Playtech plc

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

Results for the six months ended 30 June 2023

Strong EBITDA growth in H1; FY23 on track to be slightly ahead of expectations

Playtech (LSE: PTEC), the leading platform, content and services provider in the online gambling industry, today announces its results for the six months to 30 June 2023.

Financial summary (continuing operations)[1]

	Reported			Adjusted[2]		
	H1 23 €'m	H1 22[5] €'m	Change %	H1 23 €'m	H1 22[5] €'m	Change %
Revenue	859.6	792.3	8%	859.6	792.3	8%
EBITDA	207.3	173.9	19%	219.9	199.1	10%
Post-tax profit[3]	3.1	71.4	-96%	85.7	94.3	-9%
Diluted EPS	1.0 €c	22.9 €c	-96%	27.5 €c	30.2 €c	-9%
Net debt	248.2	494.5	-50%			

Summary

- Record H1 23 performance with H1 Adjusted EBITDA up 10% to €219.9 million.
- Continued strength seen across regulated B2B markets and Snaitech.
- Comprehensive partnership signed with Hard Rock Digital in Q1 23, establishing Playtech in key US states and with international expansion to follow.
- The Group is on course to deliver FY23 Adjusted EBITDA slightly ahead of current expectations.

Divisional highlights

B2B

- Strong performance from B2B, with H1 23 revenue up 7% to €334.5 million versus H1 22. B2B Adjusted EBITDA increased 5% to €81.3 million (H1 22: €77.2 million).
- The Americas was the standout region during the period, with revenue growth of 43% to €99.7 million. Caliente remains the key driver of this growth. Brazil continues to grow strongly as it moves towards regulating, and the early performance of Galera.bet is encouraging.
- Significant progress made on executing the US strategy:
  - Landmark agreement signed with Hard Rock Digital in early 2023, including an $85 million (€79.8 million) investment in exchange for a small minority equity ownership stake.
  - Ohio, Maryland and West Virginia licences granted so far in 2023, and Playtech is now licensed in 10 states with further applications progressing.
  - Launched with several operators across multiple states, including 888, Rush Street Interactive and PokerStars, and expanded our relationships with BetMGM and BetParx as they launch in further states.
- Announced an extension of the partnership with NorthStar, alongside a strategic investment to ensure Playtech is well-positioned to benefit from the regulation of the Canadian market.
- Europe ex-UK revenue grew 5% to €96.6 million, with growth seen across multiple countries including Poland and Spain.
- Live Casino continued to see healthy revenue growth; the Company remains focused on regulated markets which saw revenue growth of 24% in H1 23 versus H1 22.
- SaaS revenues grew more than 50% in H1 23 versus H1 22, illustrating our excellent progress towards achieving the medium-term SaaS revenue target of €60 million - €80 million.

- Launched BetBuddy, part of Playtech's safer gambling technology, with five new brands in H1 23, bringing the total to 15 brands in eight jurisdictions.

B2C

- Solid B2C performance (including Snaitech, HAPPYBET and Sun Bingo & Other B2C) with revenue up 9% to €532.1 million (H1 22: €487.3 million). Adjusted EBITDA up 14% to €138.6 million (H1 22: €121.9 million).
- Snaitech Adjusted EBITDA increased 12% to €141.9 million (H1 22: €127.0 million) driven by growth across both retail and online, as well as pent-up demand following the World Cup.
    - Retail Adjusted EBITDA up 13% to €73.2 million (H1 22: €64.7 million)
    - Online Adjusted EBITDA up 10% to €68.7 million (H1 22: €62.3 million)
- The Snai brand maintained its number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in H1 2023.
- HAPPYBET, now integrated into Snaitech's operations, reported Adjusted EBITDA of €-6.1 million (H1 22: €-5.2 million), although the current period includes a €2 million historical litigation settlement expense. Strategic and operational measures have been taken across both retail and online, with leading KPIs showing improvement.
- Sun Bingo and Other B2C saw 8% revenue growth to €34.1 million (H1 22: €31.7 million) while Adjusted EBITDA grew to €2.8 million, up from €0.1 million in H1 22.

