and websites

## Note 38 – Financial instruments and risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments of the Group, from which financial instrument risks arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Investments in equity securities;
- Derivative financial assets;

# Notes to the financial statements continued

## Note 38 – Financial instruments and risk management continued

- Trade and other payables;
- Bonds;
- Loans and borrowings; and
- Deferred and contingent consideration and redemption liability.

### Financial instrument by category

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

		Carrying amount	Fair value		
	Measurement category	2021 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
31 December 2021					
Continuing operations					
Non-current financial assets					
Equity investments	FVTPL	8.1	1.6	—	6.5
Derivative financial assets	FVTPL	622.2	—	—	622.2
Trade receivables	Amortised cost	6.6	—	—	—
Loans receivable	Amortised cost	17.6	—	—	—
Current financial assets					
Trade receivables	Amortised cost	178.5	—	—	—
Loans receivables	Amortised cost	4.5	—	—	—
Cash and cash equivalents	Amortised cost	575.4	—	—	—
Non-current liabilities					
Bonds	Amortised cost	875.0	—	—	—
Loans and borrowings	Amortised cost	167.1	—	—	—
Lease liability	Amortised cost	69.8	—	—	—
Contingent consideration and redemption liability	FVTPL	6.0	—	—	6.0
Current liabilities					
Trade payables	Amortised cost	41.3	—	—	—
Lease liability	Amortised cost	20.3	—	—	—
Progressive operators' jackpots and security deposits	Amortised cost	110.7	—	—	—
Client funds	Amortised cost	30.4	—	—	—
Contingent consideration and redemption liability	FVTPL	5.0	—	—	5.0
Interest payable	Amortised cost	10.4	—	—	—
Treated as held for sale					
Current financial assets					
Cash and cash equivalents	Amortised cost	366.1	—	—	—
Current liabilities					
Trade payables	Amortised cost	0.4	—	—	—
Lease liability	Amortised cost	5.2	—	—	—
Client deposits	Amortised cost	138.5	—	—	—
Client funds	Amortised cost	170.3	—	—	—

## Note 38 – Financial instruments and risk management continued

		Carrying amount	Fair value		
	Measurement category	2020 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
<b>31 December 2020</b>					
<b>Continuing operations</b>					
<b>Non-current financial assets</b>					
Equity investments	FVTPL	9.7	3.2	—	6.5
Derivative financial assets	FVTPL	22.4	—	—	22.4
Trade receivables	Amortised cost	18.4	—	—	—
Loans receivable	Amortised cost	4.8	—	—	—
<b>Current financial assets</b>					
Trade receivables	Amortised cost	153.2	—	—	—
Loans receivables	Amortised cost	0.7	—	—	—
Cash and cash equivalents	Amortised cost	683.7	—	—	—
<b>Non-current liabilities</b>					
Bonds	Amortised cost	873.1	—	—	—
Loans and borrowings	Amortised cost	308.9	—	—	—
Lease liability	Amortised cost	61.5	—	—	—
Contingent consideration and redemption liability	FVTPL	8.5	—	—	8.5
<b>Current liabilities</b>					
Trade payables	Amortised cost	47.7	—	—	—
Lease liability	Amortised cost	21.0	—	—	—
Progressive operators' jackpots and security deposits	Amortised cost	100.2	—	—	—
Client funds	Amortised cost	28.9	—	—	—
Contingent consideration and redemption liability	FVTPL	1.2	—	—	1.2
Interest payable	Amortised cost	10.5	—	—	—
<b>Treated as held for sale</b>					
<b>Current financial assets</b>					
Cash and cash equivalents	Amortised cost	376.9	—	—	—
<b>Current liabilities</b>					
Trade payables	Amortised cost	1.8	—	—	—
Lease liability	Amortised cost	5.8	—	—	—
Client deposits	Amortised cost	109.5	—	—	—
Client funds	Amortised cost	170.9	—	—	—

The fair value of the contingent consideration and redemption liability is calculated by discounting the estimated cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.

For details of the fair value hierarchy, valuation techniques and significant unobservable inputs relating to determining the fair value of derivative financial assets, which are classified in Level 3 of the fair value hierarchy, refer to Note 20C.

The carrying amount does not materially differ from the fair value of the financial assets and liabilities.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

### A. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. After the impairment analysis performed at the reporting date, the expected credit losses (ECLs) are €7.4 million (2020: €22.3 million).

### Cash and cash equivalents

The Group held cash and cash equivalents of €576.0 million as at 31 December 2021 (2020: €684.3 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from Caa- to AA+, based on Moody's ratings.



# Notes to the financial statements continued

## Note 38 – Financial instruments and risk management continued

### A. Credit risk continued

#### Cash and cash equivalents continued

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables. The ECL on cash balances as at 31 December 2021 is €0.6 million.

