

Half-year Report

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Playtech plc

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

Results for the six months ended 30 June 2022

Excellent H1 performance, momentum continuing into H2

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2022.

Financial summary (continuing operations)¹

	H1 2022	H1 2021	Change (reported)	Change (const. currency) ⁴
Revenue	€792.3m	€457.4m	73%	71%
Adjusted EBITDA²	€203.8m	€124.1m	64%	60%
Adjusted post-tax profit³	€94.3m	€54.6m	73%	41%
Reported post-tax profit³	€71.4m	€401.9m	-82%	-85%
Adjusted diluted EPS	30.2 €c	17.4 €c	74%	42%
Reported diluted EPS	22.9 €c	128.0 €c	-82%	-85%

Summary

- Excellent H1 2022 performance driven by regulated B2B markets, and Snaitech.
- Financial performance ahead of previous expectations with Adjusted EBITDA of €203.8 million, up 64% vs. H1 2021.
- Regulated markets powered B2B performance with Americas growing 50% (+37% cc) and Europe ex-UK increasing 39% (+39% cc), driving impressive B2B revenue growth of 17% (+13% cc).
- Strong B2C performance driven by Snaitech's online business continuing to deliver an excellent performance despite the reopening of retail sites, which together led to Adjusted EBITDA growth of 143%.
- Reported profit of €71.4 million compared to €401.9 million in H1 2021, which included a significant gain realised on options embedded in the Company's agreements in the Americas.
- Sale of Finalto was completed in July 2022; RCF now fully repaid.
- Strong cash generation in H1; refinancing process underway for RCF and October 2023 bond.
- New medium term Adjusted EBITDA target for Snaitech of €300 - 350 million.
- In spite of the broader macroeconomic and geopolitical uncertainty, the Group is well placed to continue to deliver against its stated strategy.

Divisional highlights

B2B Gambling

- Very strong growth within regulated markets helped to deliver B2B revenue of €312.0 million in the first half of the year, growing 17% (13% at constant currency).
- B2B Adjusted EBITDA was €77.2 million compared to €72.1 million in H1 2021.
- Within regulated markets, Europe ex-UK and the Americas were the standout performers.

- Europe ex-UK grew 39% at constant currency to €92.2 million driven primarily by an impressive start at Holland Casino within the newly regulated Netherlands market.
- Americas continued to perform well with revenues of €69.8 million and 37% constant currency revenue growth.
- Caliente in Mexico remains a key driver for strong revenue growth in the Americas; soon to be regulated Brazil market offers significant opportunity going forward.
- Significant progress made executing the US strategy:
 - Launched the IMS platform with Parx Casino in Pennsylvania, involving a complex migration off a competitor's platform
 - Signed several significant new deals including Golden Nugget, WynnBET, Resorts and 888 which are expected to go live in the coming months
 - Licence granted in Pennsylvania. Now licenced in 6 states with further applications progressing.
- Launched with NorthStar in recently regulated Ontario, Canada, along with Bet365 and 888.
- Live Casino continued to see good revenue growth; strategically important facility opened in Peru in H1 that will help continue to drive future growth in the region.
- Continued diversification of B2B business with over 50 further brands added to SaaS offering, bringing total to over 300.
- Asia revenue declined 22% (26% at constant currency) due to competitive pressures and the impact of lockdowns in parts of the region in the period, while the Company incurred a bad debt provision of €15.4 million in H1 due to collection delays.

B2C Gambling

- Total B2C revenue (including Snaitech and white-label) of €487.3 million (H1 2021: €196.6 million) and Adjusted EBITDA of €126.6 million (H1 2021: €52.0 million).
- Snaitech Adjusted EBITDA grew 154% to €131.7 million (H1 2021: €51.8 million) driven by retail sites reopening at the end of June 2021 post-pandemic.
- Snaitech's online business was ahead of expectations with only modest revenue declines of 5% versus H1 2021, despite the reopening of retail sites. Adjusted EBITDA margins remained high at 57% in H1 2022 versus 59% in H1 2021.
- Snaitech maintained its number one position by brand across retail and online sports betting in Italy in the half.
- Snaitech's retail betting licences in Italy have been extended for two years until June 2024 at a total cost of €23.0 million, while Gaming Machines rights have been extended at no cost until June 2023.
- HAPPYBET, now integrated into Snaitech's operations, remained loss-making but strategic and operational measures have been taken.
- White Label (including Sun Bingo) saw 3% constant currency revenue growth to €31.7 million while Adjusted EBITDA fell to €0.1 million. Reported EBITDA includes a €10.4 million payment to terminate an onerous contract. The termination of the agreement will improve the profitability of the business going forward.

Corporate Activity

- Sale of Finalto was completed in July 2022, marking a significant step in Playtech's stated strategic objective to simplify the Group.
- Given capital market conditions, the SPAC transaction in relation to Caliente in the US is no longer being pursued in the same manner. Alternative approaches to facilitate Caliente entering the US market are being evaluated.

Current trading and outlook

- Excellent performance from H1 has continued into H2 2022 albeit with normal seasonal trends.
- Managing impact from Ukraine invasion, however risk of disruption as war continues.
- The macroeconomic outlook remains uncertain given geopolitical and inflationary pressures.
- Given the strong performance so far in 2022 and momentum within the business, the Board remains confident of Playtech's future prospects.

Mor Weizer, CEO, commented:

"I am delighted with the positive start that the Group has made in the first half of 2022, delivering a financial performance ahead of our expectations with significant strategic and operational progress made against our objectives.

"Our success in the period was powered by our B2B business in the Americas and Europe, alongside yet another excellent contribution from Snaitech. We continue to make great strides in executing our US strategy, launching with Parx Casino in Pennsylvania, signing several exciting deals with leading Global and US brands, and progressing additional licence applications. The Americas remain one of the Group's biggest growth drivers, with continued strong revenue growth in Mexico as well as Brazil complemented by new launches and partnerships in the US, Canada and Peru.

"The sale of Finalto was completed in July 2022, representing a significant step in our stated strategy to simplify the Group and focus our efforts on the high-growth B2B and B2C gambling markets. We remain well placed to capitalise on the exciting market opportunities ahead, driving sustainable growth for the benefit of all our stakeholders.

"We have navigated significant disruption and uncertainty in the period due to well-reported geopolitical tensions and inflationary pressures. For this, I would like to extend my sincere thanks to all of my Playtech colleagues for their hard work in the face of adversity. Throughout 2022, we have gone to great lengths to support our Ukrainian colleagues and their families through the tragic events which continue to unfold in the country. We remain in close contact with our employees in Ukraine and will continue to do everything we can to ensure their safety and that of their families.

"The macroeconomic outlook remains uncertain given geopolitical tensions and inflationary pressures, however we have seen our excellent performance in H1 continue into H2 and expect to see continued strong results from both our B2B and B2C businesses. As such, we are confident about Playtech's prospects for the remainder of 2022 and beyond."

- Ends -

For further information contact:

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

²Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 9 of the financial statements.

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

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

Conference call and presentation

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

<https://www.investis-live.com/playtech/632973c679e5831200053b17/wppa>

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

United Kingdom: 0800 640 6441

USA: 1 855 9796 654

USA (Local): 1 646 664 1960

All other locations: +44 20 3936 2999

Access code: 499605

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

UK: 020 3936 3001

USA (Local): 1 845 709 8569

All other locations: +44 20 3936 3001

Access Code: 822402

A Snaitech Investor Event will be held today at 10.30 am via a live audio webcast accessible using this link:

<https://www.investis-live.com/playtech/632976635f6f080c00140f60/wppb>

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

United Kingdom: 0800 640 6441

USA: 1 855 9796 654

USA (Local): 1 646 664 1960

All other locations: +44 20 3936 2999

Access code: 004897

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

UK: 020 3936 3001

USA (Local): 1 845 709 8569

All other locations: +44 20 3936 3001

Access Code: 207546

The presentation slides will be available today from 8.30 am at: <http://www.investors.playtech.com/results-centre.aspx>

Forward looking statements

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

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

About Playtech

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a technology leader in the gambling and financial trading industries with over 6,700 employees across 26 countries.

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

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

Chief Executive Officer's Review

Overview

Playtech continued to make strong progress on its strategic priorities in the first half of 2022 across both the B2B and B2C businesses, leaving the Group well-positioned to capture the exciting market opportunity ahead.

The strategic focus of Playtech's B2B Gambling business remains on opportunities in regulated or soon to be regulated markets. There is a particular emphasis on high-growth markets including the US, Latin America and certain parts of Europe, and these regions helped the B2B segment to deliver revenue growth of 17% (+13% on a constant currency basis) in H1 2022. B2B Adjusted EBITDA was €77.2 million compared to €72.1 million in H1 2021.

In the US, Playtech continued to build momentum and is well placed to take advantage of the significant long-term opportunity across its full product suite. During the period, Playtech expanded its footprint with Parx, launching its IMS platform in Pennsylvania. This involved a complex migration off the platform of one of the Company's major competitors, work that can be leveraged in future deals. Several new deals were also signed in the period in the US. Golden Nugget was signed for Casino and Live in New Jersey and Michigan, WynnBET penned a multi-state deal to launch Live and Casino, while Resorts and 888 have signed up for Casino and Live in New Jersey.

In Latin America, Playtech continued to see excellent growth from Caliente which continues to outperform. Wplay also performed well in the period and is ideally positioned to capitalise on the exciting opportunity in Colombia in the years ahead while the Company is well positioned in the exciting, soon to be regulated Brazil market. Playtech opened a new Live Casino facility in Peru as it continues to extend its presence across the region. Initial demand has been strong, which bodes well for the future.

In Europe ex-UK, B2B revenue growth of 39% at constant currency was driven by a strong performance in several countries, most notably the newly regulated Netherlands market. Having signed a strategic agreement with Playtech across its full suite of products, and launched in October 2021, Holland Casino is off to an impressive start. It was the biggest driver of revenue growth in Europe in the first half of 2022, illustrating the significant growth opportunities of newly regulated markets. To continue diversifying its B2B division, Playtech progressed discussions on further new strategic agreements and joint ventures, while also adding over 50 new brands to its SaaS offering. Playtech has now added over 300 new brands since launching the SaaS offering back in 2019.

Snaitech revenue saw significant growth in H1 2022, up 182% compared to the same period in the prior year, while Adjusted EBITDA grew 154% versus H1 2021. This strong performance was primarily driven by the reopening of retail sites in Italy, which occurred at the end of June 2021 and have since remained open. The online segment has maintained its strong performance, indicating that the addressable market has expanded post-pandemic. Snai maintained its number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in H1 2022, demonstrating its consistent operational and brand strength, whilst also being the fastest growing player in Italy in the online sector when measured by GGR. Finally, retail betting licences in Italy have been extended for two years until June 2024 at a total cost of €23 million, while Gaming Machines rights have been extended at no cost until June 2023.

As has been previously disclosed, Playtech had been exploring a possible transaction with Caliente which would allow Caliplay to penetrate the US market with Caliplay being acquired by a US listed special purpose acquisition company ("SPAC"). Given the deteriorating capital market conditions, the SPAC transaction in relation to Caliente in the US is no longer being pursued in the same manner. However, the Company continues to explore alternative opportunities with Caliplay management to build a standalone US gaming business under the Caliente brand, focused on the Hispanic community in the US.

As part of the Group's simplification strategy, Playtech completed the sale of Finalto in July 2022, allowing it to focus 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 significant corporate activity during the period. 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. In response to the crisis, Playtech built an organisational structure to support the employees including 24/7 transportation services, accommodation support for those displaced, emergency supplies and shelter, logistical assistance, a 24/7 communication hotline as well as mental health and wellbeing support. Hundreds of volunteers across the company offered their help, including by keeping in continuous contact with their colleagues. The Group continues to support its employees, ensuring their safety where possible via the HR and Site Operations team, while financial support has been provided for those forced to leave their homes in Ukraine.

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, while any critical infrastructure in Ukraine was relocated prior to the crisis as part of our risk management process. In addition, a new development site in Warsaw, Poland is due to be opened that will act as an extension of the Kyiv site to ensure business continuity.

B2B Gambling

Core B2B Gambling

Regulated markets

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

Regulated markets saw revenue growth of 31% (27% on constant currency basis) compared to H1 2021, driven by continued strong revenue growth from Caliente in Mexico, an excellent start from Holland Casino in the Netherlands as well as strong growth in other regulated markets such as Ireland, UK, Poland and Spain.

The Americas

Revenue from the Americas continued to grow impressively, with H1 2022 revenue up 50% (37% at constant currency) compared to H1 2021, powered by outstanding growth from Caliente as well as increasing contributions from other customers.

In the US, Playtech has shown excellent progress as it looks to capitalise on an increasingly favourable regulatory environment. During the period, Playtech expanded its footprint with Parx, launching its IMS platform in Pennsylvania. This involved a complex migration off the platform of one of the Company's major competitors, work that can be leveraged in future deals. In addition, Playtech launched its IMS, Casino and POP products in New Jersey and now has a presence with Parx in Michigan, Pennsylvania and New Jersey. Further product launches in additional states with Parx are expected going forward.

Several new deals were also signed in the period in the US. Golden Nugget (recently acquired by Draft Kings) has signed up for Casino and Live in New Jersey and Michigan. Rush Street Interactive signed a multi-state deal for Casino. WynnBET has penned a multi-state deal to launch Casino and Live, while Resorts and 888 have signed up for Casino and Live in New Jersey.

Solid progress was also made in product launches, particularly in Canada where recent legislation saw Ontario become the first province in Canada to regulate online gambling. NorthStar (backed by TorStar) launched the IMS platform, Casino and Live products in Ontario, while Bet365 and 888 all went live in the province for Casino and Live on the first day the market became regulated.

With physical expansion of the Company's infrastructure being a key part of its strategy, further expansion continues to progress in New Jersey and another Live facility is under construction in Pennsylvania. The Company has significantly expanded its sales, operational and back-office teams in the US in order to accelerate its presence in the region.

The regulatory landscape in the US is ever progressing. Since the repeal of PASPA in 2018, numerous states have approved legislation to legalise sports betting. Many of these markets have already launched in both online and retail channels, with others expected to launch soon. In early 2022, Playtech received a license for Pennsylvania. Legislation authorising mobile sports betting has been sent to the governor of Maine for her approval, while legislation allowing for online betting recently passed Missouri's House of Representatives and is awaiting a vote in the Senate.

Online casino, which was not subject to PASPA, is allowed at the discretion of individual states. In 2021, The Mohegan Tribe and the Mashantucket Pequot Tribe of Connecticut 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. No new states have authorised Online casino in 2022 thus far, although legislation to regulate Online casino is working its way through New York's legislature.

In Latin America, Playtech has continued to see excellent growth from Caliente which continues to outperform. Wplay also saw very strong growth in H1 2022 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.

Playtech opened a new Live Casino facility in Peru as it continues to extend its presence across the region. Coupled with the recent news that Peru has enacted legislation allowing online gaming and sports betting, and retail sports betting, Playtech is well positioned to serve its existing clients in Latin America and take advantage of continued favourable regulation and strong growth expected in the region in the years ahead. Several customers, such as Wplay and bet365, have launched tables in the new Live facility with demand strong so far.

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 love of sports. The Company has an exciting strategic agreement in place with Galerabet, with economics similar to its other arrangements in Latin America, in anticipation of regulation in this market.

Europe

In Europe ex-UK, B2B revenue growth of 39% (39% at constant currency) was driven by strong growth in several countries including Netherlands, Ireland, Poland and Spain.

Regulation in Europe continues to evolve and regulated markets in the region represent significant growth opportunities. 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, a top-10 market in Europe that regulated on 1 October 2021. 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. Having launched in October 2021, Holland Casino is off to an impressive start given its first mover advantage and was the biggest driver of revenue growth in Europe in the first half of 2022, illustrating the significant growth opportunities of newly regulated markets. This agreement, as well as the launch of Casino and Poker with Bet365 in the Netherlands in early 2022, means Playtech is well positioned to capitalise on the newly regulated Netherlands market.

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. The main impacts of the Treaty included switching off casino table games (Blackjack and Roulette) until the individual Länder chooses to issue licences under the Treaty, deposit limits of €1,000 per month, €1 maximum stakes per spin on online slots, 5-second minimum duration of slot spins and certain advertising restrictions, while operators could begin applying for licenses. In H1 2022, Playtech generated a minimal amount of revenue from Germany, down from €8 million in H1 2021. We were able to partially mitigate this through €5 million of cost savings.