Financial and corporate activity

- Reported post-tax profit of €3.1 million in H1 23, was down from €71.4 million in H1 22, due to an overall reduction in the fair value of the derivative financial assets recognised in the income statement, and the derecognition of brought forward deferred tax assets.
- Strong cash generation in H1 23, with adjusted operating cashflow[4] of €232.8 million.
- Group net debt as at 30 June 2023 was €248.2 million, resulting in leverage of 0.6x.
- Robust balance sheet following the issuance of a €300 million bond due 2028. In July 2023, part of the proceeds were used to redeem all of the outstanding €200 million notes due 2023, and also to repay outstanding debt under Playtech's revolving credit facility, such that this facility is now fully undrawn.

Corporate governance

As announced on 17 May 2023, John Krumins advised the Board that he wished to step down from the Board. At the request of the Chairman, John agreed to remain as a Non-executive Director of the Company and Chairman of the Audit Committee until after the publication of the Group's interim results, ensuring a smooth transition to his successor as Chairman of the Audit Committee. Playtech now confirms John Krumins will be stepping down on 29 September 2023.

Playtech has also made the following changes to the Committees of the Board, effective from 29 September 2023:

- Ian Penrose will assume the Chair of the Audit Committee and is appointed to the Nominations Committee, while stepping down from the ESG Committee.
- Samy Reeb is appointed to the Audit and ESG Committees along with assuming the Chair of the Risk Committee, replacing Anna Massion.
- Anna Massion will become the Chair of the Remuneration Committee, replacing Ian Penrose and is also appointed to the ESG Committee.

Current trading and outlook

- Following a strong H1 performance, H2 has started well with normal seasonality.
- On track to deliver FY 2023 Adjusted EBITDA slightly ahead of current expectations.
- B2B medium term Adjusted EBITDA target of €200 – 250 million and B2C medium-term Adjusted EBITDA target of €300 – 350 million maintained.
- Strength of balance sheet further improved by strong cash generation and bond issuance, giving flexibility to pursue both organic and inorganic growth opportunities.
- The Board remains confident in Playtech's ability to execute on growth opportunities across both B2B and B2C divisions.

Mor Weizer, CEO, said:

"We delivered our highest ever Adjusted EBITDA in the first half of 2023, demonstrating the benefits of the continued strategic and operational progress made in recent years. I would like to thank all our colleagues for their hard work and support in making this possible.

"Our success in the period was driven by our diversified portfolio, spanning B2B and B2C, in some of the fastest-growing regulated markets around the world. Having laid the groundwork in the US, we are growing our offering across multiple states and are confident in our future prospects following the landmark agreement with Hard Rock Digital. Additionally, we further cemented our leadership in LatAm with Caliente in Mexico and Galera.bet in Brazil. Snaitech in Italy enjoyed another strong period, with the management team continuing to leverage their retail presence to grow the online business.

"We have started the second half of the year well and are on track to deliver FY23 Adjusted EBITDA slightly ahead of current expectations. With our proven strategy, robust balance sheet and our operational expertise, we are confident in our ability to capitalise on the many growth opportunities we have ahead."

– Ends –

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[1]Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
[2]Adjusted numbers relate to certain non-cash and one-off items, as well as material reorganisation and acquisition-related costs. The Board of Directors believes that the adjusted results more closely represent the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10.
[3]Adjusted 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.
[4]Adjusted operating cash flow refers to net cash provided by operating activities from continuing operations after adjusting for changes in jackpot balances, client funds, professional fees and the ADM security deposit in Italy.
[5]H1 2022 numbers have been restated to reflect Snaitech's online bank charges, which are now being recognised within EBITDA. Refer to Note 4B for more details.