A reasonable movement in the inputs of the ECL calculation of cash and cash equivalents does not materially change the ECL to be recognised.

	Total €'m	Financial institutions with A- and above rating €'m	Financial institutions with below A- rating and no rating €'m
<b>Continuing operations</b>			
<b>At 31 December 2021</b>	<b>576.0</b>	<b>291.7</b>	<b>284.3</b>
At 31 December 2020	684.3	340.2	344.1
<b>Treated as held for sale</b>			
<b>At 31 December 2021</b>	<b>366.1</b>	<b>291.9</b>	<b>74.2</b>
At 31 December 2020	376.9	313.1	63.8

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

As at 31 December 2021, the Group has trade receivables of €185.1 million (2020: €171.6 million) which is net of an allowance for ECL of €6.8 million (2020: €21.7 million).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are calculated based on past default experience and an assessment of the future economic environment. The ECL is calculated with reference to the ageing and risk profile of the balances.

The carrying amounts of financial assets represent the maximum credit exposure.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Total €'m	Not past due €'m	1-2 months overdue €'m	More than 2 months past due €'m
<b>31 December 2021</b>				
Expected credit loss rate	3.5%	4.2%	1.6%	1.9%
Gross carrying amount	191.9	139.6	32.6	19.7
Expected credit loss	(6.8)	(5.9)	(0.5)	(0.4)
<b>Trade receivables – net</b>	<b>185.1</b>	<b>133.7</b>	<b>32.1</b>	<b>19.3</b>
<b>31 December 2020</b>				
Expected credit loss rate <sup>1</sup>	11.2%	8.6%	22.3%	7.0%
Gross carrying amount	193.3	101.5	42.8	49.0
Expected credit loss	(21.7)	(8.8)	(9.5)	(3.4)
<b>Trade receivables – net</b>	<b>171.6</b>	<b>92.7</b>	<b>33.3</b>	<b>45.6</b>

<sup>1</sup> The ECL as at 31 December 2020 has been restated to reflect the ECL provision of SNAI which was included incorrectly in the gross carrying amount of debtors. The ECL provision of SNAI is €5.3 million as at 31 December 2021 (€19.9 million as at 31 December 2020). The ECL of SNAI has been significantly reduced in 2021 as a result of the COVID-19 impact not being as bad as anticipated in ECL 2020 calculations.

## Note 38 – Financial instruments and risk management continued

### A. Credit risk continued

#### Trade receivables continued

A reasonable movement in the inputs of the ECL calculation of trade receivables does not materially change the ECL to be recognised.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the ECL in respect of trade receivables during the year was as follows:

	2021 €'m	2020 €'m
Balance at 1 January	21.7	—
(Reversed)/charged to statement of comprehensive income	(14.9)	21.7
Balance at 31 December	6.8	21.7

#### Loans receivable

The Group assessed the credit risk of each individual loan on whether each is considered to be recoverable as at 31 December 2021. The Group considers that the amount of €1.2 million should be impaired as at 31 December 2021. The Group does not consider any other impairment consideration on loan receivables as at 31 December 2021.

### B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses of risking damage to the Group's reputation. Please refer to Note 2 for the steps taken by management to reduce liquidity risk of the Group.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

	Carrying amount €'m	Contractual cash flows			
		Total €'m	Within 1 year €'m	1–5 years €'m	More than 5 years €'m
<b>2021</b>					
Loans and borrowings	167.1	173.8	3.3	170.5	—
Bonds	875.0	979.7	34.8	944.9	—
Lease liability	90.1	107.1	22.3	59.7	25.1
Contingent consideration and redemption liability	11.0	11.6	5.1	6.5	—
Trade payables	41.3	41.3	41.3	—	—
Progressive and other operators' jackpots	110.7	110.7	110.7	—	—
Client funds	30.4	30.4	30.4	—	—
Interest payable	10.4	10.4	10.4	—	—
Provisions for risks and charges	16.7	16.7	3.2	13.5	—
	1,352.7	1,481.7	261.5	1,195.1	25.1
<b>2020</b>					
Loans and borrowings	308.9	321.3	6.2	315.1	—
Bonds	873.1	1,021.5	34.8	629.3	357.4
Lease liability	82.5	95.9	23.3	55.9	16.7
Contingent consideration and redemption liability	9.7	10.3	1.2	4.1	5.0
Trade payables	47.7	47.7	47.7	—	—
Progressive and other operators' jackpots	100.2	100.2	100.2	—	—
Client funds	28.9	28.9	28.9	—	—
Interest payable	10.5	10.5	10.5	—	—
Provisions for risks and charges	20.9	20.9	20.9	—	—
	1,482.4	1,657.2	273.7	1,004.4	379.1