Elsewhere in Europe, the Company expanded its Live Casino facility in Romania, adding another floor, demonstrating the significant physical expansion of its Live Casino infrastructure across Europe, while the Live Casino business launched with, among others, Betsson in Italy and Pokerstars in Greece.

Playtech's Casino business saw several launches with existing customers in expanded territories such as Pokerstars and Betsson in Greece, 888 in Italy and Stoiximan in The Czech Republic, demonstrating the scalability of Playtech's business model.

UK

UK revenues saw growth of 7% (4% on a constant currency basis) compared to H1 2021, where the positive impact of the reopening of retail stores from mid-April 2021 was partially offset by a slowdown in the online business caused by the uncertain regulatory climate.

Retail closures, which were in place for the majority of H1 2021, significantly impacted Playtech's B2B sports business in the comparative period which is heavily weighted towards retail via its self-service betting terminals (SSBTs). Activity levels continued to gradually improve following reopening as various lockdown restrictions were eased and the momentum continued into H2 2021 and H1 2022.

The UK Government is currently undertaking a review into existing gambling laws in the UK. In response, several operators are taking pre-emptive measures such as stake limits and affordability checks in an attempt to show regulators that the industry is able to self-regulate. In addition, there is likely to have been an impact on the online business as customers, driven to use online channels due to retail site closures due to COVID-19, returned to retail outlets as they reopened.

In December 2020, the UK Government announced a call for evidence to review the existing gambling laws in the UK. Since the initial 16-week call for evidence which ended on 31 March 2021, the Government has been assessing the evidence presented, alongside other data, with the aim of setting out conclusions and any proposals for reform in a White Paper in 2022. Playtech submitted data and evidence relating to the call and will support this wherever possible going forward. The White Paper was due to be published in July 2022, but media reports suggest it has been delayed until the Autumn given the recent change in Prime Minister.

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.

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) were flat year on year at constant currency versus H1 2021, 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. In 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 became the first fully regulated online gambling market in Canada with iGaming launched.

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 saw the Group launch its IMS platform, Casino, Live Casino, Poker and Bingo technology in Canada in H1 2022.

Unregulated Asia

Unregulated Asia saw revenue decline 22% compared to H1 2021. The decline was partly due to the impact of further lockdowns in China and Malaysia during the period. In addition, the Company's largest distributor in the region lost market share in the period while the new distributor the Company added in 2020 continued to grow its business, albeit from a much smaller base. Reflecting the actions taken over recent periods, the Asia business is now more diversified in terms of both distributors as well as geographically compared to recent years. The Company incurred a bad debt provision of €15.4 million in H1 following continued collection delays in the region.

B2B - Product Developments

In order to diversify its B2B Gambling division, the Group continued to add customers depending on commercial suitability and market dynamics, including attracting new customers in both regulated and regulating markets, progressing discussions on new strategic agreements and joint ventures, as well as adding new brands using its SaaS offering. Playtech has now added over 300 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.

In 2021, Playtech signed the exclusive rights to hit TV show, The Walking Dead, for Online Casino. In order to continue to take advantage of this agreement, Playtech launched a new title The Walking Dead™ 2 in August 2022 and is planning to launch a second title by the end of the year, both of which are expected to engage and retain a large audience.

The Live Casino team launched Safari Riches Live, a live casino slot game created exclusively for 888, a milestone as it represents the first time a slot brand developed by 888 has been transformed into a bespoke live casino game, while Live has also signed up the exclusive global rights to Jumanji including the US, and plans to launch a game next year.

B2C Gambling

Playtech's B2C business includes Snaitech (including HAPPYBET), and the White Label operations which is primarily Sun Bingo. Overall B2C revenues grew 147% compared to H1 2021 at constant currency while Adjusted EBITDA grew 143%.

Snaitech

Italy

Snaitech revenue saw significant growth in H1 2022, up 182% compared to the same period in the prior year, while Adjusted EBITDA grew 154% versus H1 2021. This strong performance was primarily driven by the reopening of retail sites in Italy, which occurred at the end of June 2021 and have since remained open.

Retail sales grew significantly in the period due to the reopening of retail sites, and are now close to returning to pre-pandemic levels, an impressive performance given a small proportion of franchise retail shops closed permanently, some customers permanently shifted to the online channel and the introduction in January 2020 of the requirement of ID cards to enter retail shops. At the EBITDA level, the retail segment returned to profit with EBITDA margins surpassing pre-pandemic levels.

The online business remained broadly stable with revenue declining only 5% in H1 2022 versus H1 2021 despite retail shops being reopened during H1 2022. This suggests that the growth of the online business during the pandemic was not just driven by the shift from retail to online, but also by new customers being onboarded via the online channel. Adjusted EBITDA margins remained high at 57% in H1 2022 versus 59% in H1 2021.

Following the regulatory approval to move the racetrack to the San Siro racecourse, Snaitech has begun the formal sales process of La Maura Racetrack in Italy, first disclosed at the FY2021 results. €1 million was received on signing in July 2021, with the remaining €19 million expected to be received in instalments in 2023.

Furthermore, Snai maintained its number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in H1 2022, demonstrating its consistent operational and brand strength, while also being the fastest growing player in Italy in the online sector when measured by GGR.

Finally, retail betting licenses in Italy have been extended for two years until June 2024 at a total cost of €23 million, while Gaming Machines rights have been extended at no cost until June 2023.

Germany & Austria

HAPPYBET (now reported as part of Snaitech) revenues were up 26% in H1 22 compared to H1 2021, driven by the reopening of retail sites while the business remains loss making at the EBITDA level.

Snaitech management have recently taken over the operations of HAPPYBET and have already begun to implement a plan to improve the business's performance. The retail store footprint has been rationalised, optimising for an accelerated shift to online due to the pandemic.

During the retail closures due to governmental lockdowns, management upgraded the technology infrastructure in this business with a view to both drive retail performance and improve online performance in the future. 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 has been awarded one of the few available online sports betting licenses in Germany through its B2C division HAPPYBET, and as a result, launched an online offering.

White Label (including Sun Bingo)

White Label (including Sun Bingo) saw 3% constant currency revenue growth to €31.7 million (H1 2021: €30.2 million) while Adjusted EBITDA fell to €0.1 million from €5.4 million in H1 2021. Reported EBITDA includes a €10.4 million payment to terminate an onerous contract with a former service provider. The termination of the agreement will improve the profitability of the business going forward.

Safer gambling and sustainability

During the first half of 2022, Playtech continued to make progress with delivering its sustainability strategy and commitments.

ESG Governance and Engagement

Playtech officially formed its Sustainability and Public Policy Board Committee in 2021, with the first meeting in November 2021. Since then, this Committee has carried out its commitment to Playtech's Sustainable Success strategy, ensuring the right measures are in place to implement ambitious and achievable targets and actions to meet the Company's overall Sustainable Success goals. This Committee has met five times since the start of 2022, to discuss progress made on diversity and inclusion, climate change, procurement, human rights, and linking ESG performance to remuneration. The Committee oversees the Company's key non-financial commitments, strategy, targets, and reporting from Board level. Following the four successful panel sessions from 2021, which allowed Playtech to draw on a wide range of knowledge, insights, and experiences, the Company has decided to continue its engagement with external topic experts in 2022.

Enhancing Playtech Protect and Safer Gambling Standards

Playtech continued to grow its Playtech Protect offering across research, partnerships, and innovation and expanded its support for its licensees. Playtech published research papers on stake limits, gambling digital tools, and tools and strategies used by layers to manage their gambling.

Carbon Reduction

Playtech submitted its commitment letter to the Science Based Target Initiative (SBTi) to set both near-term and net zero targets. The Company continues to strengthen its data disclosure and reporting, as well as approach to carbon reduction through the environmental working group in order to identify carbon reduction opportunities and engaging suppliers to reduce its supply chain emissions.

Diverse and Inclusive Culture

At the end of 2021, Playtech has set a target to strengthen female representation in its leadership roles, including executive and senior management by 2025. The Company's focus remains on accelerating progress on gender diversity in leadership levels of the organisation.

Employee Welfare Fund (Ukraine appeal)

Playtech has set up an Employee Welfare Fund to provide long term assistance for Playtech employees and their families. The Welfare Fund will provide employees with the opportunity to contribute funds that will go directly to helping the relocation and long-term welfare needs for Ukrainian employees impacted by the war.

Corporate activity

Completion of Finalto sale

In July 2022, Playtech completed the sale of Finalto to Gopher Investments for an enterprise value of US\$250 million, although this amount is expected to be lowered by US\$15-20 million based on the performance of Finalto from 1 January 2021 to completion. Completion of the Transaction has also triggered payment of a break fee of US\$8.8 million which Playtech is required to pay to the Consortium that had previously agreed to acquire Finalto.

The completion of the Transaction is a significant step in Playtech's stated strategy to simplify the group and to focus on its technology led offering as a pureplay business in the high growth B2B and B2C gambling markets. The sale proceeds were partly used to repay the outstanding balance on its revolving credit facility with the remainder of proceeds used for general corporate purposes.

Caliente

As has been previously disclosed, Playtech has been exploring a possible transaction regarding an agreement with Caliente which would allow Calipaly to penetrate the US market with Calipaly being acquired by a US listed special purpose acquisition company ("SPAC"). Capital market conditions have deteriorated significantly since the transaction was initially contemplated and, accordingly, this transaction is no longer being pursued in the same manner.

However, the Company continues to explore alternative opportunities with Calipaly management to build a standalone US gaming business under the Caliente brand focused on the Hispanic community in the US. Both parties also continue to have discussions with the SPAC and its associates regarding this alternative opportunity.

Chief Financial Officer's Review¹

Overview

Group performance

Overall, Playtech had a very strong H1 2022, with Adjusted EBITDA of €203.8 million (H1 2021: €124.1 million), an increase of 64% (60% on a constant currency basis) compared to H1 2021. Similarly, reported EBITDA increased by €68.8 million to €178.6 million (H1 2021: €109.8 million). Total reported revenue from continuing operations was €792.3 million (H1 2021: €457.4 million), representing a 73% increase (71% on a constant currency basis) compared to H1 2021. The excellent overall results in H1 2022 were driven by continued strength in the Company's online businesses as well as retail reopening following pandemic-related closures in H1 2021 in many of the Group's markets, including Italy.

The strong performance in the half was driven by both the B2C and B2B divisions. In B2C, Snaitech had an excellent H1 2022 performance as the strong results in its online business continued and its retail shops were open for the entirety of H1 2022, following the pandemic related closures for most of H1 2021. This led to B2C Adjusted EBITDA of €126.6 million, an increase of 143% compared to H1 2021.

In B2B, the results were driven by strong growth in regulated markets (revenues increased by 31% year-on-year), led by Caliente in the Americas and Holland Casino in Europe (excluding the UK), validating the strategy of focusing on opportunities in regulated and soon to be regulated markets.

Reported and Adjusted Profit

Adjusted profit before tax from continuing operations increased by 353% to €122.3 million (H1 2021: €27.0 million), driven by the rise in Adjusted EBITDA, decrease in depreciation and amortisation and increase in finance income due to favourable EUR/USD FX movements.

Reported profit before tax from continuing operations decreased to €103.7 million (H1 2021: €278.1 million), mainly due to the €299.9 million of unrealised fair value gains on derivative financial assets recognised in the prior period with the current period fair value changes being only €48.5 million.

This led to a total post-tax reported profit from continuing operations of €71.4 million (H1 2021: €401.9 million).

Balance sheet, liquidity and financing

The Group continues to maintain a strong balance sheet with Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increasing to €545.6 million as at 30 June 2022 (31 December 2021: €434.3 million), due to the solid performance of the Group during H1 2022. This enabled the Group to reduce leverage with net debt decreasing by €113.3 million to €494.5 million as at 30 June 2022 (31 December 2021: €607.8 million). Net debt / Adjusted EBITDA was 1.2x as at the period end, which falls further when taking into account proceeds from the sale of Finalto, which completed in July 2022.

Finalto sale

The sale of the Finalto division to Gopher Investments completed post period end on 11 July 2022. The proceeds from the disposal were \$219.3 million, which includes an enterprise value of US\$250 million offset by a completion accounts adjustment and a break fee, which the Group is required to pay to the Consortium that had previously agreed to acquire Finalto, as announced in May 2021.

Playtech used part of these proceeds to repay its Revolving Credit Facility ("RCF") in full in July 2022.

Group Summary (continuing operations)³

	H1 2022 €'m	H1 2021 €'m
B2B Gambling	312.0	267.2
B2C Gambling	487.3	196.6
Intercompany	(7.0)	(6.4)
Total Group Revenue from continuing operations	792.3	457.4
Adjusted costs	(588.5)	(333.3)
Adjusted EBITDA from continuing operations	203.8	124.1

Reconciliation from EBITDA to Adjusted EBITDA:

EBITDA	178.6	109.8
Employee stock option expenses	4.6	7.0
Professional fees	10.1	2.2
Fair value change and finance cost on redemption liability	(1.8)	0.9
Special site costs	1.9	-
Onerous contract	10.4	-
Charitable donation	-	1.9
Settlement of legal matter	-	2.3
Adjusted EBITDA	203.8	124.1
Adjusted EBITDA margin	26%	27%

Overall, the Group's total revenue from continuing operations increased by 73% to €792.3 million (H1 2021: €457.4 million), mostly driven by retail reopening following COVID-19 related restrictions which impacted H1 2021 in many of the Company's main markets, including Italy.

In B2B, revenue increased by 17% from €267.2 million in H1 2021 to €312.0 million in H1 2022, driven by Mexico, where Caliente continued its strong growth, as well as increases seen in other countries such as the Netherlands, Poland, Brazil and Ireland partly offset by a decrease in Germany due to regulatory changes, as well as a decline in Asia.

The Group's total reported revenues from its B2C operations increased by 148% to €487.3 million (H1 2021: €196.6 million). Snaitech had an excellent H1 2022 performance as the strong results in its online business continued and its retail shops were open for the entirety of H1 2022, following the pandemic-related closures for most of H1 2021.

The Group's Adjusted EBITDA from continuing operations increased to €203.8 million (H1 2021: €124.1 million), representing a 64% and 60% increase on an actual and constant currency basis, respectively. Adjusted EBITDA margin decreased by 140bps in H1 2022 versus H1 2021 due to a change in channel mix, with the return of the lower margin retail segment compared to online in H1 2022, as well as increased bad debt provision in the B2B business in Asia.

The Group's total reported EBITDA increased by 63% to €178.6 million (H1 2021: €109.8 million).

Divisional performance

B2B Gambling

B2B Gambling Revenue

	H1 2022 €'m	H1 2021 €'m	Change %	Constant currency %
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Regulated - Americas	69.8	46.4	50%	37%
Regulated - Europe (excluding UK)	92.2	66.5	39%	39%
Regulated - UK	63.9	59.6	7%	4%
Regulated - Rest of the World	2.9	1.9	53%	53%
Total Regulated B2B revenue	228.8	174.4	31%	27%
Unregulated excluding Asia	49.2	49.0	0%	0%
Total Core B2B revenue	278.0	223.4	24%	21%
Asia	34.0	43.8	-22%	-26%
Total B2B Gambling revenue	312.0	267.2	17%	13%

Overall, B2B Gambling revenues increased by 17% (13% on a constant currency basis), largely due to an increase in the regulated B2B business.

Core B2B Gambling revenues² increased by 24%, driven by an increase in regulated markets in the Americas and Europe (excluding the UK) of 50% and 39% respectively (37% and 39% on a constant currency basis) and a 7% increase in revenues from UK (4% on a constant currency basis). This was offset by unregulated markets excluding Asia which was flat year on year.

The increase in both Americas and Europe (excluding the UK) was primarily driven by Mexico, due to revenue growth from Caliente, as well as in Netherlands, Poland and Ireland. The increase in Netherlands was driven by the expanded long-term strategic software and services agreement with Holland Casino, which successfully launched in October 2021 and exceeded expectations. In unregulated markets excluding Asia, growth in Brazil was offset by the impact of Germany and the Netherlands regulating. Asia revenue decreased by 22% mainly due to the lockdowns in China and other parts of Asia in the period.

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 licensees with an insignificant or no margin and the related revenues. 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.