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/64e31fc09b8a600d00eba947/melgkr

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

United Kingdom (Local): +44 20 4587 0498
United Kingdom (Toll-Free): +44 800 358 1035

Global Dial-In Numbers

Access Code: 303420

The presentation slides will be available today from 8.30 am at:

http://www.investors.playtech.com/results-centre/presentations.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 industry with over 7,300 employees across 19 countries.

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

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

Chief Executive Officer's Review

Overview

Playtech has continued to make good progress on its strategic priorities in the first half of 2023. We delivered record Adjusted EBITDA in the period, driven by strong performances from both the B2B and B2C businesses. The growth achieved in the first half of the financial year gives the Board further confidence in achieving Playtech's medium-term Adjusted EBITDA targets for B2B (€200 - €250 million) and B2C (€300 – €350 million), while taking further strides to capture the exciting market opportunities ahead.

The strategic focus of Playtech's B2B business remains on opportunities in regulated or soon to be regulated markets. There is a particular emphasis on high-growth markets including the US and Canada, Latin America and certain European markets. These regions helped the B2B segment to deliver revenue growth of 7% (+5% on a constant currency basis) to €334.5 million (H1 2022: €312.0 million). B2B Adjusted EBITDA increased 5% to €81.3 million (H1 2022: €77.2 million). This B2B performance absorbed marketing activities in the period to further promote Playtech's products, and thus, excluding the impact of these, growth would have been higher.

Accelerating the Group's presence in the US remains a key strategic priority for Playtech. In 2022, we laid the groundwork by signing deals with multiple operators. 2023 is a year where we are focused on execution and rolling out those deals to multiple states. In the first half of 2023, we launched with several operators across multiple states, including 888, PokerStars and Rush Street Interactive, while also expanding our presence with BetParx and BetMGM.

In early 2023, we signed a landmark agreement with Hard Rock Digital to provide Casino and Live, amongst other content, in North America. Playtech has also invested $85 million (€79.8 million) in exchange for a small minority stake in Hard Rock Digital.

In Latin America, Playtech has continued to see excellent growth from Caliente, which further cemented its leadership position in Mexico. Our other strategic agreements in Latin America also performed well. Sports betting has now been regulated in Brazil, subject to Congress approval, and Playtech is well positioned to capitalise on the opportunity given its exciting strategic agreement with Galera.bet.

In Europe ex-UK, B2B revenue was driven by strong performances across several countries, including most notably Poland and Spain.

Playtech remains committed to diversifying its B2B division by driving growth through our SaaS business model. At the FY 2022 results, we announced a medium-term SaaS revenue target of €60 million – €80 million, and we are pleased to report that we are making excellent progress towards achieving this target, with the SaaS business delivering revenue of €23 million in H1 23, up more than 50% versus H1 22. We continued to see strong customer acquisition with more than 50 further brands added, bringing the total to over 400.

B2C revenues rose 9% to €532.1 million (H1 2022: €487.3 million) and Adjusted EBITDA increased 14% to €138.6 million (H1 2022: €121.9 million), as Snaitech delivered another excellent performance. Both retail betting, which benefitted from pent-up demand after the football World Cup (given Italy was absent from the tournament), and the online business performed well. The latter benefitted from strong brand loyalty, continuous improvements to apps and technology, and a broadening of its content offering.

None of this would have been possible without our colleagues around the world, and I would like to thank them for their hard work and commitment to deliver first-class customer service to all of our clients. They are our greatest asset and are the key force behind the results published today.

B2B

Core B2B

Regulated markets

Playtech's B2B business remains focused on opportunities in regulated and soon to be regulated markets. The majority of these are high-growth markets such as the US, Latin America and certain European countries.

Regulated markets saw revenue growth of 15% (11% on a constant currency basis) compared to H1 2022, with strong contributions from Caliente in Mexico and other regulated markets such as Poland, Spain, Italy and Canada.