# Notes to the financial statements continued

## Note 38 – Financial instruments and risk management continued

### C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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 operations enters into foreign transactions, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
<b>31 December 2021</b>					
<b>Continuing operations</b>					
Cash and cash equivalents	477.4	34.9	41.5	22.2	<b>576.0</b>
Progressive operators' jackpots and security deposits	(126.6)	(0.1)	(14.4)	—	<b>(141.1)</b>
<b>Cash and cash equivalents less client funds</b>	<b>350.8</b>	<b>34.8</b>	<b>27.1</b>	<b>22.2</b>	<b>434.9</b>

	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
<b>31 December 2021</b>					
<b>Treated as held for sale</b>					
Cash and cash equivalents	85.1	211.1	44.4	25.5	<b>366.1</b>
Client funds and client deposits	(63.7)	(208.6)	(12.1)	(24.4)	<b>(308.8)</b>
<b>Cash and cash equivalents less client funds</b>	<b>21.4</b>	<b>2.5</b>	<b>32.3</b>	<b>1.1</b>	<b>57.3</b>

	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
<b>31 December 2020</b>					
<b>Continuing operations</b>					
Cash and cash equivalents	539.0	43.8	84.9	16.6	684.3
Progressive operators' jackpots and security deposits	(115.4)	—	(13.7)	—	(129.1)
<b>Cash and cash equivalents less client funds</b>	<b>423.6</b>	<b>43.8</b>	<b>71.2</b>	<b>16.6</b>	<b>555.2</b>

	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
<b>31 December 2020</b>					
<b>Treated as held for sale</b>					
Cash and cash equivalents	105.1	189.1	54.3	28.4	376.9
Client funds and client deposits	(68.6)	(179.0)	(11.6)	(21.2)	(280.4)
<b>Cash and cash equivalents less client funds</b>	<b>36.5</b>	<b>10.1</b>	<b>42.7</b>	<b>7.2</b>	<b>96.5</b>

The Group's policy is not to enter into any currency hedging transactions.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bonds and loans and borrowings. At 31 December 2021, approximately 16% of the Group's borrowings are at a variable rate of interest (2020: 26%).

Any reasonably possible change to the interest rate would have an immaterial effect on the interest payable.

#### Equity price risk

The Group is exposed to market risk by way of holding some investments in other companies on a short-term basis. Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

## Note 39 – Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					Total €'m
	Loans and borrowings €'m	Bonds €'m	Interest on loans and borrowings and bonds €'m	Contingent consideration and redemption liability €'m	Lease liabilities €'m	
<b>Balance at 1 January 2021</b>	308.9	873.1	10.5	9.7	88.3	1,290.5
<b>Changes from financing cash flows</b>						
Interest payable on bonds and loans and borrowings	—	—	(39.4)	—	—	(39.4)
Repayment of loans and borrowings	(150.0)	—	—	—	—	(150.0)
Payment of contingent consideration and redemption liability	—	—	—	(0.7)	—	(0.7)
Principal paid on lease liability	—	—	—	—	(22.7)	(22.7)
Interest paid on lease liability	—	—	—	—	(5.6)	(5.6)
<b>Total changes from financing cash flows</b>	(150.0)	—	(39.4)	(0.7)	(28.3)	(218.4)
<b>Other changes</b>						
<b>Liability related</b>						
New leases	—	—	—	—	26.8	26.8
Interest on bonds, bank borrowings and other borrowings	—	1.9	39.3	—	—	41.2
Interest on lease liability	—	—	—	—	5.6	5.6
Movement in deferred and contingent consideration and redemption liability	—	—	—	6.2	—	6.2
Payment of contingent consideration related to investments	—	—	—	(4.1)	—	(4.1)
Foreign exchange difference	8.2	—	—	(0.1)	2.9	11.0
<b>Total liability-related other changes</b>	8.2	1.9	39.3	2.0	35.3	86.7
<b>Balance at 31 December 2021</b>	<b>167.1</b>	<b>875.0</b>	<b>10.4</b>	<b>11.0</b>	<b>95.3</b>	<b>1,158.8</b>