H1 2022	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales	Total €'m
		€'m	
Revenue	267.5	44.5	312.0
Costs	195.6	39.2	234.8

Adjusted EBITDA	71.9	5.3	77.2
Margin	27%	12%	25%

H1 2021	B2B Underlying €'m	Live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales		Total €'m
		€'m		
Revenue	222.9	44.3		267.2
Costs	154.2	40.9		195.1
Adjusted EBITDA	68.7	3.4		72.1
Margin	31%	8%		27%

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

	H1 2022 €'m	H1 2021 €'m	H1 2022 to H1 2021 %
Revenue and costs relating to live dedicated tables, dedicated teams, hosting, B2B white label and hardware sales			
Revenue	44.5	44.3	0%
Costs	39.2	40.9	-4%
Adjusted EBITDA	5.3	3.4	56%
Margin	12%	8%	

B2B Underlying Gambling Revenue and Costs			
B2B Underlying Gambling Revenue*	267.5	222.9	20%
Research and Development	38.5	36.1	7%
General and Administrative	33.4	30.3	10%
Sales and marketing	8.0	5.8	38%
Operations	43.9	28.5	54%
Total costs (excluding Asia and strategic expenditure)	123.8	100.7	23%
Asia related costs	30.8	25.2	22%
Strategic expenditure	41.0	28.3	45%
B2B Underlying Gambling Costs	195.6	154.2	27%
B2B Underlying Gambling Adjusted EBITDA	71.9	68.7	5%
Margin	27%	31%	

Total B2B Revenue and Costs			
B2B revenue	312.0	267.2	17%
B2B Costs	234.8	195.1	20%
Total B2B Adjusted EBITDA	77.2	72.1	7%
Margin	25%	27%	

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

Revenue and Costs excluded from Underlying EBITDA

The costs being excluded from underlying EBITDA include costs which are passed directly to licensee at a small margin or no margin at all, such as live dedicated tables, dedicated teams and hosting fees, as well as the cost of retail hardware sales, where margins can fluctuate significantly depending on each deal. The margins increased from 8% to 12% due to costs decreasing by 4% while revenues were flat. The decrease in costs was driven by a fall in online marketing partially offset by an increase in dedicated teams, live dedicated tables and retail hardware.

B2B Underlying Gambling costs

B2B Underlying Gambling costs increased by 27%, driven by the increase in operations and strategic expenditure costs. Respective revenues increased by 20%, decreasing the margins from 31% to 27%. Those underlying gambling costs 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 7% to €38.5 million (H1 2021: €36.1 million), driven by the increase in employee-related costs. Capitalised development costs were 38% of total B2B R&D costs in the period, compared to 39% in H1 2021.

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 increased by 10% to €33.4 million (H1 2021: €30.3 million), due to a new bonus scheme provision for employee retention and higher bonus payment.

Sales and Marketing costs increased by 38% to €8.0 million (H1 2021: €5.8 million), mainly due to increased marketing activity following the end of the COVID-19 crisis and higher bonuses provisions.

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 54% to €43.9 million (H1 2021: €28.5 million), driven mainly by an increase in employee related costs and Sport operational costs, which were lower last year due to COVID-19.

Asia costs increased by 22% to €30.8 million (H1 2021: €25.2 million) mainly due to a €15.4 million doubtful debt provision which was partially offset by lower revenue-driven costs following a decline in revenue from Asia-based licensees.

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 45% to €41.0 million (H1 2021: €28.3 million), driven by an increase in revenue-driven costs related to structured agreements, which is in line with the respective revenue increase. In addition, further investment in the US is ongoing, as well as an increase in employee costs within the live division due to studio expansion.

B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by 7% to €77.2 million (H1 2021: €72.1 million), while EBITDA margin decreased to 25% (H1 2021: 27%). The B2B Underlying Gambling Adjusted EBITDA has increased by 5% to €71.9 million (H1 2021: €68.7 million). The B2B Adjusted EBITDA in the period was impacted by the €15.4 million doubtful debt provision in Asia.

B2C Gambling

	H1 2022 €'m	H1 2021 €'m	Change
Snaitech			
Gambling Revenue*	446.0	158.1	182%
Gambling Costs	314.3	106.3	196%
Adjusted EBITDA	131.7	51.8	154%
Margin	30%	33%	
White Label (incl. Sun Bingo)			
Gambling Revenue	31.7	30.2	5%
Gambling Costs	31.6	24.8	27%
Adjusted EBITDA	0.1	5.4	-98%
Margin	0%	18%	
Sport B2C			
Gambling Revenue	10.7	8.5	26%
Gambling Costs**	15.9	13.7	16%

Adjusted EBITDA	(5.2)	(5.2)	0%
Margin	NA	NA	
B2C Adjusted EBITDA	126.6	52.0	143%
Margin	26%	26%	

* Includes intercompany revenue from Sports B2C of €1.1million (H1 2021: €0.2 million)

** Includes intercompany costs from Snaitech of €1.1m (H1 2021: €0.2 million)

Snaitech

Snaitech revenues increased 182% from the prior period to €446.0 million (H1 2021: €158.1 million), with operating costs seeing a similar increase of 196% to €314.3 million (H1 2021: €106.3 million). The retail network in Italy was shut for almost the entire period of H1 2021 owing to the effects of the COVID-19 pandemic, resulting in online activity making up the majority of Snaitech's performance in the prior period. The relaxing of restrictions due to COVID-19 at the end of June 2021 enabled retail sites to reopen, which drove the increase in revenues and costs in H1 2022.

Snaitech's Adjusted EBITDA increased by 154%, while revenue increased 182%. As a result, Snaitech's Adjusted EBITDA margin decreased 300 bps to 30% (H1 2021: 33%), due to the return of the lower margin retail business.

White label (including Sun Bingo)

White Label is now almost entirely comprised of Sun Bingo. Revenue from the white label business increased by 5% to €31.7 million (H1 2021: €30.2 million). However, operating costs within Sun Bingo increased by 27% to €31.6 million (H1 2021: €24.8 million). The main reason for the increase is that following the commencement of the new contract with News UK, the cost structure of the business changed. From July 2021, Playtech incurs the 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 Adjusted EBITDA of €0.1 million (H1 2021: €5.5 million). Adjusted EBITDA still includes the unwinding of the minimum guarantee prepayment over the new period of the contract which was renegotiated in 2019.

On a reported basis Playtech incurred a one off cost of €10.4 million to terminate an onerous contract with a service provider. The termination of the agreement will improve the profitability of the business going forward.

Other White label has now completely ceased operations which, as previously mentioned, was part of an ongoing effort to stop these operations in their entirety. Adjusted EBITDA for the period is Nil (H1 2021: loss of €0.1 million).

Sport B2C

The Sport B2C business, which is under the Snaitech management team, is still undergoing some operational changes, therefore, period on period growth was below expectations. Revenues increased by 26% to €10.7 million (H1 2021: €8.5 million), with costs increasing 16%. The business remains loss making, with Adjusted EBITDA loss in the current period of €5.2 million (H1 2021: loss of €5.2 million).

Below EBITDA items

Depreciation and amortisation

Reported and Adjusted depreciation decreased by 6% to €20.6 million (H1 2021: €21.8 million). After deducting amortisation of acquired intangibles of €21.9 million (H1 2021: €18.9 million), Adjusted amortisation decreased by 19% to €28.9 million (H1 2021: €35.5 million) as the Italian gaming machine licences useful life has been extended. The renewal of these licences was expected in 2022, however the government has provided a grace period for operators with renewal now expected in 2023. The remainder of the balance under depreciation and amortisation of €9.0 million (H1 2021: €7.8 million) relates to IFRS 16 Leases and the recognition of the right-of-use asset amortisation.

Impairment of tangible and intangible assets

The reported impairment of tangible and intangible assets of €20.6 million (H1 2021: €15.1 million) relates to:

- The impairment of the Eyecon cash generating unit of €13.6 million, mainly driven by the overexposure of its activities to a specific market;
- The impairment of the Quickspin cash generating unit of €7.0 million, mainly driven by the increase in the risk premium given the unit's exposure to revenue from areas of geopolitical tension.

The prior period impairment of €12.3 million mainly relates to the disposal of 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, leading to the impairment.

Finance income and finance costs

Reported and adjusted finance income of €11.7 million (H1 2021: €0.4 million) mainly relates to a €10.5 million foreign exchange gain, driven primarily by the favourable movement in the USD to EUR rate during H1 2022. In the prior period, this was an overall loss of €1.7 million and hence included in finance costs. The remainder of the finance income is interest received.

Reported finance costs includes interest payable on the bonds and other borrowings, bank facility fees, bank charges, interest expense on lease liabilities and the movement in contingent consideration and redemption liabilities. It also includes net foreign exchange losses. Reported finance costs decreased by 7% to €31.6 million (H1 2021: €33.8 million), mainly due to a net foreign exchange gain in the current period which was recognised in finance income as opposed to a net foreign exchange loss recognised as finance costs in the prior period. Adjusted finance costs decreased by 3% to €31.5 million (H1 2021: €32.5 million). The difference between adjusted and reported finance costs is the movement in contingent consideration and redemption liability of €0.1 million (H1 2021: €1.3 million).

Unrealised fair value changes in derivative financial assets

The unrealised fair value changes to derivative financial assets of €48.5 million (H1 2021: €299.9 million) 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. Of the €48.5 million, €43.3 million relates to foreign exchange differences due to the favourable movement in the USD to EUR foreign exchange rate.

Taxation

A reported tax expense from continuing operations of €32.3 million (H1 2021: tax credit of €123.8 million) arises on a profit before tax of €103.7 million (H1 2021: €278.1 million) compared to an expected charge of €19.7 million based on the UK statutory rate of 19%. The key item for which the reported tax charge has been adjusted is the provision of €8.5 million in respect to open enquiries by overseas tax authorities.

The total adjusted tax expense is €28.0 million (H1 2021: tax credit of €27.6 million) of which a tax charge of €10.9 million (H1 2021: tax charge of €6.4 million) relates to income tax expenses and a deferred tax expense of €17.1 million (H1 2021: deferred tax credit of €34.0 million). The total adjusted deferred tax expense mainly consists of a deferred tax expense of €23.7 million relating to the Snaitech group including the use of Snaitech tax losses and a credit of €18.0 million relating to UK tax losses for which a tax benefit is recognised in the current year.

The Group's effective adjusted tax rate for the current period is 22.9%. This rate is higher than the UK statutory rate of 19%, as there are profits within subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate.

Discontinued operations

Casual and Social Gaming segment

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

The Adjusted EBITDA relating to the Casual and Social Gaming business was Nil in both periods being presented as operations were completely wound down in 2020. Reported profit after tax of €7.6 million in H1 2021 was simply the aforementioned profit on disposal with Nil profit in the current period.

Finalto (formerly TradeTech Group)

The assets and liabilities of the division continue to be shown as held for sale at 30 June 2022 and the financial results of this division in both periods being presented are included in discontinued operations. Following a review of the net assets of the unit at 30 June 2021, when compared to the expected proceeds, €2.0 million of the previously recognised impairment was reversed in the prior period.

Finalto was disposed of in July 2022 with net proceeds of \$219.3 million (net of break fees of \$8.8 million related to the previously agreed transaction) resulting in an estimated profit on disposal of €8.3 million.

In terms of performance, revenue increased by 134% to €74.5 million (H1 2021: €31.9 million) due to higher market volatility during the current period, which in turn increased both Reported and Adjusted EBITDA to €31.5 million (H1 2021: loss of €0.5 million) and €33.8 million (H1 2021: loss of €0.1 million), respectively.

Adjusted profit

	H1 2022 €'m	H1 2021 €'m
Reported profit from continuing operations attributable to the owners of the Company	71.4	401.9
Employee stock option expenses	4.6	7.0
Professional fees	10.1	2.2
Fair value change and finance cost on redemption liability and contingent consideration	(1.7)	2.2
Special site costs	1.9	-
Onerous contract	10.4	-
Charitable donation	-	1.9
Settlement of legal matter	-	2.3
Fair value change of equity investments	(0.7)	(0.8)
Fair value change of derivative financial assets	(48.5)	(299.9)
Amortisation of intangibles on acquisitions	21.9	18.9
Impairment of tangible and intangible assets	20.6	15.1
Deferred tax on acquisitions	(4.2)	(5.9)
Deferred tax on reorganisation	-	(90.3)
Tax related to uncertain positions	8.5	-
Adjusted Profit from continuing operations attributable to the owners of the Company	94.3	54.6

The reconciling items in the table above are further explained in Note 9 of the financial statements. Reported profit before tax from continuing operations was €103.7 million (H1 2021: €278.1 million), mainly due to the €299.9 million of unrealised fair value gains on derivative financial assets recognised in the prior period with the current period movement being only €48.5 million.

Adjusted EPS (in Euro cents)

	H2 2022 €'m	H1 2021 €'m
Adjusted basic EPS from continuing operations	31.5	18.3
Adjusted diluted EPS from continuing operations	30.2	17.4
Basic EPS from profit attributable to owners of the Company	36.8	139.3
Diluted EPS from profit attributable to owners of the Company	35.4	132.2
Basic EPS from profit attributable to the owners of the Company from continuing operations	23.8	134.9
Diluted EPS from profit attributable to the owners of the Company from continuing operations	22.9	128.0

Basic EPS is calculated using the weighted average number of equity shares in issue during H1 2022 of 299.6 million (H1 2021: 297.9 million). Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during H1 2022 of 312.2 million (H1 2021: 314.0 million).

Cashflow

Cash conversion (including discontinued operations)

Playtech continues to be cash generative and delivered operating cash flows of €237.2 million (H1 2021: €128.3 million after adjusting for the €89.6 million deferred payment of gaming duties in Italy). The increase is primarily due to Snaitech retail locations being fully operational in H1 2022 as opposed to the prior period where COVID-19 related restrictions meant retail sites were closed for most of H1 2021, as well as a better performance from the rest of the business, including Finalto, compared to the prior period.

	H1 2022 €'m	H1 2021 €'m
Adjusted EBITDA	237.6	124.0
Net cash provided by operating activities	237.2	38.7
Deferred payment of gaming duties	-	89.6
Net cash provided by operating activities after deferred payment of gaming duties	237.2	128.3
Cash conversion	100%	103%
Change in jackpot balances	1.3	(4.7)
Change in client deposits and client funds	28.9	(6.1)
Professional expenses	11.7	2.2
ADM security deposit	(0.5)	(10.7)
Adjusted net cash provided by operating activities	278.6	109.0
Adjusted cash conversion	117%	88%

Adjusted cash conversion at 117% (H1 2021: 88%) is shown after adjusting for the deferred payment of gaming duties in the prior period, as well as jackpots, security deposits and client equity and professional costs on acquisitions.

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

Cash conversion (excluding discontinued operations)

	H1 2022 €'m	H1 2021 €'m
Adjusted EBITDA	203.8	124.1
Net cash provided by operating activities	200.3	22.7
Deferred payment of gaming duties	-	89.6
Net cash provided by operating activities after deferred payment of gaming duties	200.3	112.3
Cash conversion	98%	91%
Change in jackpot balances	1.3	(4.7)
Change in client deposits and client equity	4.1	3.5
Professional expenses on acquisitions	11.7	2.2
ADM security deposit	(0.5)	(10.7)
Adjusted net cash provided by operating activities	216.9	102.6
Adjusted cash conversion	106%	83%

If we exclude the impact of Finalto cash flow, the adjusted cash conversion reduces to 106% (H1 2021: 83%).

Cashflow statement analysis

Net cash outflows used in investing activities totalled €64.0 million (H1 2021: €45.7 million) of which:

- €12.5 million (H1 2021: €6.3 million) relates to loans granted. Of the total granted in H1 2022, €8.6 million (H1 2021: €6.3 million), is related to the Galera Group which has a total loan facility of \$20 million (refer to Note 15);
- €17.6 million (H1 2021: €13.9 million) was used in the acquisition of property, plant and equipment;
- €2.7 million (H1 2021: €2.2 million) was used in the acquisition of intangible assets;
- €31.5 million (H1 2021: €27.8 million) was spent on capitalised development costs;
- In H1 2021, €5.8 million relates to the part payment of the call option held for Ocean 88 Holdings Ltd of €1.7 million and contingent consideration paid to Wplay of €4.1 million (Refer to Note 15 of the financial statements for more details);
- In H1 2021, €10.1 million (H1 2020: €14.1 million) is cash received on the disposal of assets held for sale of

which €7.5 million relates to final proceeds from the disposal of the casual business in 2021 and €2.2 million relates to the disposal of investment in associate: and

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

Net cash outflows used in financing activities totalled €38.1 million (H1 2021: €134.9 million) of which:

- €19.5 million (H1 2021: €20.3 million) relates to interest payments on bond loans and bank borrowings;
- €14.6 million (H1 2021: €13.8 million) is principal and interest lease liability payments;
- €4.0 million (H1 2021: €0.8 million) are payments of contingent consideration and redemption liability; and
- In H1 2021 €100.0 million related to the repayment of the RCF.