The Americas

The Americas continues to grow rapidly, with H1 2023 revenue up 43% (29% on a constant currency basis) compared to H1 2022. This was largely driven by another strong performance from Caliente as well as growing contributions from other customers, including NorthStar in Canada and Wplay in Colombia.

US

Accelerating the Group's presence in the US remains a key strategic priority. While the Group has taken significant steps to capitalise on the favourable regulatory environment in the US, there remains multiple opportunities ahead. Having signed deals with multiple operators in 2022, the first half of 2023 has seen Playtech shift its focus to executing on those agreements.

In the first six months of the year, we launched with several operators across multiple states. 888 with its SI Casino brand and PokerStars were launched in Michigan for both Casino and Live. Rush Street Interactive with its Betrivers brand went live in Michigan in addition to its Sugarhouse brand in New Jersey, both for Casino. Furthermore, we expanded our partnership with BetMGM with the launch of Casino in Michigan, while successfully rolling out Sports SSBTs for the first time in the state of Ohio.

We continue to expand our presence with BetParx. We successfully launched Live in New Jersey, featuring 'Adventures Beyond Wonderland', while also launching the IMS in Ohio and Maryland. This gives Playtech a presence with BetParx in five states: Michigan, Pennsylvania, New Jersey, Ohio and Maryland. Further product launches in additional states with BetParx are expected going forward.

As announced in March 2023, Playtech signed a landmark strategic agreement with Hard Rock Digital (HRD), the interactive gaming and sports betting division of Hard Rock International. As part of the partnership, in the US and Canada, HRD's customers will enjoy a variety of Playtech's iGaming content offering including slots, RNG and live dealer table games through HRD's existing proprietary platform and technology offering. These products will also be supplied outside of North America in addition to the IMS and services including marketing and operations. Playtech has also invested $85 million (€79.8 million) in exchange for a small minority equity ownership stake in HRD.

Aside from launching with multiple operators in several states, the Company is also rolling out its suite of innovative content. Adventures Beyond Wonderland for Live Casino was launched in the New Jersey facility in July 2023, delivering the first true game show experience to the American market. Mega Fire Blaze Roulette, a Playtech Live Casino hit in multiple countries, has opened in Michigan, while the Buffalo Blitz Live slot game has also launched in the US in Michigan. In addition, we will be launching a new Casino slot game in the US called, 'Gold Rush: Cash Collect', based on the popular Discovery Channel reality TV show. Gold Rush: Cash Collect has already launched in multiple European jurisdictions, proving successful.

Playtech remains committed to further expanding its physical footprint in the US and other high-growth markets. In addition to the existing Live studios in New Jersey and Michigan, construction on another Live facility in Pennsylvania is well underway and is expected to open before the end of 2023. Behind the Company's growing physical presence are an increasing number of employees focused on sales, operations and back-office functions, taking total headcount in the US to more than 150 at the end of H1 2023.

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.

Online casino, which was not subject to PASPA, is allowed at the discretion of individual states. No new states have authorised Online casino in 2023 thus far, although there are several states where iGaming legislation is being considered.

In 2023, Playtech received licences for Ohio, Maryland and West Virginia, taking the total number of US states where Playtech has a licence to 10.

Canada

In early 2023, Playtech announced an expansion of its partnership with NorthStar. The Company also made an investment, initially by way of a convertible debenture in December 2022, which subsequently was converted into equity in H1 23. The agreement also expands the scope of Playtech's offering to NorthStar to include operational and marketing services, in addition to the IMS platform, Casino, Live, Poker and Bingo solutions already launched. NorthStar has since acquired Slapshot Media Inc. to open up the Canadian market to the NorthStar brand beyond Ontario, and is in the process of raising additional capital from Playtech and other investors to accelerate the growth of NorthStar's footprint across Canada. Aside from NorthStar, Playtech has further exposure to the Canadian market with more than 10 other operators and launched with Fan Duel for Casino and Live in Ontario.