# Notes to the financial statements continued

## Note 39 – Reconciliation of movement of liabilities to cash flows arising from financing activities continued

	Liabilities					Equity		Total €'m
	Loans and borrowings €'m	Bonds €'m	Interest on loans and borrowings and bonds €'m	Contingent consideration and redemption liability €'m	Lease liabilities €'m	Additional paid in capital €'m	Retained earnings €'m	
<b>Balance at 1 January 2020</b>	64.6	871.2	10.3	61.1	90.8	601.0	656.2	2,355.2
<b>Changes from financing cash flows</b>								
Interest payable on bonds and loans and borrowings	—	—	(39.7)	—	—	—	—	(39.7)
Share buyback	—	—	—	—	—	(8.9)	(1.3)	(10.2)
Repayment of loans and borrowings	(0.2)	—	—	—	—	—	—	(0.2)
Proceeds from loans and borrowings	245.8	—	—	—	—	—	—	245.8
Payment of contingent consideration and redemption liability	—	—	—	(48.5)	—	—	—	(48.5)
Principal paid on lease liability	—	—	—	—	(21.5)	—	—	(21.5)
Interest paid on lease liability	—	—	—	—	(5.9)	—	—	(5.9)
<b>Total changes from financing cash flows</b>	245.6	—	(39.7)	(48.5)	(27.4)	(8.9)	(1.3)	119.8
<b>Other changes</b>								
<b>Liability related</b>								
New leases	—	—	—	—	21.9	—	—	21.9
Interest on bonds, bank borrowings and other borrowings	—	1.9	39.9	—	—	—	—	41.8
Interest on lease liability	—	—	—	—	5.9	—	—	5.9
Movement in deferred and contingent consideration and redemption liability	—	—	—	8.3	—	—	—	8.3
Payment of contingent consideration related to investments	—	—	—	(15.2)	—	—	—	(15.2)
Acquisition through business combinations	—	—	—	5.1	0.2	—	—	5.3
Foreign exchange difference	(1.3)	—	—	(1.1)	(3.1)	—	—	(5.5)
<b>Total liability-related other changes</b>	(1.3)	1.9	39.9	(2.9)	24.9	—	—	62.5
<b>Total equity-related other changes</b>	—	—	—	—	—	—	(311.2)	(311.2)
<b>Balance at 31 December 2020</b>	308.9	873.1	10.5	9.7	88.3	592.1	343.7	2,226.3

#### Note 40 – Correction of error

During the year, the Group identified the following errors in respect of the original acquisition of Snai in 2018 due to:

- an incorrect tax rate being applied to the fair value calculation of the acquired intangible assets;
- deferred tax being incorrectly calculated due to the wrong tax rate being applied and also due to deferred tax being calculated on the gross intangible assets as opposed to the temporary difference, being the fair value uplift; and
- deferred tax not being recognised on the fair value uplift of land and buildings.

As a consequence of the above adjustments, an additional deferred tax asset owing to the increased deferred tax liability was recognised at acquisition.

The impact of the corrections stated above in 2019 and 2020 is as follows:

- increase to goodwill of €21.5 million;
- decrease to intangible assets of €14.6 million; and
- increase of the deferred tax liability of €10.6 million (net of an additional deferred tax asset recognised of €26.1 million).

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Group's consolidated financial statements.

#### Consolidated statement of financial position

	Impact of correction of error		
	As previously reported €'m	Adjustments €'m	As restated €'m
31 December 2019			
Goodwill	974.8	21.5	996.3
Intangible assets	524.6	(14.6)	510.0
Others	1,598.4	—	1,598.4
<b>Total assets</b>	<b>3,097.8</b>	<b>6.9</b>	<b>3,104.7</b>
Deferred tax liability	78.3	10.6	88.9
Others	1,797.2	—	1,797.2
<b>Total liabilities</b>	<b>1,875.5</b>	<b>10.6</b>	<b>1,886.1</b>
Retained earnings	659.9	(3.7)	656.2
Others	562.4	—	562.4
<b>Total equity</b>	<b>1,222.3</b>	<b>(3.7)</b>	<b>1,218.6</b>
31 December 2020			
Goodwill	633.8	21.5	655.3
Intangible assets	463.4	(14.6)	448.8
Others	1,967.4	—	1,967.4
<b>Total assets</b>	<b>3,064.6</b>	<b>6.9</b>	<b>3,071.5</b>
Deferred tax liability	75.2	10.6	85.8
Others	2,089.5	—	2,089.5
<b>Total liabilities</b>	<b>2,164.7</b>	<b>10.6</b>	<b>2,175.3</b>
Retained earnings	347.4	(3.7)	343.7
Others	552.5	—	552.5
<b>Total equity</b>	<b>899.9</b>	<b>(3.7)</b>	<b>896.2</b>

The impact in profit or loss for the year ended 31 December 2020 relating to the correction of the amortisation charge and deferred tax is not material and therefore has been included within the 2020 opening reserve adjustment.

There is no impact on the Group's basic or diluted earnings per share, or on the total operating investing or financing cash flows for the year ended 31 December 2020.

## Notes to the financial statements continued

### Note 41 – Events after the reporting date

During 2021, the Group entered into an agreement on the terms of a cash acquisition of the entire issued and to be issued ordinary share capital of the Company by Aristocrat (UK) Holdings Limited for 680 pence per share. The transaction was subject to shareholders' approval. On 2 February 2022, the shareholders voted against the takeover.

The call option to acquire 81% equity holding in Tenbet can be exercisable at any time since February 2022 (Note 20). The option has not been yet exercised.