Balance sheet, liquidity and financing

	30 June 2022 €'m	31 December 2021 €'m
Cash and cash equivalents	681.2	575.4
Cash held on behalf of clients, progressive jackpots and security deposits	(135.6)	(141.1)
Adjusted gross cash and cash equivalents (excluding assets and liabilities held for sale)	545.6	434.3
Loans and borrowings (RCF)	164.1	167.1
Bonds	876.0	875.0
Gross debt (excluding liabilities held for sale)	1,040.1	1,042.1
Net debt (excluding assets and liabilities held for sale)	494.5	607.8
Last 12 months Adjusted EBITDA	396.8	317.1
Net debt/Adjusted EBITDA ratio	1.2	1.9

Cash

The Group continues to maintain a strong balance sheet with total cash and cash equivalents, excluding cash held for sale, of €681.2 million at 30 June 2022 (31 December 2021: €575.4 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €545.6 million as at 30 June 2022 (31 December 2021: €434.3 million), due to the solid performance of the Group during H1 2022.

Financing

The Group's total gross debt was essentially flat at €1,040.1 million as at 30 June 2022 (31 December 2021: €1,042.1 million), with net debt, after deducting Adjusted gross cash, decreasing to €494.5 million (31 December 2021: €607.8 million).

The Group issued a 5-year senior secured note of €530 million (3.75% coupon), which was raised in October 2018 to support the acquisition of Snaitech and is maturing in October 2023. The Group is currently evaluating its options regarding refinancing.

The Group has also issued a 7-year senior secured note to the value of €350 million (4.25% coupon, maturity 2026), which was 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.

Finally, the Group also has an RCF facility of €317.0 million ending in November 2023. The RCF balance at 30 June 2022 was €164.1 million (31 December 2021: €167.1 million). This was fully repaid in July 2022.

Net debt

Net debt decreased in the period by €113.3 million to €494.5 million as at 30 June 2022 (31 December 2021: €607.8 million).

million), while net debt / Adjusted EBITDA was 1.2x as at the period end, which falls further after taking into account proceeds from the Finalto sale in July 2022.

Finalto sale

The sale of the Finalto division to Gopher Investments, which was first presented by the Group under discontinued operations at 31 December 2020, completed post period end on 11 July 2022. The net proceeds from the disposal was \$219.3 million, which includes an enterprise value of US\$250 million, offset by a completion accounts adjustment and a break fee which the Group is required to pay to the Consortium that had previously agreed to acquire Finalto, as announced in May 2021.

Playtech used part of these proceeds to repay its Revolving Credit Facility ("RCF") in full in July 2022.

Contingent consideration

Contingent consideration and redemption liability decreased to €6.1 million (31 December 2021: €11.0 million) mostly due to the completed payment relating to Eyecon Limited. The existing liability as at 30 June 2022 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration and redemption liability as at 30 June 2022	Payment date (based on maximum payable earnout)
Wplay	€1.0 million	€1.0 million	Q1 2023
Statscore	€15.0 million	€4.3 million	€5.0 million Q1 2023 €10.0 million in Q1 2026
Other	€0.8 million	€0.8 million	Various
Total	€16.8 million	€6.1 million	-

Going concern

In adopting the going concern basis in the preparation of the interim financial statements, the Group has considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties together with scenario planning and reverse stress tests completed for a period of no less than 12 months from the approval of these interim financial statements.

At 30 June 2022, the Group held total cash (excluding cash included in assets held for sale) of €681.2 million (31 December 2021: €575.4 million) and Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €545.6 million (31 December 2021: €434.3 million).

Further, the Group has long-term debt facilities totalling €1,040.1 million (31 December 2021: €1,042.1 million). Following the completion of the disposal of Finalto on 11 July 2022, the Group received cash of €229.3 million (\$233.5 million; excludes break fee and final consideration adjustment) used to repay in full the RCF credit facility amounting to €164.1 million. The Directors are confident the bond will be refinanced on acceptable terms, given the latest dialogue with its banks. The current expectation of the Directors is that the refinancing will be completed during the fourth quarter of 2022. While the Group's revolving credit facility (RCF) was fully repaid on the 15 July 2022, it remains available to the Company, if needed. The Company is also currently in discussions with its banks regarding the RCF and this facility is currently also expected to be renewed in Q4 2022.

Management concluded that the risk of a covenant breach over the next twelve-month period from the date of releasing this report is low and as such, has a reasonable expectation that the Group will have adequate financial resources to continue in operational existence.

¹Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 9 of the financial statements.

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

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

Directors' responsibilities

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

- the unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the United Kingdom; and
- the interim management report as required by rules 4.2.7 and 4.2.8 of the Disclosure Guidance and Transparency Rules, includes a fair review of:
 - important events during the six months ended 30 June 2022 and their impact on the condensed consolidated financial statements;
 - a description of the principal risks and uncertainties for the second half of the year; and
 - related parties' transactions and changes therein.

The names and functions of the Directors of Playtech plc are available on the Group's website:

<http://www.investors.playtech.com/>

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises ended 30 June 2022 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated statement of cash flows and the related notes.

Basis for conclusion

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly

authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
55 Baker Street, London, W1U 7EU, UK
21 September 2021

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June 2022		Six months ended 30 June 2021	
	Note	Actual	Adjusted*	Actual	Adjusted*
		€'m	€'m	€'m	€'m
Continuing operations					
Revenue	8	792.3	792.3	457.4	457.4
Distribution costs before depreciation and amortization		(531.7)	(519.0)	(284.9)	(281.4)
Administrative expenses before depreciation and amortization		(65.5)	(53.0)	(56.6)	(45.8)
Impairment of financial assets		(16.5)	(16.5)	(6.1)	(6.1)
EBITDA	9	178.6	203.8	109.8	124.1

Depreciation and amortisation		(80.5)	(58.6)	(84.0)	(65.1)
Impairment of tangible and intangible assets	10	(20.6)	-	(15.1)	-
Finance income	11	11.7	11.7	0.4	0.4
Finance costs	11	(31.6)	(31.5)	(33.8)	(32.5)
Share of (loss)/profit from joint ventures and associates	15A	(3.1)	(3.1)	0.1	0.1
Unrealised fair value changes on equity investments	15B	0.7	-	0.8	-
Unrealised fair value changes of derivative financial assets	15C	48.5	-	299.9	-
Profit before taxation		103.7	122.3	278.1	27.0
Income tax (expense)/credit	12	(32.3)	(28.0)	123.8	27.6
Profit from continuing operations	9	71.4	94.3	401.9	54.6
Discontinued operations					
Profit from discontinued operations, net of tax	7	38.9	41.2	13.2	4.0
Profit for the period - total		110.3	135.5	415.1	58.6
Other comprehensive income					
<i>Items that are or may be classified subsequently to profit or loss</i>					
Exchange gain/(loss) arising on translation of foreign operations		3.8	3.8	(0.5)	(0.5)
<i>Items that will not be classified to profit or loss</i>					
Gain on re-measurement of employee termination indemnities		0.7	0.7	0.2	0.2
Other comprehensive income/(loss) for the period		4.5	4.5	(0.3)	(0.3)
Total comprehensive income for the period		114.8	140.0	414.8	58.3
Profit attributable to:					
Owners of the Company		110.3	135.5	415.1	58.6
Non-controlling interests		-	-	-	-
		110.3	135.5	415.1	58.6
Total comprehensive income attributable to:					
Owners of the Company		114.8	140.0	414.8	58.3
Non-controlling interests		-	-	-	-
		114.8	140.0	414.8	58.3
Earnings per share attributable to the ordinary shareholders of the Company					
Profit or loss - total					
Basic (cents)	13	36.8	45.2	139.3	19.7
Diluted (cents)	13	35.4	43.4	132.2	18.6
Profit or loss from continuing operations					
Basic (cents)	13	23.8	31.5	134.9	18.3
Diluted (cents)	13	22.9	30.2	128.0	17.4

*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 represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 9.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Additional paid in capital	Employee termination indemnities	Retained earnings	Employee benefit trust	Call/Put options reserve	Foreign exchange reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2022	606.0	(0.5)	1,025.0	(23.2)	(3.7)	(22.7)	1,580.9	0.3	1,581.2
Total comprehensive income for the period									
Profit for the period	-	-	110.3	-	-	-	110.3	-	110.3
Other comprehensive income for the period	-	0.7	-	-	-	3.8	4.5	-	4.5
Total comprehensive income for the period	-	0.7	110.3	-	-	3.8	114.8	-	114.8
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	-	-	(2.3)	2.3	-	-	-	-	-
Employee stock option scheme	-	-	4.9	-	-	-	4.9	-	4.9
Total contributions and distributions	-	-	2.6	2.3	-	-	4.9	-	4.9
Total transactions with owners of the Company	-	-	2.6	2.3	-	-	4.9	-	4.9
Balance at 30 June 2022	606.0	0.2	1,137.9	(20.9)	(3.7)	(18.9)	1,700.6	0.3	1,700.9

	Additional paid in capital	Employee termination indemnities	Retained earnings	Employee benefit trust	Call/Put options reserve	Foreign exchange reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2021 as restated^[1]	592.1	(0.4)	343.7	(14.4)	(3.7)	(21.3)	896.0	0.3	896.3
Total comprehensive income for the period									
Profit for the period	-	-	415.1	-	-	-	415.1	-	415.1
Other comprehensive income/(loss) for the period	-	0.2	-	-	-	(0.5)	(0.3)	-	(0.3)
Total comprehensive income / (loss) for the period	-	0.2	415.1	-	-	(0.5)	414.8	-	414.8
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	-	-	(4.7)	4.6	-	-	(0.1)	-	(0.1)
Employee stock option scheme	-	-	7.4	-	-	-	7.4	-	7.4
Transfer from treasury shares to employee benefit trust	13.9	-	8.7	(22.6)	-	-	-	-	-
Total contributions and distributions	13.9	-	11.4	(18.0)	-	-	7.3	-	7.3
Total transactions with owners of the Company	13.9	-	11.4	(18.0)	-	-	7.3	-	7.3
Balance at 30 June 2021	606.0	(0.2)	770.2	(32.4)	(3.7)	(21.8)	1,318.1	0.3	1,318.4

^[1] In the preparation of the last annual financial statements, the Group identified an error in respect of the original acquisition of Snai in 2018 which impacted the opening retained earnings by €3.7 million. Please refer to Note 40 of the last annual financial statements for further details.

UNAUDITED CONSOLIDATED BALANCE SHEET

		At 30 June 2022 €'m	At 31 December 2021 €'m (Audited)
	Note		
ASSETS			
Property, plant and equipment		325.9	329.7
Right of use of assets		67.9	73.8
Intangible assets	14	1,005.9	1,046.1
Investments	15A, 15B	10.9	13.3
Derivative financial assets	15C	680.7	622.2
Trade receivables		1.6	6.6
Deferred tax asset	16	109.2	102.9
Other non-current assets		108.8	104.4
Non-current assets		2,310.9	2,299.0
Trade receivables		154.6	178.5
Other receivables		86.1	87.1
Inventories		4.0	4.9
Cash and cash equivalents		681.2	575.4
		925.9	845.9
Assets classified as held for sale	17	543.9	507.4
Current assets		1,469.8	1,353.3
TOTAL ASSETS		3,780.7	3,652.3
EQUITY			
Additional paid in capital		606.0	606.0
Employee termination indemnities		0.2	(0.5)
Employee benefit trust		(20.9)	(23.2)
Put/Call options reserve		(3.7)	(3.7)
Foreign exchange reserve		(18.9)	(22.7)
Retained earnings		1,137.9	1,025.0
Equity attributable to equity holders of the Company		1,700.6	1,580.9
Non-controlling interests		0.3	0.3
TOTAL EQUITY	18	1,700.9	1,581.2
LIABILITIES			
Loans and borrowings	19	164.1	167.1
Bonds	20	876.0	875.0
Lease liability		54.9	69.8
Deferred revenues		1.5	2.9
Deferred tax liability	16	108.5	88.9
Contingent consideration and redemption liability	21	4.5	6.0
Provisions for risks and charges	22	11.1	13.5
Other non-current liabilities		10.0	12.8
Non-current liabilities		1,230.6	1,236.0

Trade payables		35.0	41.3
Lease liability		28.4	20.3
Progressive operators' jackpots, security deposits		109.4	110.7
Client funds		26.2	30.4
Income tax payable		17.9	2.6
Gaming and other taxes payable		114.4	105.4
Deferred revenues		4.7	5.2
Contingent consideration and redemption liability	21	1.6	5.0
Provisions for risks and charges	22	5.2	3.2
Other payables		165.9	166.2
		508.7	490.3
Liabilities directly associated with assets classified as held for sale	17	340.5	344.8
Current liabilities		849.2	835.1
TOTAL LIABILITIES		2,079.8	2,071.1
TOTAL EQUITY AND LIABILITIES		3,780.7	3,652.3

The condensed consolidated interim financial statements were approved by the Board and authorised for issue on 21 September 2022.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		110.3	415.1
Adjustment to reconcile net income to net cash provided by operating activities (see below)		132.5	(361.4)
Net taxes paid		(5.6)	(15.0)
Net cash from operating activities		237.2	38.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(12.5)	(6.3)
Acquisition of property, plant and equipment		(17.6)	(13.9)
Acquisition of intangible assets		(2.7)	(2.2)
Capitalised development costs		(31.5)	(27.8)
Investment in other investments and derivative assets	15	-	(5.8)
Proceeds from sale of property, plant and equipment		0.3	0.2
Proceeds from sale of discontinued operations and assets held for sale, net of cash disposed	17	-	10.1
Net cash used in investing activities		(64.0)	(45.7)
CASH FLOWS FROM FINANCING ACTIVITIES			

Interest paid on bonds and loans and borrowings	(19.5)	(20.3)
Repayment of loans and borrowings	-	(100.0)
Payment of contingent consideration and redemption liability	(4.0)	(0.8)
Principal paid on lease liability	(11.7)	(11.1)
Interest paid on lease liability	(2.9)	(2.7)
Net cash used in financing activities	(38.1)	(134.9)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	135.1	(141.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	941.5	1,060.6
Exchange (loss)/gain on cash and cash equivalents	(3.3)	2.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,073.3	921.4

Cash and cash equivalent consist of:

Cash and cash equivalent - continuing operations	681.2	540.8
Cash and cash equivalent treated as held for sale	17C	380.6
	1,073.3	921.4

ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES

		Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Income and expenses not affecting operating cash flows:			
Depreciation of property, plant and equipment		20.6	21.8
Amortisation of intangible assets	14	50.9	54.4
Amortisation of right of use assets		10.5	9.5
Capitalization of amortisation of right of use assets		(1.0)	(1.1)
Gain on early termination of lease contracts		(0.5)	(0.5)
Impairment of property, plant and equipment	10	-	12.5
Impairment of intangible assets	10	20.6	2.6
Reversal of impairment of asset held for sale	17C	-	(2.0)
Profit on disposal of discontinued operations	17B	-	(7.6)
Share of loss/(profit) from joint ventures and associates	15A	3.1	(0.1)
Changes in fair value change of equity investments	15B	(0.7)	(0.8)
Changes in fair value change of derivative financial assets	15C	(48.5)	(299.9)
Interest on bonds and loans and borrowings		20.3	21.0
Interest on lease liability		2.9	2.7
Interest income on loans receivable		(0.6)	-
Income tax expense/(credit)		36.0	(122.4)
Employee stock option plan expenses		4.9	7.4
Movement in contingent consideration and redemption liability		(1.7)	2.2
Unrealised exchange (gain)/loss		(5.7)	4.5
Other		0.3	0.2
Changes in operating assets and liabilities:			
Change in trade receivables		22.2	(4.6)
Change in other receivables		19.5	(4.7)
Change in inventories		0.9	(0.8)
Change in trade payables		(5.4)	(9.0)
Change in progressive, operators jackpot and security deposits		(1.3)	4.7
Change in client funds		(28.9)	6.1
Change in other payables		16.4	(53.6)
Change in provisions		(0.4)	(0.5)
Change in deferred revenues		(1.9)	(3.4)

NOTE 1 - REPORTING ENTITY

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 are the condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2022 comprising the Company and its subsidiaries (together referred as "the Group").

NOTE 2 - BASIS OF PREPARATION

These interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with UK adopted IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2021 ("last annual financial statements"). They do not include all the information required for a complete set of financial statements prepared in accordance with the IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 21 September 2022.

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 12-month period to 30 September 2023.