Latin America

In Latin America, Playtech continues to see excellent growth from Caliente in Mexico. Revenue from Wplay was impacted by certain activities in the half. Underlying revenues from Wplay continued its strong performance, and Wplay remains well-positioned to grow its presence there further in the years ahead.

In 2022, Playtech opened a new Live Casino facility in Peru as it continues to extend its presence across the region. Several customers, such as Wplay and Betano, have launched tables in the new Live facility with positive results so far. Given the strong demand, we are building a second studio in Lima which is expected to open in the coming months. This will help ensure we have the capacity to take advantage of further favourable regulation and strong growth in the region, such as in Brazil in the years to come.

Sports betting has now been regulated in Brazil with the President signing a Provisional Measure, which is subject to the approval of Congress. Brazil is anticipated to be a significant, high-growth market given the large population and love of sports. Playtech is well positioned to benefit given its exciting strategic agreement with Galera.bet, which migrated its Sports product onto Playtech's platform at the end of H1 23. In addition to Galera.bet, Playtech also has exposure to Brazil via its other B2B partners in the country.

Europe

In Europe ex-UK, B2B revenue growth of 5% (5% on a constant currency basis) was driven by strong performances in several countries including Poland and Spain. This was partly offset by lower revenue from the Netherlands due to increased competition and a strict regulatory environment.

There were several launches in Spain in the half, including DAZNBET going live with Casino and Live, KirolBet with Live, and both Luckia and Platin Casino with Casino. Playtech saw several launches with existing customers in expanded territories, such as Leo Vegas in Italy launching Casino and Live products and Unibet launching in Romania with Casino. This demonstrates the versatility and scalability of Playtech's business model and the trend to grow customer relationships over time.

Following another competitive public tender in 2023, Playtech's contract with Polish state operator, Totalizator, for the IMS platform was extended for multiple years, illustrating the strength of Playtech's offering and our successful strategy of partnering with leading brands and institutions in newly regulated online markets.

Elsewhere in Europe, the Company continues to expand its Live Casino infrastructure with extensions to facilities in Latvia, Romania, the Netherlands and the UK ongoing, illustrating the growing demand across the segment.

France saw positive regulatory developments in the first half. In May 2023, the French government introduced a bill that set out proposals to regulate the online casino market. A key part of the bill is for a five-year moratorium, whereby online casino would be regulated until January 2030, but only for existing land-based casino licensees. Following this, additional players could enter the market. At present, in the online segment, only poker, sports betting and horse race betting are regulated through approved operators. While it is still early days, Playtech is well positioned should France regulate the online casino segment, with multiple B2B customers. Overall B2B revenue from France grew healthily in the first half of the year.

UK

UK revenues saw declines of 2% (2% growth on a constant currency basis) compared to H1 2022, where the regulatory climate continues to have an impact.

In December 2020, the UK Government announced a call for evidence to review the existing gambling laws in Great Britain. Following the initial call for evidence, which closed on 31 March 2021, the Government assessed the evidence presented, alongside other data, and set out its conclusions and proposals for reform in a White Paper, published in April 2023.

At this point in time, there is still some uncertainty around the impact of the White Paper on the industry. The proposals have not resulted in changes to legislation or regulation just yet, and are subject to consultation with various stakeholders, the timing of which is unclear. With affordability checks the area where any impact is most uncertain, the White Paper's message that it recommends these checks be frictionless is positive. However, until the specifics of any measures that will be implemented and the precise mechanics required to adhere to them are known, it is difficult to assess the overall impact. In response to the UK Government review, several operators have been taking pre-emptive measures in an attempt to show regulators that the industry is able to self-regulate. So while part of the impact of the White Paper has already been felt across the industry in the UK, the full extent of the impact is hard to quantify.