Post year end, Russia invaded Ukraine. Playtech has over 700 employees based in Ukraine and the Group's crisis management team is leading a comprehensive response to the crisis with the safety of the Group's employees being the priority. Playtech is making every possible effort to support employees and their families during the crisis. The support includes assisting with relocation to safer parts of the country or to other countries. Playtech has built an organisational structure to support the employees including 24/7 transportation services, accommodation support for those displaced, emergency supplies and shelter, logistical assistance and a 24/7 communication hotline, as well as mental health and wellbeing support. Hundreds of volunteers across the Group are working to help however possible, including keeping in continuous contact with their colleagues.

Due to the various sanctions against Russia and the EU restrictive measures in response to the crisis in Ukraine, it is expected that €2.0 million out of the 2022 budgeted revenue used for the calculation of the value in use of the Quickspin CGU may not materialise in full. However, as this is a post-balance sheet event no impairment has been recorded. Notwithstanding this potential loss of revenue, management is of the view that alternative revenue streams could be achieved, which therefore reduces the risk of future impairment. In addition, the Group holds €11.5 million of non-current assets in Ukraine which might be impaired as result of the invasion.

# Company statement of changes in equity

For the year ended 31 December 2021

	Additional paid in capital €'m	Employee Benefit Trust €'m	Retained earnings €'m	Total equity €'m
<b>Balance at 1 January 2021</b>	<b>592.1</b>	<b>—</b>	<b>(300.6)</b>	<b>291.5</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	—	—	950.1	950.1
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>950.1</b>	<b>950.1</b>
<b>Transactions with the owners of the Company</b>				
<b>Contributions and distributions</b>				
Exercise of options	—	—	(13.9)	(13.9)
Employee stock option scheme (Note 10)	—	—	11.9	11.9
Transfer from treasury shares to Employee Benefit Trust	13.9	(22.6)	8.7	—
<b>Total contributions and distributions</b>	<b>13.9</b>	<b>(22.6)</b>	<b>6.7</b>	<b>(2.0)</b>
<b>Total transactions with the owners of the Company</b>	<b>13.9</b>	<b>(22.6)</b>	<b>6.7</b>	<b>(2.0)</b>
<b>Balance at 31 December 2021</b>	<b>606.0</b>	<b>(22.6)</b>	<b>656.2</b>	<b>1,239.6</b>
<b>Balance at 1 January 2020</b>	<b>601.0</b>	<b>—</b>	<b>(228.0)</b>	<b>373.0</b>
<b>Total comprehensive income for the year</b>				
Loss for the year	—	—	(93.2)	(93.2)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>(93.2)</b>	<b>(93.2)</b>
<b>Transactions with the owners of the Company</b>				
<b>Contributions and distributions</b>				
Exercise of options	—	—	(1.7)	(1.7)
Share buyback (Note 10)	(8.9)	—	(1.3)	(10.2)
Employee stock option scheme (Note 10)	—	—	23.6	23.6
<b>Total contributions and distributions</b>	<b>(8.9)</b>	<b>—</b>	<b>20.6</b>	<b>11.7</b>
<b>Total transactions with the owners of the Company</b>	<b>(8.9)</b>	<b>—</b>	<b>20.6</b>	<b>11.7</b>
<b>Balance at 31 December 2020</b>	<b>592.1</b>	<b>—</b>	<b>(300.6)</b>	<b>291.5</b>

# Company balance sheet

As at 31 December 2021

	Note	2021 €'m	2020 €'m
<b>Non-current assets</b>			
Property, plant and equipment		—	0.1
Intangible assets		—	0.2
Investments in subsidiaries	7	1,201.4	1,144.2
Other non-current assets		0.3	0.3
Trade and other receivables	8	895.8	—
		<b>2,097.5</b>	1,144.8
<b>Current assets</b>			
Trade and other receivables	8	217.9	295.7
Cash and cash equivalents	9	37.7	87.0
		<b>255.6</b>	382.7
<b>TOTAL ASSETS</b>		<b>2,353.1</b>	1,527.5
<b>Equity</b>			
Additional paid in capital		606.0	592.1
Employee benefit trust		(22.6)	—
Retained earnings		656.2	(300.6)
	10	<b>1,239.6</b>	291.5
<b>Non-current liabilities</b>			
Bonds	12	875.0	873.1
Loans and borrowings	11	167.1	308.9
		<b>1,042.1</b>	1,182.0
<b>Current liabilities</b>			
Trade and other payables	13	71.4	54.0
		<b>71.4</b>	54.0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,353.1</b>	1,527.5

The financial information was approved by the Board and authorised for issue on 24 March 2022.

**Mor Weizer**  
Chief Executive Officer

**Andrew Smith**  
Chief Financial Officer



# Notes to the Company financial statements

## Note 1 – General

The principal activity of Playtech plc (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 FRS 101 ‘Reduced Disclosure Framework’ (March 2018) and updated for amendments issued subsequently. Because of the disclosure reductions, financial statements prepared under FRS 101 do not comply with all of the requirements of adopted IFRSs.