	30 June 2022 €'m	31 December 2021 €'m
Cash and cash equivalents	681.2	575.4
Cash held on behalf of clients, progressive jackpots and security deposits	(135.6)	(141.1)
Adjusted gross cash and cash equivalents (excluding assets and liabilities held for sale)	545.6	434.3

The Group continues to hold a strong liquidity position with adjusted gross cash excluding assets held for sale of €545.6 million (31 December 2021: €434.3 million), with the increase from 31 December 2021 being driven by the Group's strong trading performance. Following the completion of the disposal of its Financial segment on 11th of July 2022, the Group received cash of €229.3 million (\$233.5 million; excludes break fee and final consideration adjustment) used to fund the repayment in full of the RCF credit facility drawn amounting to €164.1 million. This further enhanced the strong cash position of the Group.

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 risks such as not realising budget/forecasts across certain markets and any potential implications of changes in tax and other regulations, as well as the impact on cashflow should the share buyback scheme and other shareholder return options resume.

The Group's principal financing arrangements are the 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 the €530.0 million bond that matures in October 2023 is outside the going concern period, the Directors are confident the bond will be refinanced on acceptable terms, given the latest dialogue with its banks. The current expectation of the Directors is that the refinancing will be completed during the fourth quarter of 2022. While the Group's revolving credit facility (RCF) was fully repaid on the 15th of July 2022, it remains available to the Company if needed. The Company is also currently in discussions with its banks regarding the RCF and this facility is currently also expected to be renewed in Q4 2022.

The RCF is subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 19 and 20. As at 30 June 2022, which is the last point in time that these need to be tested since the RCF was subsequently fully repaid in July 2022, the Group comfortably met its covenants which were as follows:

- Leverage: Net Debt/Adjusted EBITDA to be less than 3:1 for the twelve months ended 30 June 2022
- Interest cover: Adjusted EBITDA/Interest to be over 4:1 for the twelve months ended 30 June 2022

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 it would not be in breach of the financial covenants for a period of no less than 12 months from approval of these interim financial statements ("the relevant going concern period"). This period covers the bank reporting requirements for December 2022 and June 2023.

Stress test

The stress test assumes a worst-case scenario for the entire Group which includes additional sensitivities around Italy, US and Asia, but with mitigations similar to the ones taken in 2020 and 2021 (including salary and capital expenditure reductions). It also assumed for the first time the impact of cashflow should the share buyback scheme commence again, as well as other shareholder return options. Under this scenario Adjusted EBITDA would fall on average by 11% per month compared to the base case over the relevant going concern period, but the Group would not breach its covenants.

Reverse stress test

The reverse stress test was used to identify the reduction in Adjusted EBITDA required that result in either a liquidity event or breach of the bond covenant.

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 followings:

- Current trading is performing above the base case;
- Adjusted EBITDA would have to fall by 160% in the second half of 2022 and 82% in the last 12 months to June 2023 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 the 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.

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

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have a material impact on the interim financial statements of the Group.

NOTE 4 - FUNCTIONAL AND PRESENTATION CURRENCY

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

NOTE 5 - CRITICAL JUDGEMENTS AND ESTIMATES

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

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

Judgments

- **Classification of assets as held for sale**

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

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

The Board of Directors made a decision to dispose of the Financial segment during 2020. As disclosed in Note 17, the Group entered into a sale and purchase agreement for the disposal of the Financial segment. The transaction was approved by the shareholders at the Annual General Meeting held on 1 December 2021. The transaction was completed in July 2022.

- **Classification of equity call options**

Background

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

Playtech generates revenues from the structured agreements as follows:

- the standard operator revenue (B2B licensee fee); 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).

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.

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 15 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 results in accordance with IFRS 10.

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

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

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

If the option is exercisable then the investment is accounted for using the equity accounting method. However, in the cases where the company over which the Group has a current exercisable option generates profits, management made a judgment and concluded that these profits should not be recognised as it is unlikely that the profits will be realised as the existing shareholder has the right, and is entitled, to extract distributable profits. As such management did not consider it appropriate to

recognise any share of profit. However, in the cases where the associate has generated losses, the Group's percentage share is recognised and deducted from the carrying value of the investment in associate.

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

In determining whether or not the option is exercisable, we apply paragraphs 12 and 13 of IAS 28. Paragraph 12 states that when derivatives containing potential voting rights exist, an entity'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. However, there is an exception if paragraph 13 applies which states that in some circumstances, an entity has, in substance, 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.

Paragraph 12 essentially applies to those equity call options that the Group currently holds whereby certain conditions have to be met before they become exercisable, therefore the Group does not have existing ownership and therefore access to returns. The exemption under paragraph 13 applies to certain of the equity call options held by the Group whereby there are no conditions of exercise and as such we deem we have an existing ownership (even though the option is not yet exercised) and therefore current access to returns.

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 their 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.

Estimates and assumptions

▪ 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 14.

▪ Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made. Where management conclude that it is not probable that the taxation authority will accept an uncertain tax treatment, they calculate the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax, credits or tax rates. The effect of uncertainty for each uncertain tax treatment is reflected by using the expected value - the sum of the probabilities and the weighted amounts in a range of possible outcomes. More details are included in Notes 9, 12 and 22.

▪ 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 was recognized as the tax base of the goodwill and intangible assets is in excess of the book value base of those assets. At the beginning of the period, the net recognized deferred tax asset amounted to €63.6 million. As at 30 June 2022, an additional deferred tax asset of €2.6 million was recognized. This additional deferred tax asset has been recognized 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 the Group can utilise the tax deductions for goodwill and intangible assets giving a tax benefit of €66.2 million. This represents the benefit of the deductions against forecast profits for the next 5 years. During the year, €6.0 million has been utilized and the net recognized deferred tax asset as at 30 June 2022 amounts to €60.2 million. In addition, a total of €39.6 million of deferred tax asset has not been recognised in respect of the benefit of future tax deductions expected to arise after the next 5 years for the remaining useful economic life of the goodwill and intangible assets.

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

The Group has recognised a deferred tax asset of €18.0 million in respect of tax losses and excess interest in the UK which are available to offset against the future profits of the UK Group companies. Based on the current forecasts, these losses will be fully utilised over the next 5 years.

Deferred tax assets in Italy

The Group has recognised a deferred tax asset of €56.6 million in respect of tax losses in Italy which are available to offset against the future profits of the Italian Group companies. Based on the current forecasts, these losses will be fully utilised within the next 5 years.

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

▪ **Impairment of financial assets**

The Group undertook a review of trade receivables and other financial assets, as applicable, and their Expected Credit Losses ("ECL"). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures were revised. The Group's financial assets consist of trade receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit rating for each financial institution, while ECL on trade receivables was based on past default experience and an assessment of the future economic environment. ECL and specific provisions are considered and calculated with reference to the ageing and risk profile of the balances. A reasonable movement in the inputs to the ECL calculation does not materially change the ECL to be recognised.

In respect of the Group's Asian licensees' business model an additional ECL risk was identified due to increase in collection days and uncertainty over timing of receipt of funds, this resulted in an additional provision for bad debts of €15.4 million (30 June 2021: €5.0 million) recognised in the profit or loss in the period ended 30 June 2022.

• **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 15, 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
- 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 are 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. Upon the use of DCF method, the Group assumes that the expected cash flows are based on the EBITDA.

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 15.

The following table shows the carrying amount and fair value of non-current assets, as disclosed in Note 15, including their levels in the fair value hierarchy.

	Carrying amount	Fair value		
	30 June 2022	Level 1	Level 2	Level 3
	€'m	€'m	€'m	€'m
Non current assets				
Other investments (Note 15B)	8.8	2.3	-	6.5
Derivative financial assets (Note 15C)	680.7	-	-	680.7
	689.5	2.3	-	687.2

	Carrying amount	Fair value		
	31 December 2021	Level 1	Level 2	Level 3
	€'m	€'m	€'m	€'m
Non current assets				
Other investments (Note 15B)	8.1	1.6	-	6.5
Derivative financial assets (Note 15C)	622.2	-	-	622.2
	630.3	1.6	-	628.7

NOTE 6 - SEGMENT INFORMATION

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer.

The operating segments identified are:

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

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

Six months ended 30 June 2022

			Total			Total			
	Core	Asia	Total	B2C -	Intercompany	Gaming -	Financial -		
	B2B	B2B	B2B	continuing		continuing	Discontinued		
	€'m	€'m	€'m	operations	€'m	operations	operations	€'m	Total
				€'m		€'m			€'m
Revenue	278.0	34.0	312.0	487.3	(7.0)	792.3	74.5		866.8
Adjusted EBITDA	-	-	77.2	126.6	-	203.8	33.8		237.6
Adjusted Profit attributable to the owners of the Company	-	-	28.8	65.5	-	94.3	41.2		135.5
Total assets	-	-	2,011.7	1,245.1	-	3,256.8	523.9		3,780.7
Total liabilities	-	-	841.2	899.1	-	1,740.3	339.5		2,079.8

Six months ended 30 June 2021

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

NOTE 7 - DISCONTINUED OPERATION

As explained in Note 17, the Group has classified its Casual and Social Gaming Business and Financial segment as assets held for sale with their results shown under discontinued operations in the consolidated statement of comprehensive income.

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.

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

	Six months ended 30 June 2022	Six months ended 30 June
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			2021	
	Actual	Adjusted	Actual	Adjusted
	€'m	€'m	€'m	€'m
Revenue	74.5	74.5	31.9	31.9
Distribution costs before depreciation and amortisation	(34.9)	(34.8)	(25.5)	(25.4)
Administrative expenses before depreciation and amortisation	(6.2)	(4.0)	(4.6)	(4.3)
Impairment of financial assets	(1.9)	(1.9)	(2.3)	(2.3)
EBITDA	31.5	33.8	(0.5)	(0.1)
Reversal of impairment of assets held for sale	-	-	2.0	-
Finance income	11.6	11.6	5.9	5.9
Finance costs	(0.5)	(0.5)	(0.4)	(0.4)
Profit before taxation	42.6	44.9	7.0	5.4
Income tax expense	(3.7)	(3.7)	(1.4)	(1.4)
Profit from Financial segment, net of tax	38.9	41.2	5.6	4.0

The results of the discontinued operations for the period are presented below:

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Actual	Adjusted	Actual	Adjusted
	€'m	€'m	€'m	€'m
Revenue	74.5	74.5	31.9	31.9
Distribution costs before depreciation and amortisation	(34.9)	(34.8)	(25.5)	(25.4)
Administrative expenses before depreciation and amortisation	(6.2)	(4.0)	(4.6)	(4.3)
Impairment of financial assets	(1.9)	(1.9)	(2.3)	(2.3)
EBITDA	31.5	33.8	(0.5)	(0.1)
Reversal of impairment of assets held for sale	-	-	2.0	-
Finance income	11.6	11.6	5.9	5.9
Finance costs	(0.5)	(0.5)	(0.4)	(0.4)
Profit on disposal of discontinued operations (Note 17B)	-	-	7.6	-
Profit before taxation	42.6	44.9	14.6	5.4
Income tax expense	(3.7)	(3.7)	(1.4)	(1.4)
Profit from discontinued operations, net of tax	38.9	41.2	13.2	4.0

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

	Revenue	EBITDA	Profit from discontinued operations attributable to the owners of the Company
	€'m	€'m	€'m
For the year ended 30 June 2022			

Reported as actual	74.5	31.5	38.9
Employee stock option expenses	-	0.3	0.3
Professional fees	-	2.0	2.0
Adjusted measure	74.5	33.8	41.2

For the year ended 30 June 2021	Profit from discontinued operations attributable to the owners of the Company		
	Revenue €'m	EBITDA €'m	Company €'m
Reported as actual	31.9	(0.5)	13.2
Employee stock option expenses	-	0.4	0.4
Reversal of impairment of asset held for sale	-	-	(2.0)
Profit on disposal of discontinued operations	-	-	(7.6)
Adjusted measure	31.9	(0.1)	4.0

Earnings per share from discontinued operations

Basic (cents)	13.0	13.7	4.4	1.4
Diluted (cents)	12.5	13.2	4.2	1.2

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

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Operating	36.9	16.0
Investing	(3.8)	(3.7)
Financing	(1.1)	(1.0)
Net cash inflow	32.0	11.3

NOTE 8 - REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

Revenue analysis by geographical location of licensee, product type and timing of transfer of performance obligations

The revenues from B2B, B2C and Financials are described in Note 5D in the last annual financial statements.

Six months ended 30 June 2022

Primary Geographic Markets	B2B	B2C	Intercompany	Total Gaming - continuing operations	Financial - d
	€'m	€'m	€'m	€'m	
Italy	16.6	444.9	(4.8)	456.7	
United Kingdom	64.1	31.7	(2.2)	93.6	
Mexico	60.5	-	-	60.5	
Malta	26.7	-	-	26.7	
Philippines	26.0	-	-	26.0	
British Virgin Islands	-	-	-	-	
Spain	13.6	-	-	13.6	
Netherlands	12.4	-	-	12.4	
Gibraltar	13.2	-	-	13.2	
Germany	0.4	9.2	-	9.6	
Poland	9.7	-	-	9.7	
Greece	9.5	-	-	9.5	
Curacao	9.3	-	-	9.3	
Ireland	6.5	-	-	6.5	
Colombia	5.5	-	-	5.5	
Other	38.0	1.5	-	39.5	
	312.0	487.3	(7.0)	792.3	

Product type	B2B	B2C	Intercompany	Total Gaming - continuing operations	Financial - discontinued operations	Total
	€'m	€'m	€'m	€'m	€'m	€'m
B2B licensee fee	220.1	-	(6.1)	214.0	-	214.0
B2B fixed-fee income	22.2	-	(0.2)	22.0	-	22.0
B2B cost-based revenue	28.5	-	(0.7)	27.8	-	27.8
B2B revenue received from the sale of hardware	6.8	-	-	6.8	-	6.8
Additional B2B						

services fee	34.4	-	-	34.4	-	34.4
Total B2B	312.0	-	(7.0)	305.0	-	305.0
Snaitech	-	446.0	-	446.0	-	446.0
Sun Bingo and						
Other B2C	-	31.7	-	31.7	-	31.7
Sport B2C	-	10.7	-	10.7	-	10.7
Intercompany	-	(1.1)	-	(1.1)	-	(1.1)
Total B2C	-	487.3	-	487.3	-	487.3
Financial	-	-	-	-	74.5	74.5
	312.0	487.3	(7.0)	792.3	74.5	866.8

	B2B	B2C	Intercompany	Total Gaming - continuing operations	Financial - discontinued operations
Timing of transfer of performance obligations	€'m	€'m	€'m	€'m	
Recognised over time	305.2	487.3	(7.0)	785.5	
Recognised at the point in time (hardware sales)	6.8	-	-	6.8	
	312.0	487.3	(7.0)	792.3	

	€'m
Regulated - Americas	69.8
Regulated - Europe (excluding UK)	92.2
Regulated - UK	63.9
Regulated - Rest of the World	2.9
Total Regulated B2B revenue	228.8
Unregulated excluding Asia	49.2
Total Core B2B revenue	278.0
Asia	34.0
Total B2B Gambling revenue	312.0

Six months ended 30 June 2021

	B2B	B2C	Intercompany	Total Gaming - continuing operations	Financial - discontinued operations
Primary Geographic Markets	€'m	€'m	€'m	€'m	
Italy	15.8	157.9	(3.5)	170.2	
United Kingdom	59.8	30.2	(1.9)	88.1	

Mexico	40.9	-	-	40.9
Philippines	38.0	-	-	38.0
Malta	27.6	-	-	27.6
Gibraltar	13.2	-	-	13.2
Spain	10.7	-	-	10.7
Germany	0.8	8.3	(0.8)	8.3
Greece	8.0	-	-	8.0
Poland	6.3	-	-	6.3
Curacao	5.7	-	-	5.7
Colombia	4.3	-	-	4.3
Switzerland	2.8	-	-	2.8
Norway	2.8	-	-	2.8
Romania	2.8	-	-	2.8
Other	27.7	0.2	(0.2)	27.7
	267.2	196.6	(6.4)	457.4

	B2B	B2C	Intercompany	Total Gaming - continuing operations	Financial - discontinued operations	Total
Product type	€'m	€'m	€'m	€'m	€'m	€'m
B2B licensee fee	200.6		(5.5)	195.1	-	195.1
B2B fixed-fee income	19.6		(0.2)	19.4	-	19.4
B2B cost-based revenue	20.7		(0.7)	20.0	-	20.0
B2B revenue received from the sale of hardware	4.0		-	4.0	-	4.0
Additional B2B services fee	22.3		-	22.3	-	22.3
Total B2B	267.2	-	(6.4)	260.8	-	260.8
Snaitech	-	158.1	-	158.1	-	158.1
Sun Bingo and Other B2C	-	30.2	-	30.2	-	30.2
Sport B2C	-	8.5	-	8.5	-	8.5
Intercompany	-	(0.2)	-	(0.2)	-	(0.2)
Total B2C	-	196.6	-	196.6	-	196.6
Financial	-	-	-	-	31.9	31.9
	267.2	196.6	(6.4)	457.4	31.9	489.3

	B2B	B2C	Intercompany	- continuing operations	discontinued operations
Timing of transfer of performance obligations	€'m	€'m	€'m	€'m	
Recognised over time	263.2	196.6	(6.4)	453.4	
Recognised at the point in time (hardware sales)	4.0	-	-	4.0	
	267.2	196.6	(6.4)	457.4	

	€'m
Regulated - Americas	46.4
Regulated - Europe (excluding UK)	66.5
Regulated - UK	59.6
Regulated - Rest of the World	1.9
Total Regulated B2B revenue	174.4
Unregulated excluding Asia	49.0
Total Core B2B revenue	223.4
Asia	43.8
Total B2B Gambling revenue	267.2

There were no changes in the Group's revenue measurement policies and procedures. The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months.