As one of the largest regulated markets in the world, the UK remains an important market for Playtech and its customers. Playtech is already working with customers that took pre-emptive measures in advance of the publication of the White Paper and is committed to supporting its remaining clients as the proposals come into force. Playtech is uniquely advantaged given its market-leading technology and data, which put safety and responsible gambling at the centre of everything. The Company remains heavily involved in discussions around safer game design and will continue to be following this next wave of regulation. This should further cement Playtech's reputation as the go-to platform for regulated markets.

<u>Unregulated (excl. Asia)</u>

The Group's strategy to focus on both regulated and regulating markets includes unregulated markets which are likely to regulate in the future. Revenue from these unregulated markets (excluding Asia) was down 13% (-14% on a constant currency basis) versus H1 2022, with underlying growth in Brazil more than offset by a decline in South Africa and Canada. In Canada, Ontario transitioned to being regulated, and as a result, some revenue has shifted to regulated operators while other operators have reduced their exposure to the Canadian market. 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 through strategic agreements, Playtech announced at the start of 2023 that it had reached an agreement to expand its offering to NorthStar in Canada. Playtech now provides strategic advice, most notably in online operations, managed services and market expansion in addition to the IMS platform, Casino, Live Casino, Poker and Bingo technology it already supplied as part of the software and services agreement agreed in December 2021. This agreement also extended the existing arrangement with NorthStar for 10 more years, and gives Playtech the right to expand its existing arrangement beyond Ontario and across the entire Canadian market.

The Company is also excited about the potential of the South African market as it takes steps towards regulating. At present, it is a nascent but fast-growing market, which permits sports betting and Live Casino. Towards the end of 2022, Playtech launched Casino and Live products with TsogoSun.

<u>Unregulated Asia</u>

Unregulated Asia saw revenue decline 14% (-10% on a constant currency basis) compared to H1 2022 due to continued pressures in the region.

B2B – driving growth through innovation

SaaS

Playtech is committed to diversifying its B2B division by driving growth through our SaaS business model, which targets the long tail of providers that don't have access to our IMS platform. At the FY 2022 results, we announced a medium-term SaaS revenue target of €60 million – €80 million, and we are pleased to report that we are making good progress towards achieving this target, with the SaaS business seeing revenue growth of more than 50% in H1 2023 versus H1 2022.

While we continue to focus on increasing our wallet share with existing brands on our SaaS platform, we have also made progress in attracting new customers in both regulated and regulating markets to the SaaS offering. Playtech launched over 50 brands in the period, with notable progress in the US as Rush Street Interactive launched in Michigan and New Jersey. We now have more than 400 brands live since the launch of our SaaS model in 2019.

As the SaaS model provides a low friction method of exposing operators to Playtech's content, we have the ability to cross and upsell other Playtech products over time. Meanwhile, a broad range of customers from multiple countries across different product sets means our revenue base is more diversified, ensuring our B2B revenues are more resilient to any changes in our operating environment.

Product developments

As the online gaming world expands, there is ever increasing demand to deliver new, engaging and immersive entertainment experiences for consumers. In August 2023, Playtech announced the launch of Jumanji The Bonus Level, a new game within Live that combines cutting-edge technology with the cinematic qualities of the famous movie. Following a complex development process, Jumanji The Bonus Level is the first-ever Live game inspired by a Hollywood blockbuster, marking a key milestone in the gaming industry. This game is housed in a studio designed to immerse players in the world of Jumanji. The studio's attention to detail ensures that the game replicates the authenticity of the original movie, delivering a 24/7 theme park-like experience.

In July 2023, Playtech also announced the launch of Big Bad Wolf Live, an innovative experience that combines a slot game with elements of a Live experience, released from Quickspin Live, the RNG arm of our Live division. The game, which stands apart due to its artwork and unique features, sets a new industry standard for Live Casino gaming.

Playtech continues to invest in branded IP. In the half, the Company signed the exclusive US rights to Family Feud, one of US television's longest-running and highest rated gameshows, and expects to launch a Game Show next year.