The Company, being a qualifying entity (FRS 101:8(g)), has been granted an exemption from preparing the following:

- a statement of cash flows as per the requirements of IAS 1 Presentation of Financial Statements;
- disclosure of compensation for key management personnel and amounts incurred by the Company for the provision of key management personnel services provided;
- disclosure requirements of IFRS 7 other than for those instruments where these disclosures are still required to comply with the law; and
- disclosure requirements of IFRS 13 other than for those instruments where these disclosures are still required to comply with the law.

Details of the Company’s accounting policies are included in Note 5.

## 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 2021

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

### New standards, interpretations and amendments not yet effective

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

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

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

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

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

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

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

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

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

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

# 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

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

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

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

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

The 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. Subsequent changes in value include employee share option additions and subsidiary capital contributions in the form of debt settlement.

### Interest income

Interest income is recognised over time, on a time-proportion basis, using the effective interest 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.

## Note 5 – Significant accounting policies continued

### 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

#### (i) Recognition

Trade receivables 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

#### (ii) 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.

#### (iii) 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.

Intercompany receivables are amounts due from other Group companies in the ordinary course of business. Intercompany receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the intercompany 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.

#### (iv) 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.

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.

#### (v) Impairment

The Company has assessed all types of financial assets that are subject to the expected credit loss model:

- intercompany receivables; and
- cash and cash equivalents.

For intercompany receivables and 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.

# Notes to the Company financial statements continued

## Note 5 – Significant accounting policies continued

### Financial liabilities

#### (vi) 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.

#### (vii) 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.

#### (viii) 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 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 SPP; 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

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.

### Employee Benefit Trust

Up to May 2019, the Group could not hold treasury shares under the Company's memorandum and articles of association and therefore a Group company, Roxwell Investments Limited, purchased the shares for the Employee Benefit Trust (EBT) through an intercompany loan. Any exercise of options releases shares from the EBT to the outstanding shares of the Company and offsets these with the intercompany loan. Following the change in the memorandum and articles of association, the Company is entitled to hold treasury shares and the EBT is recognised in the statement of changes in equity of the Company as a separate reserve (the "Employee Benefit Trust").

## 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.

## Note 6 – Critical accounting estimates and judgements continued

### Estimates and assumptions

- Impairment of investment in subsidiary companies

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 €5.8 million (2020: €35.6 million). 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 (Isle of Man) is a significant subsidiary for the Company, with net assets of €902.0 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 5% over the two to five-year forecast period, and a 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 1.45% or revenue growth was lower by 2.8%.

Playtech Software Limited (UK) is a significant subsidiary for the Company, with net assets of €1,018.0 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the two to five-year forecast period, and a 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 20.8% or revenue growth was lower by 4.4%.

PT Turnkey Services Limited is a significant subsidiary for the Company, with net assets of €253.0 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the two to five-year forecast period, and a 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 51.13% or revenue growth was lower by 3.4%.

VS Technology Limited is a significant subsidiary for the Company, with net assets of €24.0 million. The recoverable amount of the investment has been determined using cash flow forecasts that include annual revenue growth rates of 2% over the two to five-year forecast period, and a 2% long-term growth rate. The recoverable amount would equal the carrying amount of the investment if the discount rate applied was higher by 249.8% or revenue growth was lower by 59.6%.

- Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company's financial assets consist of intercompany 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 intercompany 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. 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.



# Notes to the Company financial statements continued

## Note 7 – Investments in subsidiaries

	2021 €'m	2020 €'m
Investment in subsidiaries at 1 January	1,144.2	514.9
Additional capital contribution <sup>1</sup>	49.1	642.7
Acquisitions in the year <sup>3</sup>	—	—
Employee stock option	13.9	22.2
Impairment <sup>2</sup>	(5.8)	(35.6)
Write offs <sup>4</sup>	—	—
Investment in subsidiaries at 31 December	1,201.4	1,144.2

1 During 2021 the Group agreed to forgive certain outstanding debt due from subsidiaries with a book value of €49.1 million which has accordingly been treated as additional capital contribution (2020: €642.7 million). See Note 8 for further information.

2 Impairment for the year 2021 relates to €1.2 million of Playtech Holding Sweden AB Limited and €4.6 million of PTVB Management Limited. Impairment for the year 2020 relates to €13.9 million of Finalto Group Limited (ex. TradeTech Holdings Limited), €18.6 million of Playtech Holding Sweden AB Limited and €3.1 million of PTVB Management Limited.

3 Acquisitions in the year 2020 relate solely to VS Technology Limited which was acquired 100% from Gaming Technology Solutions Limited.