The Group's contract liabilities, in other words deferred income, primarily include advance payment for hardware and services, and also include the set-up fees paid by the licensee at the beginning of the contract. These are included in deferred income at the total amount of €6.2 million (31 December 2021: €8.1 million).

NOTE 9 - ADJUSTED ITEMS

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

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

The following tables give a full reconciliation between adjusted and actual results:

Six months ended 30 June 2022

	Revenue	EBITDA - B2B	EBITDA - B2C	EBITDA	Profit - B2B	Profit
	€'m	€'m	€'m	€'m	€'m	
Reported as actual	792.3	62.9	115.7	178.6	28.7	
Employee stock option expenses ^[1]	-	4.1	0.5	4.6	4.1	
Professional fees ^[2]	-	10.1	-	10.1	10.1	
Fair value change and finance cost on redemption liability ^[3]	-	(1.8)	-	(1.8)	(1.7)	
Special site costs ^[4]	-	1.9	-	1.9	1.9	
Onerous contract ^[5]	-	-	10.4	10.4	-	
Fair value change of equity investments ^[6]	-	-	-	-	(0.7)	
Fair value change of derivative financial assets ^[6]	-	-	-	-	(48.5)	
Impairment of intangible assets ^[7]	-	-	-	-	20.6	
Amortisation of intangible assets on acquisitions ^[8]	-	-	-	-	6.7	
Tax related to uncertain positions ^[9]	-	-	-	-	8.5	
Deferred tax on acquisitions	-	-	-	-	(0.9)	
Adjusted measure	792.3	77.2	126.6	203.8	28.8	
Constant currency impact	(10.5)	-	-	(5.0)	-	
Adjusted result on constant currency basis	781.8	-	-	198.8	-	

Six months ended 30 June 2021

	Revenue	EBITDA - B2B	EBITDA - B2C	EBITDA	Profit - B2B	Profit
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	€'m	€'m	€'m	€'m	€'m
Reported as actual	457.4	58.5	51.3	109.8	380.4
Employee stock option expenses ^[11]	-	6.3	0.7	7.0	6.3
Professional fees ^[12]	-	2.2	-	2.2	2.2
Fair value change and finance cost on redemption liability ^[13]	-	0.9	-	0.9	0.9
Charitable donations ^[14]	-	1.9	-	1.9	1.9
Settlement of legal matter ^[15]	-	2.3	-	2.3	2.3
Fair value change and finance cost on contingent consideration	-	-	-	-	1.3
Fair value change of equity investments ^[16]	-	-	-	-	(0.8)
Fair value change of derivative financial assets ^[16]	-	-	-	-	(299.9)
Impairment of property, plant and equipment and intangible assets ^[17]	-	-	-	-	2.8
Amortisation of intangible assets on acquisitions ^[18]	-	-	-	-	8.7
Deferred tax on acquisitions	-	-	-	-	(1.1)
Deferred tax ^[19]	-	-	-	-	(90.3)
Adjusted measure	457.4	72.1	52.0	124.1	14.7
Constant currency impact	-	-	-	-	-
Adjusted result on constant currency basis	457.4	-	-	124.1	-

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

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Tax on profit or loss for the year	32.3	(123.8)
<i>Adjusted for:</i>		
Deferred tax on intangible assets on acquisitions	4.2	5.9

Deferred tax (Refer to footnote 9 above)	-	90.3
Tax related to uncertain positions	(8.5)	-
Adjusted tax	28.0	(27.6)

NOTE 10 - IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Impairment of tangible assets	-	12.5
Impairment of intangible assets	20.6	2.6
	20.6	15.1

Out of the total impairment of tangible assets of €12.5 million in H1 2021, an amount of €12.3 million relates to land classified as held for sale. Refer to Note 17A.

Impairment of intangible assets for H1 2021 relates to the impairment of capitalised development costs. Based on the assessment performed at the reporting date, several projects will not be recoverable.

Impairment of intangible assets for H1 2022 relates to the impairment of Eyecon €13.6 million and Quickspin of €7.0 million. Refer to Note 14.

NOTE 11 - FINANCE INCOME AND COSTS

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
A. Finance income		
Interest income	1.2	0.4
Net foreign exchange gain	10.5	-
	11.7	0.4
B. Finance costs		
Interest on bonds	(18.2)	(18.2)
Interest on lease liability	(2.7)	(2.6)
Interest on loans and borrowings and other	(2.8)	(3.2)
Bank facility fees	(1.0)	(0.7)
Bank charges	(6.8)	(6.1)
Movement in contingent consideration and redemption liability	(0.1)	(1.3)
Net foreign exchange loss	-	(1.7)
	(31.6)	(33.8)
Net financing costs	(19.9)	(33.4)

NOTE 12 - INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
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Income tax expense for the current period	9.1	4.2
Income tax relating to prior periods	10.1	2.1
Withholding tax	0.2	0.1
Deferred tax	12.9	(130.2)
	32.3	(123.8)

Reported Tax Charge/(Credit)

A reported tax expense from continuing operations of €32.3 million (30 June 2021: tax credit of €123.8 million) arises on a profit before tax of €103.7 million (30 June 2021: €278.1 million) compared to an expected charge of €19.7 million. The reported tax expense includes an additional provision of €8.5 million in respect of overseas tax audits and a change in estimates related to uncertain overseas tax positions in respect of prior years.

The Group's effective tax rate for the current period is 21.6%. This was higher than the UK statutory rate of 19%, due mainly to the following factors:

- Profits of subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate.
- 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. An additional deferred tax asset amounting to €2.6 million was recognised in respect of future tax deductions due to a change in the tax base of the Group's intangible assets resulting from the restructuring (this has no impact on the book value of the intangible assets reported in these financial statements).
- Non-taxable fair value movements on call options of €48.5 million (30 June 2021: €299.9 million). 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.

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 deferred tax balances within the financial statements reflect the increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023.

NOTE 13 - EARNINGS PER SHARE

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

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit attributable to owners of the Company	110.3	135.5	415.1	58.6
Basic (cents)	36.8	45.2	139.3	19.7
Diluted (cents)	35.4	43.4	132.2	18.6

	Six months ended		Six months ended	
	30 June 2022		30 June 2021	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit attributable to owners of the Company from continuing operations	71.4	94.3	401.9	54.6
Basic (cents)	23.8	31.5	134.9	18.3
Diluted (cents)	22.9	30.2	128.0	17.4

	Six months ended		Six months ended	
	30 June 2022		30 June 2021	
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
<i>Denominator - basic</i>				
Weighted average number of equity shares	299,621,116	299,621,116	297,920,422	297,920,422
<i>Denominator - diluted</i>				
Weighted average number of equity shares	299,621,116	299,621,116	297,920,422	297,920,422
Weighted average number of share options	12,597,744	12,597,744	16,086,406	16,086,406
Weighted average number of shares	312,218,860	312,218,860	314,006,828	314,006,828

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

EPS for discontinued operations is disclosed in Note 7.

NOTE 14 - INTANGIBLE ASSETS

Following is the reconciliation of the changes in the intangible assets:

	€'m
Net book value of intangible assets at 1 January 2022	1,046.1
Additions	31.3
Impairment (Note 10)	(20.6)
Amortisation charge for the period	(50.9)
Net book value of intangible assets at 30 June 2022	1,005.9

Out of the total amortisation charge of €50.9 million (30 June 2021: €54.4 million), an amount of €21.9 million (30 June 2021: €18.9 million) relates to the intangible assets acquired through acquisitions.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to fifteen cash generating units ("CGU") (31 December 2021:

fifteen), out of which two CGUs are under held for sale.

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

	30 June 2022 €'m	31 December 2021 €'m
Snai	259.6	258.7
Sports B2B	132.5	132.5
Services	109.9	109.9
Casino	50.8	50.8
Quickspin	19.8	26.8
Eyecon	3.0	16.6
Poker	15.6	15.6
Statscore	12.4	12.4
Bingo retail	9.5	9.5
Bingo VF	7.4	7.4
Videobet retail	4.6	4.6
IGS	3.7	3.7
	628.8	648.5

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

Management has considered the ongoing economic uncertainty caused by the Russian invasion in Ukraine and the Global pandemic with a resulting 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 the occurrence of these events.

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

	Average revenue growth rate H2 2022-H1 2027	Discount Rate applied
Snai	2.6%	17.0%
Sports B2B	12.8%	14.9%
Sports B2C	31.6%	15.2%
Services	12.1%	15.8%
Casino	6.5%	14.0%
Poker	3.4%	16.8%
VB Retail	10.4%	13.3%
IGS	34.8%	14.1%

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 Eyecon CGU, with carrying value equal to €29.5 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 1.1% to 10.0% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 16.0%. The CGU has shown signs of underperformance mainly due to the overfocusing in a specific market and as a result the recoverable amount does not cover the carrying value, with an impairment loss of €13.6 million recognized in the consolidated statement of comprehensive income for the period ended 30 June 2022. In case the revenue growth rate per annum is lower by 1%, then an additional impairment of €2.0 million would be recognised. The same case applies if the discount rate increases by 1% to a post-tax discount rate of 17.0%, which would again result in an impairment of €1.2 million.

The recoverable amount of the Bingo VF CGU, with carrying value of €21.0 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 0% to 8% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 17.0%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 18.5% i.e., reaching a post-tax discount rate of 20.2%. Same case applies, if the revenue growth was lower by 1.5% when compared to the forecasted average 5-year growth.

The recoverable amount of the Bingo Retail CGU, with carrying value of €22.2 million, has been significantly impacted by COVID-19. The recoverable amount of the Bingo Retail CGU has been determined using a cashflow forecast that includes annual revenue growth rates between 1% to 5% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 15.0%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 15.6% i.e., reaching a post-tax discount rate of 17.4%. Same case applies, if the revenue growth was lower by 1.5% when compared to the forecasted average 5-year growth.

The recoverable amount of the Quickspin CGU, with carrying value equal to €59.5 million, has been determined using a cashflow forecast that includes annual revenue growth rates between 6.0% to 8.9% over the 1-5 year forecast period, 2% long term growth rate and a post tax discount rate of 12.9%. Given the risk the CGU bears from the current proportion of revenues being generated from B2B customers operating in areas with geopolitical tension, a 5% risk premium has been applied on those revenues which approximates an overall 1% increase on the post tax discount rate of the CGU. As a result of the above and also the decrease in the CGU performance which is going through organizational updates, an impairment loss of €7.0 million has been recognized in the consolidated statement of comprehensive income for the period ended 30 June 2022. In case the revenue growth rate per annum is lower by 1%, then an additional impairment of €4.4 million would be recognised. The same case applies if the discount rate increases by 1% to a post-tax discount rate of 13.9%, which would again result in an impairment of €4.5 million.

The Statscore CGU with carrying value equal to €12.8 million has been deemed as a sensitive CGU due to the startup activities of the unit and first two years of performance as part of the Group. The recoverable amount of the Statscore CGU has been determined using a cashflow forecast that includes annual revenue growth rates between 33% to 65% over the 1-5 year forecasts period, 2% long term growth rate and a post tax discount rate of 24.6%. The recoverable amount would equal the carrying value of the CGU if the discount rate applied was higher by 33.3% i.e., reaching a post-tax discount rate of 32.8%. Same case applies, if the revenue growth was lower by 9.7% when compared to the forecasted average 5-year growth.

NOTE 15 - INVESTMENTS AND DERIVATIVE FINANCIAL ASSETS

Below is a breakdown of the relevant assets at 30 June 2022 and 31 December 2021 per the consolidated balance sheet:

30 June	31 December
2022	2021
€'m	€'m

A. Investment in associates	2.1	5.2
B. Other investments	8.8	8.1
C. Derivative financial assets	680.7	622.2
	<u>691.6</u>	<u>635.5</u>

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

	30 June 2022	30 June 2021
	€'m	€'m
Statement of comprehensive income		
A. Share of (loss)/profit from associates	(3.1)	0.1
B. Unrealised fair value changes on equity investments	0.7	0.8
C. Unrealised fair value changes on derivative financial assets	48.5	299.9
Other comprehensive income		
Foreign exchange movement from the derivative call options held in non-Euro functional currency subsidiaries	10.0	-
	<u>56.1</u>	<u>300.8</u>

Where the underlying derivative call option is held in a non-Euro functional currency entity, the foreign exchange movement is recorded through other comprehensive income. As at 30 June 2022, the foreign exchange movement of the derivative call option held in Caliplay is recorded in the consolidated statement of comprehensive income as the derivative call option is held in a Euro functional currency entity. The foreign exchange movement of the derivative call option held in Wplay, Onjoc and Tenbet are recorded through other comprehensive income as the derivative call option is held in a USD functional currency entity.

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 5.

A. Investment in associates

	30 June 2022	31 December 2021
	€'m	€'m
Balance sheet		
Caliplay	-	-
Alfea S.p.a	1.7	1.6
Galera	0.4	3.6
Total investment in equity accounted associates	<u>2.1</u>	<u>5.2</u>

	30 June 2022	30 June 2021
	€'m	€'m
Profit and loss impact		
Share of profit in Alfea Spa	0.1	0.1
Share of loss in Galera	(3.2)	-
Total profit and loss impact	<u>(3.1)</u>	<u>0.1</u>

Caliplay

Background

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

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

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

- A new additional option (in addition to the Playtech Call Option) was granted to Playtech which allowed Playtech to take up to a 49% equity interest in a new acquisition vehicle should Caliplay be subject to a corporate transaction - this additional option is only exercisable in connection with a corporate transaction and therefore was not exercisable at 30 June 2022 ("Playtech M&A Call Option"); and
- Caliente received a put option which would require Playtech to acquire September Holdings BV for a nominal amount ("September Put Option").

Playtech has no equity holding in Caliplay or Caliente and is currently providing services to Caliplay including technical and general strategic support services for which it receives income (including additional B2B services fee as per Note 8). If the Playtech Call Option or the Playtech M&A Call Option is 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 period ended 30 June 2022 was €34.4 million (Six months ended 30 June 2021: €22.3 million). In addition, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliente also had 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"). This option was not exercised and has therefore lapsed.

Assessment of control and significant influence

As at 30 June 2022, 31 December 2021 and 30 June 2021 it was assessed that the Group did not have control over Caliplay, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

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

As at 30 June 2022, 31 December 2021 and 30 June 2021, 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; and

- The material transaction of the historic loan funding is also an indicator of significant influence.

Accounting for each of the options

The Playtech Call Option was exercisable at 30 June 2022, 31 December 2021 and 30 June 2021, 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. Furthermore, the termination fee that would be paid by Caliente upon exercise of the option was not recognised by the Group as it did not meet any recognition criteria; it's upon Caliente's discretion as to whether or not to exercise this option.

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

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

As per the judgement in Note 5, the Group did not consider it appropriate to equity account for the share of profits as the current 100% shareholder is entitled to any undistributed profits.

Investment in Alfea S.p.a

The Group has held 30.7% equity shares in Alfea S.p.a since June 2018. At 30 June 2022 the Group's value of the Investment in Alfea S.p.a was €1.7 million (31 December 2021: €1.6 million). A share of profit of €0.1 million was recognised in the consolidated statement of comprehensive income for the six months ended 30 June 2022 (Six months ended 30 June 2021: €0.1 million).