4 Write offs relate to Elaman Trading Limited and PT Jersey Limited which were dissolved during 2020.

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Holding company, transferred its activities in 2021 to Playtech Software Ltd UK
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 the 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

	2021 €'000	2020 €'000
Amounts due from subsidiary undertakings (Note 14)	895.8	—
Total non-current	895.8	—
Other receivables	12.5	1.5
Amounts due from subsidiary undertakings (Note 14)	205.4	294.2
Total current	217.9	295.7

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 at 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 2020 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.

On 1 January 2021 and following the announcement Playtech plc made of the internal reorganisation and migration of tax residency from the Isle of Man to the United Kingdom, the Group proceeded to the sale of activities and related assets from Playtech Software Limited IOM to a newly established company, Playtech Software Limited, domiciled in the UK. This resulted in a receivable of €1 billion from the latter company to Playtech Software Limited IOM, the total amount of which has been assigned to Playtech plc in exchange for a dividend income of the same amount from the IOM company.

The management has assessed its receivables from Group companies using a forward-looking expected credit loss model (ECL). A reversal of the 2020 impairment of €15.8 million was released in the year 2021, with the impairment reserve at period end being €Nil (2020: €15.8 million).

## Note 9 – Cash and cash equivalents

	2021 €'m	2020 €'m
Cash at bank	37.5	86.6
Deposits	0.2	0.4
	37.7	87.0

# Notes to the Company financial statements continued

## Note 10 – Shareholders' equity

### A. Share capital

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

	2021 Number of shares	2020 Number of shares
Authorised <sup>1</sup>	N/A	N/A
Issued and paid up	309,294,243	309,294,243

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

The table below shows the movement of the shares:

	Shares in issue/ circulation Number of shares	Treasury shares Number of shares	Shares held by 2014 EBT Number of shares	Shares held by 2021 EBT Number of shares	Total Number of shares
At 1 January 2020	301,866,327	5,502,550	1,925,366	—	309,294,243
Share buyback	(4,463,339)	4,463,339	—	—	—
Exercise of options	200,827	—	(200,827)	—	—
At 31 December 2020/1 January 2021	297,603,815	9,965,889	1,724,539	—	309,294,243
Transfer to EBT	—	(7,028,339)	—	7,028,339	—
Exercise of options	1,640,511	—	(1,640,511)	—	—
<b>At 31 December 2021</b>	<b>299,244,326</b>	<b>2,937,550</b>	<b>84,028</b>	<b>7,028,339</b>	<b>309,294,243</b>

During 2020, the Group cancelled 4,463,339 shares as part of its share repurchase programme for a total consideration of €10.2 million.

### B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust (2014 EBT) by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year, 1,640,511 shares (2020: 200,827) were issued to the Executive Management after meeting the performance conditions at a cost of €13.9 million (2020: €1.7 million). The 2014 EBT is held by a Group company, Roxwell Investments Limited, with a value of €0.6 million as at 31 December 2021.

As noted above, the Company transferred 7,028,339 shares held by the Company in treasury to the Employee Benefit Trust (2021 EBT) for a total amount of €22.6 million.

### C. Share options exercised

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

### D. Distribution of dividend

The Company did not pay any dividends during the current year.

### E. Reserves

The following describes the nature and purpose of each reserve within owners' 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
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) up to €317.0 million available until November 2023. Interest payable on the loan is based on a Euro Libor and Libor rates based on the currency of each withdrawal. As at the reporting date the credit facility drawn amounted to €167.1 million (2020: €308.9 million).

Under the RCF, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance with the agreement.

The Company 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; and
- 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.

The covenants returned to previous levels of 3x Net Debt/Adjusted EBITDA and 4x interest/Adjusted EBITDA from 31 December 2021 onwards.

As at 31 December 2021, the Company has met these financial covenants. The covenants are monitored on a regular basis by the finance department, including modelling future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches, the results of which are reported to management and the Board of Directors.

## Note 12 – Bonds

	2018 Bond €'m	2019 Bond €'m	Total €'m
At 1 January 2020	525.0	346.2	871.2
Interest expense on bonds	1.3	0.6	1.9
At 31 December 2020	526.3	346.8	873.1
Interest expense on bonds	1.3	0.6	1.9
<b>At 31 December 2021</b>	<b>527.6</b>	<b>347.4</b>	<b>875.0</b>

### Bonds

#### (a) 2018 Bond

On 12 October 2018, the Company issued €530 million of senior secured notes (the "2018 Bond") due in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price of the 2018 Bond is 100% of its principal amount. The 2018 Bond bears 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 2021 was €536.1 million (31 December 2020: €539.0 million).

#### (b) 2019 Bond

On 7 March 2019, the Company issued €350 million of senior secured notes (the "2019 Bond") due in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price of the 2019 Bond is 100% of its principal amount. The 2019 Bond bears 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 2021 was €358.3 million (31 December 2020: €363.0 million). Please also refer to Note 16 for the bond liquidity risk assessment.

As at 31 December 2021 and 2020 the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/interest ratio, for the combined 2018 and 2019 Bonds.

## Note 13 – Trade and other payables

	2021 €'m	2020 €'m
Suppliers and accrued expenses	16.1	5.6
Payroll and related expenses	30.7	28.5
Amounts owed to subsidiary undertakings (Note 14)	15.3	10.4
Accrued interest	9.3	9.5
	<b>71.4</b>	<b>54.0</b>

## Note 14 – Related parties

The following transactions arose between the Company and its direct and indirect subsidiary undertakings:

	2021 €'m	2020 €'m
<b>Management services income from Group companies</b>		
Playtech Software UK Limited	2.0	—
<b>Other services income – cost recharges to Group companies</b>		
PT Services Malta Limited	0.5	—
<b>Dividend income from Group companies</b>		
Playtech Software Limited (Isle of Man)	1,002	—
<b>Interest income from Group companies</b>		
Playtech Services (Cyprus) Limited	—	25.0
<b>Operating expenses incurred from Group companies</b>		
PTVB Management Limited	4.1	10.8

# Notes to the Company financial statements continued

## Note 14 – Related parties continued

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:

	2021 €'m	2020 €'m
<b>Receivables</b>		
Due on demand or within one year	205.4	294.2
Due in more than one year	895.8	—
	<b>1,101.2</b>	294.2
<b>Payables</b>		
Due on demand	15.3	10.4

## Note 15 – Events after the reporting date

During 2021, the Company entered into an agreement on the terms of a cash acquisition of the entire issued and to be issued ordinary share capital of the Company by Aristocrat (UK) Holdings Limited. Each shareholder was entitled to receive for each share 680 pence. The transaction was subject to shareholders' approval. On 2 February 2022, the shareholders voted against the takeover.

Post year end, Russia invaded Ukraine. Playtech has over 700 employees based in Ukraine and the Group's crisis management team is leading a comprehensive response to the crisis with the safety of the Group's employees being the priority. Playtech is making every possible effort to support employees and their families during the crisis. The support includes assisting with relocation to safer parts of the country or to other countries. Playtech has built an organisational structure to support the employees including 24/7 transportation services, accommodation support for those displaced, emergency supplies and shelter, logistical assistance and a 24/7 communication hotline, as well as mental health and wellbeing support. Hundreds of volunteers across the Group are working to help however possible including keeping in continuous contact with their colleagues.



# Five-year summary

	2021 €'000	2020 €'000 Restated <sup>1</sup>	2019 €'000 Restated <sup>1</sup>	2018 €'000	2017 €'000
<b>Income statement</b>					
Total revenues from continuing operations	1,205.4	1,078.5	1,440.5	1,225.3	807.1
Adjusted EBITDA from continuing operations	317.1	253.6	375.3	345.1	322.1
Adjusted net profit from continuing operations	127.6	27.3	138.0	259.8	231.4
<b>Balance sheet</b>					
Non-current assets	2,299.1	1,667.3	2,062.4	2,101.2	1,569.8
Current assets	845.9	935.3	1,005.5	992.5	784.4
Assets classified as held for sale	507.4	468.9	36.8		
Current liabilities	490.2	513.7	773.7	1,017.6	547.9
Non-current liabilities	1,236.1	1,352.4	1,108.8	725.6	447.9
Liabilities directly associated with assets classified as held for sale	344.8	309.2	3.6		
Net assets	1,581.2	896.2	1,218.6	1,350.5	1,358.4
<b>Equity</b>					
Additional paid in capital	606.0	592.1	601.0	627.8	627.8
Available-for-sale reserve	—	—	—	—	103.2
Reserve for re-measurement of employee termination indemnities	(0.5)	(0.4)	(0.3)	0.1	—
Employee benefit trust	(23.3)	(14.5)	(16.2)	(17.9)	(21.6)
Convertible bonds option reserve	—	—	—	45.4	45.4
Put/call options reserve	(3.7)	(3.7)	(16.4)	(30.8)	(31.3)
Foreign exchange reserve	(22.7)	(21.3)	(1.4)	(8.2)	(28.7)
Retained earnings	1,025.1	343.7	656.2	726.3	649.5
Non-controlling interest	0.3	0.3	(4.3)	7.8	14.2
<b>Statistics</b>					
Basic adjusted EPS (in Euro cents) from continuing operations	42.8	9.2	45.5	82.4	73.6
Diluted adjusted EPS (in Euro cents) from continuing operations	40.9	8.8	44.6	73.9	66.8
Ordinary dividend per share (in Euro cents)	—	—	18.1	24.1	36.0
Share price low/high	351.0p/770.0p	140.3p/424.3p	360.5p/457.7p	370.0p/882.2p	768p/1,006.0p

<sup>1</sup> 2019 and 2020 has been restated as a result of an error, as disclosed in Note 40 of these financial statements.

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