Investment in Galera

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

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

In addition to the investment amount paid, Playtech made available to the Galera Group a line of credit up to \$20.0 million. As at 30 June 2022, an amount of €18.1 million, which is included in loans receivable under other non-current assets (refer to Note 23) has been withdrawn (31 December 2021: €8.3 million). An amount of €8.6 million has been loaned in the six months ended 30 June 2022. 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. If the call option is exercised by Playtech the Group will no longer provide certain services and as such will no longer be entitled to the additional B2B service fee. The additional B2B services fee was €Nil in the six months ended 30 June 2022 (six months ended 30 June 2021: €Nil).

The cost of the investment was deemed to be the price paid for the option of \$5.0 million (€4.2 million). A share of the loss of €3.2 million was recognised in the consolidated statement of comprehensive income in the six month period ended 30 June 2022 (Six months ended 30 June 2021: €Nil) with the resulting value of the investment at 30 June 2022 being €0.4 million (31 December 2021: €3.6 million).

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

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

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

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

B. Other investments

	31	
Balance sheet	30 June	December
	2022	2021
	€'m	€'m
Listed investment - PhilWeb	2.1	0.8
Listed investment - Torque Esports Corp	0.2	0.8
Investment in Tenlot Guatemala	4.4	4.4
Investment in Tentech Costa Rica	2.1	2.1
Total other investments	8.8	8.1
Profit and loss impact	30 June	30 June
	2022	2021

	€'m	€'m
Change in fair value of listed securities - PhilWeb	1.3	(0.2)
Change in fair value of listed securities - Torque Esports Corp	(0.6)	1.0
Total profit and loss impact	0.7	0.8

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 six month period ended 30 June 2022, the fair value of each of these listed securities increased by €1.3 million and decreased by €0.6 million respectively. The total fair value of the shareholding in the listed investments as at 30 June 2022 is €2.3 million (31 December 2021: €1.6 million).

Investment in Tenlot Guatemala

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

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

The fair value of the equity holding as at 30 June 2022 is \$5.0 million (€4.4 million) with no movement in fair value from the prior period.

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. The additional B2B services fee was €Nil in the six months ended 30 June 2022 (six months ended 30 June 2021: €Nil). There are no conditions attached to the exercise of the option.

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

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

It therefore satisfies all the criteria of control under IFRS 10, paragraph 7 and as such at 30 June 2022 Super Sport S.A has been consolidated in the consolidated financial statements of the Group, noting that this is not material from a Group perspective.

Investment in Tentech Costa Rica

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

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

The fair value of the equity holding as at 30 June 2022 is \$2.5 million (€2.1 million) with no movement in fair value from the prior period.

C. Derivative financial assets

Balance sheet

31 December
30 June 2022 **2021**

	€'m	€'m
Playtech M&A Call Option	544.9	506.7
Wplay	117.3	97.2
Onjoc	8.7	6.9
Tenbet	9.8	11.4
Total derivative financial assets	680.7	622.2

Comprehensive income impact	30 June 2022	30 June 2021
	€'m	€'m
Caliplay		
Fair value change of Playtech M&A Call Option	(5.1)	285.0
Playtech Call Option	-	(16.8)
Foreign exchange movement to profit and loss	43.3	-
Wplay		
Fair value change in Wplay	11.6	26.7
Foreign exchange movement to other comprehensive income	8.5	-
Onjoc		
Fair value change in Onjoc	1.2	1.8
Foreign exchange movement to other comprehensive income	0.6	-
Tenbet		
Fair value change in Tenbet	(2.5)	3.2
Foreign exchange movement to other comprehensive income	0.9	-
Total comprehensive income impact	58.5	299.9

Caliplay

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

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

As at 30 June 2022, a transaction with the SPAC was still under consideration but with the probability of a transaction proceeding being lower than at 31 December 2021. Furthermore and as per the announcement made on 29 July 2022, with capital market conditions having deteriorated significantly since the transaction was initially contemplated, the transaction was no longer being pursued in the same manner, although the Group would continue to explore alternative opportunities with Caliplay management to build a standalone US gaming business under the Caliente brand focused on the Hispanic community in the US.

For this reason, a decision was taken to change the valuation methodology used as at 30 June 2022 for the Playtech M&A Call option to that of a DCF approach with a market exit multiple assumption (whereas at 31 December 2021, the Group has assessed the fair value of the Playtech M&A Call option based on the proposed term of the expected merger with the SPAC, including the transaction value).

Valuation

The Group has assessed the fair value of the derivative financial asset as at 30 June 2022 using a discounted cash flow ("DCF") approach with a market exit multiple assumption. The Group used a discount rate of 16% reflecting the cash flow risks given the high growth rates in place, as well as a

discount for illiquidity and control until the expected Playtech exit date. The Group also made assumptions on the probability of a possible transaction that may be completed on a number of exit date scenarios over a 3 year period, until June 2025. The Group used a compound annual growth rate of 20.7% over the forecasted cash flow period, an average Adjusted EBITDA margin of 22.6% and an exit multiple of 9.7x. Furthermore, Playtech's share in Caliplay was adjusted to reflect the rights to shares under certain Playtech subcontractor agreements.

As at 30 June 2022, the fair value of the option in Caliplay was \$569.4 million (31 December 2021: \$574.7 million) which converted to €544.9 million (31 December 2021: €506.7 million). The difference of €38.2 million between the fair value at 31 December 2021 and the fair value at 30 June 2022, which is mostly attributable to the favorable movement in the USD to EUR foreign exchange rate, has been recognised in the consolidated statement of comprehensive income in the six month period ended 30 June 2022. Despite the change in valuation approach, the Group considers it reasonable that the value of the call option is broadly unchanged given the developments in Caliplay and the broader market context. As at 31 December 2021 the fair value of the option in Caliplay was determined using a potential transaction price where, due to incoming shareholders, Playtech's share in Caliplay was being diluted down to 36%. As at 30 June 2022, a discounted cash flow valuation method is used with no dilution in shareholding, meaning Playtech's share in Caliplay remains at 49% post exercise.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2022 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 11% to 20% will result in a fair value of the derivative financial asset in the range of €493.1 million - €623.7 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €516.7 million - €573.1 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €488.5 million - €601.3 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €525.9 million - €564.4 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €507.3 million - €584.3 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €492.6 million - €597.2 million.

Wplay

In August 2019, Playtech entered into a structured agreement with Aquila Global Group SAS ("Wplay"), which had the license to operate online gaming activities in Colombia. Under the agreement the Group provides Wplay its technology products, where it receives standard operator revenue and additional B2B services fee as per Note 8. 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 2021 this option was exercisable in August 2022, however during 2022, the parties agreed to defer the Group's ability to exercise this option to August 2023. 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 additional B2B services fee was €Nil in the six months ended 30 June 2022 (six months ended 30 June 2021: €Nil).

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

performance milestones in future periods (refer to Note 21).

Assessment of control and significant influence

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

- Playtech does not have the ability to direct Wplay's activities as it has no voting representation on the Executive Committee or members of the Executive committee;
- Whilst they are not members of the Executive Committee, Playtech has the ability to appoint and change both the COO and CMO who form part of the management team (albeit this right has never been exercised). The COO and the CMO are part of the wider management team but would not be able to control the relevant activities of Wplay; and
- If the option is exercised it would result in Playtech acquiring 49.9% of the voting rights of the operating entity and therefore would not result in having control. Furthermore, as at 30 June 2022 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

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

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

The Group has given an interest bearing loan of \$1.7 million (€1.6 million) to Wplay, which is due for repayment in December 2022 and is included in loans receivable from related parties (refer to Note 23).

Valuation

The fair value of the option at 30 June 2022 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 23% (December 2021: 22.3%, June 2021: 30%) 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 of December 2026. The Group used a compound annual growth rate of 25.7% over the forecasted cash flow period and an average Adjusted EBITDA margin of 20.6%. 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 30 June 2022, the fair value of the Wplay derivative financial asset is €117.3 million. The difference of €20.1 million between the fair value at 31 December 2021 of €97.2 million and the fair value at 30 June 2022 has been recognised as follows:

- a. €11.6 million derived from the fair value increase of the derivative call option calculated using the DCF model in the consolidated statement of comprehensive income in the six month period ended 30 June 2022.

- b. €8.5 million derived from in the fair value increase due to the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) under the other comprehensive income in the six month period ended 30 June 2022.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2022 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 20% to 30% will result in a fair value of the derivative financial asset in the range of €91.2 million - €131.4 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €111.8 million - €122.9 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €106.2 million - €128.4 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €110.6 million - €124.3 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €104.3 million - €131.7 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 €109.8 million.

Onjoc

In June 2020, Playtech entered into a framework agreement with ONJOC CORP. ("Onjoc"), which holds a license to operate online sports betting, gaming and gambling activities in Panama.- The Group has no equity holding in Onjoc but has an option to acquire 50%. Under the agreement the Group provides Onjoc its technology products, where it receives standard operator revenue and additional B2B services fee as per Note 8. 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 additional B2B services fee was €Nil in the six months ended 30 June 2022 (six months ended 30 June 2021: €Nil). The option can be exercised any time subject to Onjoc having \$15.0 million of Gross Gaming Revenue ("GGR") over a consecutive 12-month period.

Assessment of control and significant influence

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

- Playtech can propose an independent member to the Board of Directors, who has to be independent to both Playtech and Onjoc, and as such does not have the ability to direct Onjoc's activities as it has no voting representation on the Board;
- Playtech has the right to appoint and remove the COO, CTO and CMO, which although would form part of the wider management team, would not be able to control the relevant activities of Onjoc by themselves; and
- If the option is exercised it would result in Playtech acquiring 50% of the voting rights of the operating entity and therefore would not result in having control. Furthermore, as at 30 June 2022 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

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

and

- the Group provides additional services to Onjoc which Onjoc requires to assist it in successfully running its operations which could be considered essential technical information.

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

The Group has given an interest bearing loan to Onjoc of €1.4 million (31 December 2021: €1.1 million) which is due for repayment in October 2025 and is included in loans receivable from related parties (refer to Note 23).

Valuation

The fair value of the option at 30 June 2022 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 31% (December 2021: 30.5%, June 2021: 40%) 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 of December 2027. The Group used a compound annual growth rate of 100.5% over the forecasted cash flow period and an average Adjusted EBITDA margin of 18%. 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 30 June 2022, the fair value of the Onjoc derivative financial asset is €8.7 million. The difference of €1.8 million between the fair value at 31 December 2021 of €6.9 million and the fair value at 30 June 2022 has been recognised as follows:

- a. €1.2 million derived from the fair value increase of the derivative call option calculated using the DCF model in the consolidated statement of comprehensive income in the six month period ended 30 June 2022.
- b. €0.6 million derived in the fair value increase from the exchange rate fluctuation of USD to EUR as the derivative call option is under a foreign subsidiary of the group whose functional currency is USD; under the other comprehensive income in the six month period ended 30 June 2022.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2022 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 27% to 37% will result in a fair value of the derivative financial asset in the range of €6.8 million - €10.3 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €8.2 million - €9.2 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €7.8 million - €9.8 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €7.8 million - €9.7 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €7.0 million - €10.7 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 €8.1 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 additional B2B services fee was €Nil in the six months ended 30 June 2022 (six months ended 30 June 2021: €Nil). In H1 2022, the Group signed an amendment to the Tenbet agreement in which the option can be exercised at any time from the end of 35 months (previously 18 months) of Tenbet going live. The call option to acquire 81% equity holding in Tenbet is exercisable from July 2023 (previously February 2022).

Under the existing agreements, the Group has provided Tenbet with a credit facility of €2.2 million out of which €1.8 million had been drawn down as at 30 June 2022 (31 December 2021: €1.1 million).

Assessment of control and significant influence

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

- Playtech does not have the ability to direct Tenbet's activities as it has no voting representation on the Board of Directors (or equivalent) or people in managerial positions;
- Playtech has neither the ability to appoint or change any members of the Board of Tenbet; and
- As at 30 June 2022 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

Valuation

The fair value of the option at 30 June 2022 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 34% (December 2021: 32.7%, June 2021: 40%) 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 of December 2027. The Group used a compound annual growth rate of 64% over the forecasted cash flow period and an average Adjusted EBITDA margin of -10%. 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.

As at 30 June 2022, the fair value of the Tenbet derivative financial asset is €9.8 million. The difference of €1.6 million between the fair value at 31 December 2021 of €11.4 million and the fair value at 30 June 2022 has been recognised as follows:

- a. €2.5 million derived from the fair value decrease of the derivative call option calculated using the DCF model in the consolidated statement of comprehensive income in the six month period ended 30 June 2022.
- b. €0.9 million derived in the fair value increase from the exchange rate fluctuation of USD to EUR as the derivative call option is under a foreign subsidiary of the group whose functional currency is USD; under the other comprehensive income in the six month period ended 30 June 2022.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2022 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 30% to 40% will result in a fair value of the derivative financial asset in the range of €7.5 million - €11.6 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €9.3 million - €10.1 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €8.8 million - €10.6 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €9.0 million - €10.6 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €8.1 million - €11.6 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 €9.1 million.

NOTE 16 - DEFERRED TAX

The movement on the deferred tax is as shown below:

	€'m
Balance at 1 January 2022	14.0
Charge to profit or loss (Note 12)	(12.9)
Exchange differences	(0.4)
Balance at 30 June 2022	0.7

	30 June 2022	31 December 2021
	€'m	€'m
Split as:		
Deferred tax liability on acquisitions	93.0	97.2
Deferred tax liability	20.0	0.4
Deferred tax asset (set off with deferred tax liability)	(4.5)	(8.7)
Deferred tax liability	108.5	88.9
Deferred tax asset	109.2	102.9

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 12 for the assessment performed on the recognition of deferred tax in the period.

Details of the deferred tax asset outstanding as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
	€'m	€'m
Deferred tax recognised on group restructuring	60.2	63.6
Tax losses	82.0	36.9
Other temporary and deductible differences	(33.0)	2.4
Total	109.2	102.9

Details of the deferred tax amounts recognised in profit or loss are as follows:

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Accelerated capital allowances	0.3	98.1
Employee pension liabilities	(0.3)	(0.1)
Other temporary and deductible differences	(15.0)	(5.1)
Tax losses	2.1	37.3
Total	(12.9)	130.2

NOTE 17 - ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2022 €'m	30 December 2021 €'m
A. Property, plant and equipment	20.0	20.0
B. Casuals CGU	-	-
C. Financial CGU	523.9	487.4
D. Investment in associates	-	-
	543.9	507.4

- A. During the period ended 30 June 2021, the Group entered into a binding agreement for the disposal of a real estate area in Milan for a total consideration of €20.0 million, out of which €1.0 million was received during the year ended 31 December 2021. The advances received classified as part of the liabilities directly associated with assets were classified as held for sale. Accordingly, the real estate has been classified as held for sale. At the date of the transfer to asset held for sale, an impairment review has been performed against the fair value less expected selling costs. The carrying value of the land is higher than the fair value less expected selling costs and therefore an impairment of €12.3 million has been recognised in the consolidated statement of comprehensive income for period ended 30 June 2021. In addition, €1.8 million deferred tax liability related to the subject land was recognised to the statement of comprehensive income for the year ended 31 December 2021. 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. The transaction is subject to obtaining the formal approval by the Ministry (MIPAAF) and is expected to be finalized in 2023.
- B. Following the decision made by the Group in 2019 to dispose the Casual and Social Gaming Businesses, the value of the divisions was classified as held for sale and the results included in the discontinued operations.

On 29 June 2020, the Group entered into an agreement for the partial disposal of "FTX" included in this division, for a total consideration of \$1.0 million. As a result of this transaction, the Group realised a profit of €0.6 million in the consolidated statement of comprehensive income for the period ended 30 June 2020.

Furthermore, on 11 January 2021, the Group entered into an agreement for the disposal of "Yoyo", also included in this division, for a total consideration of \$9.5 million. As a result of this transaction, the Group realised a profit of €7.6 million in the consolidated statement of comprehensive income for the period ended 30 June 2021, included within the total profit from discontinued operations (refer to Note 7).

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

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

On 26 May 2021, the Group entered into an agreement for the disposal of its Financial segment for a cash consideration up to \$210.0 million. The 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 was completed on 11 July 2022. On that day, the Group received a consideration of \$233.5 million. The consideration is subject to change and there will be a post completion process to determine the final amount based on the actual results of the Financial segment up to 11 July 2022. As part of the completion process, both parties agreed that the Group should pay the Buyer an additional amount related to the completion adjustment of \$5.4 million. As a result, the total consideration for the disposal of the Financial segment is \$228.1 million.

On the completion of the transaction, the Group proceeded with the payment of the break fee of US\$8.8 million to the Consortium that had previously agreed to acquire the Financial segment, as announced in May 2021.

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 to sell. Following a review of the net assets of the unit at 30 June 2021, when compared to the expected proceeds, €2.0 million of the previously recognised impairment was reversed. 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:

	30 June 2022	31 December 2021
	€'m	€'m
Assets		
Property, plant and equipment	4.3	3.6
Right of use assets	6.3	5.5
Intangible assets	98.0	86.6
Trade and other receivables	23.2	25.6
Cash and cash equivalents	392.1	366.1
Assets classified as held for sale	523.9	487.4
Liabilities		
Deferred tax liability	7.1	6.5
Trade payables and other payables	24.9	14.9
Client deposits	144.7	138.5
Client funds	147.1	170.3
Income tax payable	11.2	8.4
Lease liability	4.5	5.2
Liabilities directly associated with the asset classified as held for sale	339.5	343.8

- D. In H2 2020, the Board of Directors made a decision to dispose of its shareholding in two associates and as such their value of €2.2 million was transferred to assets held for sale. In H1 2021, the Group entered into an agreement for the disposal of these associates for a total

consideration of €2.2 million.

NOTE 18 - SHAREHOLDERS' EQUITY

A. Share Capital

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

	Number of Shares	
	30 June 2022	31 December 2021
Authorised	N/A*	N/A*
Issued and paid up	309,294,243	309,294,243

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

The table below shows the movement of the shares:

	Shares in issue/circulation	Treasury shares	Shares held by 2014 EBT	Shares held by 2021 EBT	Total
	Number of Shares	Number of Shares	Number of Shares	Number of Shares	Number of Shares
At 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	545,406	-	(545,406)	-	-
At 30 June 2021	298,149,221	2,937,550	1,179,133	7,028,339	309,294,243
Exercise of options	1,095,105	-	(1,095,105)	-	-
At 31 December 2021/1 January 2022	299,244,326	2,937,550	84,028	7,028,339	309,294,243
Exercise of options	598,666	-	(84,028)	(514,638)	-
At 30 June 2022	299,842,992	2,937,550	-	6,513,701	309,294,243

B. Employee Benefit Trust

In 2014, the Group established an Employee Benefit Trust ("2014 EBT") by acquiring 5,517,241 shares for a total of €48.5 million. During the period ended 30 June 2022, 84,028 shares (six months to 30 June 2021: 545,406 shares) were issued to executive management after meeting the performance/service conditions at a cost of €0.6 million (Six months to 30 June 2021: €4.6 million). As at 30 June 2022, no shares outstanding under the 2014 EBT.

As noted above, in 2021 the Company transferred 7,028,339 shares held by the Company in treasury to the Employee Benefit Trust ("2021 EBT") for a total of €22.6 million. During the period ended 30 June 2022, 514,638 shares (six months to 30 June 2021: Nil) were issued at a cost of €1.7 million (Six months to 30 June 2021: €Nil). As at 30 June 2022, a balance of 6,513,701 shares (30 June 2021: 7,028,339 shares) remains in the 2021 EBT with a cost of €20.9 million.

C. Share options

During the period, 633,570 share options were exercised (Six months to 30 June 2021: 577,028), of which 34,904 were cash settled (Six months to 30 June 2021: 31,622).

D. Distribution of dividend

During 2022, the Group did not pay any dividends.

E. Reserves

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

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

NOTE 19 - LOANS AND BORROWINGS

The main credit facility of the Group is a revolving credit facility ("RCF") up to €317.0 million available until November 2023. Interest payable on the loan is based on a Euro Libor and Libor rates based on the currency of each withdrawal up to 31 December 2021. Following the announcement of the UK Financial Conduct Authority (FCA) as to the future cessation or loss of representativeness of the 35 Libor benchmark, as from 1 January 2022 Libor rates replaced with the SONIA daily rate (sterling overnight index average). As at the reporting date the credit facility drawn amounted to €164.1 million (31 December 2021: €167.1 million).

Under the RCF, 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. The covenants are as follows:

- Leverage: Net Debt/Adjusted EBITDA 3:1
- Interest cover: Adjusted EBITDA/Interest 4:1

As at 30 June 2022 and 31 December 2021 the Group met these financial covenants.

NOTE 20 - BONDS

	2018 Bond €'m	2019 Bond €'m	Total €'m
As at 1 January 2021	526.3	346.8	873.1
Notional interest on bonds	0.7	0.3	1.0
As at 30 June 2021	527.0	347.1	874.1
Notional interest on bonds	0.6	0.3	0.9
As at 31 December 2021	527.6	347.4	875.0
Notional interest on bonds	0.7	0.3	1.0
As at 30 June 2022	528.3	347.7	876.0

2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes ('2018 Bond') due in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue, totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price was 100% of its principal amount and bears interest from 12 October 2018 at the rate of 3.75% per annum payable semi-annually, in arrears, on 12 April and 12 October commencing on 12 April 2019.

The fair value of the liability component of the bond at 30 June 2022 was €522.7 million (31 December 2021: €536.1 million).

2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes ('2019 Bond') due in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue, totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the bond.

The issue price is 100% of its principal amount and bears interest from 7 March 2019 at a rate of 4.25% per annum payable semi-annually, in arrears, on 7 September and 7 March commencing on 7 September 2019.

The fair value of the liability component of the bond at 30 June 2022 was €336.6 million (31 December 2021: €358.3 million).

As at 30 June 2022, the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/Interest ratio, for the combined 2018 and 2019 Bonds.

NOTE 21 -CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY

	30 June 2022	31 December 2021
	€'m	€'m
Non-current redemption liability consists:		
Acquisition of Statscore SP Z.O.O.	4.3	6.0
Current contingent consideration consists:		
Other acquisitions	0.2	-
Total non current redemption liability and contingent consideration	4.5	6.0
Current contingent consideration consists:		
Acquisition of Eyecon Limited	-	3.6
Amount payable to Aquila Global Group SAS ("Wplay") (Note 15C)	1.0	0.8
Other acquisitions	0.6	0.6
Total current redemption liability and contingent consideration	1.6	5.0

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

	30 June 2022	31 December 2021
	€'m	€'m
Acquisition of Eyecon Limited	-	3.6
Acquisition of HPYBET Austria GmbH	-	15.0
Acquisition of Statscore SP Z.O.O	15.0	15.0

Interest in Aquila Global Group SAS ("Wplay")	1.0	0.9
Other acquisitions	0.8	6.8
	16.8	41.3

NOTE 22 - PROVISIONS FOR RISKS AND CHARGES

The Group is involved in proceedings before civil and administrative courts, and other legal or potential legal actions related to its business, including certain matters related to previous acquisitions. Based on the information currently available, and taking into consideration the existing provisions for risks, the Group currently considers that such proceedings and potential actions will not result in an adverse effect upon the financial statements; however, where this is not considered to be remote, they have been disclosed as contingent liabilities.

All the matters were subject to a review and estimate by the Board of Directors based on the information available at the date of preparation of these financial statements and, where appropriate, supported by updated legal opinions from independent professionals. These provisions are classified based on the Director's assessment of the progress and probabilities of success of each case at each reporting date.

Movement of the provisions outstanding are shown below:

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 31 December 2021	6.9	6.7	3.1	16.7
Provisions made during the period	0.3	2.0	0.3	2.6
Provisions used during the period	(0.1)	-	(0.1)	(0.2)
Provisions reversed during the period	(0.5)	(1.2)	(1.1)	(2.8)
Balance at 30 June 2022	6.6	7.5	2.2	16.3

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
31 December 2021				
Non current liabilities	6.9	3.5	3.1	13.5
Current liabilities	-	3.2	-	3.2
	6.9	6.7	3.1	16.7
30 June 2022				
Non current liabilities	6.6	2.3	2.2	11.1
Current liabilities	-	5.2	-	5.2
	6.6	7.5	2.2	16.3

Provision for legal and regulatory issues

The Group is subject to proceedings and potential claims regarding complex legal matters (including those related to previous acquisitions), which are subject to a different degree of uncertainty. Provisions are held for various legal and regulatory issues that relate to matters arising in the normal course of business, including in particular various disputes that arose in relation to the operation of the various licenses held by the Group's subsidiary Snaitech. The uncertainty is due to complex legislative and licensing frameworks in the various territories in which the Group operates. The Group also operates in certain jurisdictions where legal and regulatory matters can take considerable time for the required local processes to be completed and the matters to be resolved.

Contractual claims

The Group is subject to historic claims relating to contractual matters that arise with customers in the normal course of business. The Group believes they have a robust defense to the claims raised and has provided for the likely settlement where an outflow of funds is probable. The uncertainty relates to complex contractual dealings with a wide range of customers in various jurisdictions, and because as noted above, the Group operates in certain jurisdictions where contractual disputes can take considerable time to be resolved in the local legal

system.

Given the uncertainties inherent, it is difficult to predict with certainty the outlay (or the timing thereof) which will derive from these matters. It is therefore possible that the value of the provisions may vary further to future developments. The Group monitors the status of these matters and consults with its advisors and experts on legal and tax-related matters in arriving at the provisions recorded. The provisions included represent the Directors' best estimate of the potential outlay and none of the matters provided for are individually material to the financial statements.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry and the jurisdictions within which the Group operates, the tax, legal and regulatory regimes are continuously changing and subject to differing interpretations. As such the Group is exposed to a small number of uncertain tax positions and open audits / enquiries. Judgement is applied in order to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. The Group has provided for uncertain tax positions which meet the recognition threshold and these positions are included within tax liabilities. There is a risk that additional liabilities could arise. Given the uncertainty and the complexity of application of international tax in the sector, it is not feasible to accurately quantify any possible range of liability or exposure, and this has therefore not been disclosed.

NOTE 23 - 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 six months ended 30 June, the Group companies entered into the following transactions with related parties who are not members of the Group:

	Six months ended 30 June 2022 €'m	Six months ended 30 June 2021 €'m
Revenue		
Associates and structured agreements	63.4	43.7
Operating expenses		
Associates and structured agreements	0.1	-
Interest income		
Associates and structured agreements	0.3	-
Share of (loss)/profit from associates and joint ventures	(3.1)	0.1

The following amounts were outstanding at the reporting date:

	30 June 2022 €'m	31 December 2021 €'m
Trade receivables		
Associates and structured agreements	12.7	16.5

Loans and interest receivable - current

Associates and structured agreements	3.0	2.4
Loans and interest receivable - non current		
Associates and structured agreements	19.9	9.5

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 €4.5 million (30 June 2021: €1.5 million).

NOTE 24 - CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities					
Loans and borrowings	Bonds	Interest on loans and borrowings and bonds	Contingent consideration and redemption liability	Lease liabilities	Total
€'m	€'m	€'m	€'m	€'m	€'m

Balance at 1 January 2022	167.1	875.0	10.4	11.0	95.3	1,158.8
Changes from financing cash flows						
Interest paid on bonds and loans and borrowings	-	-	(19.5)	-	-	(19.5)
Payment of contingent consideration and redemption liability	-	-	-	(4.0)	-	(4.0)
Principal paid on lease liability	-	-	-	-	(11.7)	(11.7)
Interest paid on lease liability	-	-	-	-	(2.9)	(2.9)
Total changes from financing cash flows	-	-	(19.5)	(4.0)	(14.6)	(38.1)
Other changes						
Liability related						
New leases	-	-	-	-	4.4	4.4
On acquisitions	-	-	-	0.7	-	0.7
Interest on bonds, bank borrowings and other borrowings	-	1.0	19.3	-	-	20.3
Interest on lease liability	-	-	-	-	2.9	2.9
Movement in deferred and contingent consideration and redemption liability	-	-	-	(1.7)	-	(1.7)
Foreign exchange difference	(3.0)	-	-	0.1	(0.2)	(3.1)
Total liability related other changes	(3.0)	1.0	19.3	(0.9)	7.1	23.5
Balance at 30 June 2022	164.1	876.0	10.2	6.1	87.8	1,144.2

	Liabilities					
	Loans and borrowings	Bonds	Interest on loans and borrowings and bonds	Contingent consideration and redemption liability	Lease liabilities	Total
	€'m	€'m	€'m	€'m	€'m	€'m
Balance at 1 January 2021	308.9	873.1	10.5	9.7	88.3	1,290.5
Changes from financing cash flows						
Interest paid on bonds and loans and borrowings	-	-	(20.3)	-	-	(20.3)
Repayment of loans and borrowings	(100.0)	-	-	-	-	(100.0)
Payment of contingent consideration and redemption liability	-	-	-	(0.8)	-	(0.8)
Principal paid on lease liability	-	-	-	-	(11.1)	(11.1)
Interest paid on lease liability	-	-	-	-	(2.7)	(2.7)
Total changes from financing cash flows	(100.0)	-	(20.3)	(0.8)	(13.8)	(134.9)
Other changes						
Liability related						
New leases	-	-	-	-	2.4	2.4
Interest on bonds, bank borrowings and other borrowings	-	1.0	20.0	-	-	21.0
Interest on lease liability	-	-	-	-	2.7	2.7
Movement in deferred and contingent consideration and redemption liability	-	-	-	2.2	-	2.2
Payment of contingent consideration related to investments	-	-	-	(4.0)	-	(4.0)
Foreign exchange difference	5.4	-	-	-	1.7	7.1
Total liability related other changes	5.4	1.0	20.0	(1.8)	6.8	31.4
Balance at 30 June 2021	214.3	874.1	10.2	7.1	81.3	1,187.0

NOTE 25 - EVENTS AFTER THE REPORTING DATE

The disposal of the Financial segment was completed on 11 July 2022 for a total consideration of \$219.3 million (net off of break fee of \$8.8 million and the final consideration adjustment of \$5.4 million), resulting in an estimated profit of €8.3 million.

On 15 July 2022, the Group repaid the outstanding balance of the RCF.

As disclosed in Note 15, the Group has been exploring a possible transaction regarding an agreement with Caliente which would allow Caliplay to penetrate the US market with Caliplay being acquired by a US listed special purpose acquisition company ("SPAC"). Capital market conditions have deteriorated significantly since the transaction was initially contemplated and, accordingly, this transaction is no longer being pursued in the same manner. However, the Group continues to explore alternative opportunities with Caliplay management to build a standalone US gaming business under the Caliente brand focused on the Hispanic community in the US. Both parties also continue to have discussions with the SPAC and its associates regarding this alternative opportunity. Discussions are at an early stage and further updates will be made if appropriate.

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

[2] Professional fees incurred for: (a) the potential reorganization of the Group following the exercise of Playtech M&A Call Option (Note 15) and (b) the potential sale of the Group. These expenses are not considered ongoing costs of operations and therefore are excluded.

[3] Fair value change and finance costs on redemption liability related to the acquisition of Statscore. These expenses are not considered ongoing costs of operations and therefore are excluded.

[4] Financial support provided to the Ukraine employees. These expenses are not considered ongoing costs of operations and therefore are excluded.

[5] Payment to terminate an onerous contract with a former service provider. This expense is not considered ongoing costs of operations and therefore is excluded.

[6] Fair value change of equity investments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss. Refer to Note 15.

[7] Impairment of intangible assets relates to the impairment of Eyecon and Quickspin CGU. Refer to Note 14.

[8] 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.

[9] Change in estimates related to uncertain overseas tax positions in respect of prior years.

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

[12] Professional fees incurred for: (a) the reorganization of the Group following the potential exercise of Playtech M&A Call Option (Note 15) and (b) the potential sale of the Group. These expenses are not considered ongoing costs of operations and therefore are excluded.

[13] Fair value change and finance costs on redemption liability and contingent consideration related to the acquisition of Statscore and the contingent commitments of Wplay as discussed in Note 15. These expenses are not considered ongoing costs of operations and therefore are excluded.

[14] In 2020, the Board of Directors approved a £3.0 million COVID-19 Recovery and Resilience Fund. Out of which £1.9 million was spent in the period ended 30 June 2021. This is a one-off payment and therefore is excluded.

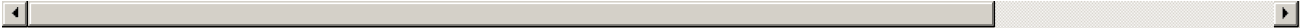
[15] Settlement of legal matter which is not considered a recurring cost and therefore is excluded.

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

[17] Impairment of tangible and intangible assets mainly relates to the impairment of land before the classification as held for sale

[18] 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.

[19] The recognition of €90.3 million of deferred tax asset relates to the special project the Group completed on 1 January 2021 to move the tax residency of a number of companies from the Isle of Man to the UK. Please refer to Note 12 for further details.



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