Finally, Playtech's Live product has been recognised as a leading solution in the industry, winning the EGR Live supplier of the year for 2023, acknowledging the achievements of its extremely talented team.

B2C

Playtech's B2C business includes Snaitech, HAPPYBET, and Sun Bingo and Other B2C operations. Overall B2C revenues grew 9% (9% on a constant currency basis) to €532.1 million (H1 22: €487.3 million). Adjusted EBITDA also grew 14%, rising to €138.6 million (H1 22: €121.9 million).

Snaitech

Snaitech revenue saw good growth in H1 2023, up 10% compared to the same period in the prior year, while Adjusted EBITDA grew 12% versus H1 2022. This strong performance was driven by both the retail segment which saw revenue and Adjusted EBITDA growth of 9% and 13% versus H1 22, respectively, and the online business which saw revenue and Adjusted EBITDA growth of 12% and 10% versus H1 22, respectively.

Within the retail segment, retail betting sales were up 24% versus H1 22 due to pent-up demand after the football World Cup (given Italy was absent from the tournament). Gaming Machines revenue was up 3% versus H1 22 as this business normalises post-pandemic, with the growth being driven mainly by the video lottery terminal business. At the Adjusted EBITDA level, retail margins expanded 80 bps versus H1 22, driven by operating leverage on strong revenue growth.

The online business saw strong growth, with both sports betting and casino performing well. The under-penetration of this segment continues to be a structural tailwind for the business, with Snaitech well-placed to benefit given the strength of the brand, the continuous improvements to apps and technology, and a broadening of its content offering. Adjusted EBITDA margins remained high at 52% in H1 2023 versus 53% in H1 2022.

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 now expected to be received in H1 2025.

In March 2023, Snaitech acquired Giove Group for a total consideration of €6.0 million. Giove Group is a well-established betting operator in the Puglia region (southern Italy), and holds licences for both retail betting and online, directly managing 18 betting shops.

Snai maintained its number one market share position (retail and online combined measured by GGR) across Italian sports betting brands in H1 2023, cementing its reputation for consistent operational and brand strength.

HAPPYBET

HAPPYBET revenues were down 4% in H1 2023 compared to H1 2022, driven by a rationalisation of retail sites in Germany, while Adjusted EBITDA losses expanded to €6.1 million in H1 2023, versus a loss of €5.2 million in H1 2022. Excluding a €2 million expense related to an historical litigation settlement, Adjusted EBITDA losses narrowed to €4.1 million in H1 2023.

Since the Snaitech management have taken over the operations of HAPPYBET, they have been implementing a plan to improve the business's performance in retail and optimise the online segment.

A process is currently underway to modify the retail footprint in Germany, improving the quality of their locations. Less profitable retail stores have been rationalised, while there are plans to open several retail shops in more attractive areas in 2024, with local licences currently being applied for. The closure of retail sites in Germany, coupled with new retail shops yet to be opened is the primary cause of the decline in revenues in HAPPYBET during the half.

In Austria, revenue increased in H1 2023, partly offsetting the decline in Germany, due to the expansion in the number of retail sites in the most profitable federal states of Tyrol and Vienna. Adjusted EBITDA margins improved as some directly managed shops transitioned to a franchise model.

The strategy of optimising HAPPYBET's online business has so far focused on two main areas: optimising the player bonus policy and implementing a new approach to risk and trading around the sportsbook. There are signs that the measures put in place are having a positive impact, with better payouts being seen in Q2 2023 versus Q1 2023, lower bonus to GGR ratios in H1 23 v H1 22 and a positive trend in revenues, albeit from a low base.

Sun Bingo and Other B2C

Sun Bingo and Other B2C saw 8% revenue growth to €34.1 million (H1 2022: €31.7 million) while Adjusted EBITDA grew to €2.8 million up from €0.1 million in H1 2022. The primary reason for the improvement in performance was the increased marketing spend at the end of 2022 around the time of the football World Cup, resulting in higher revenue growth in H1 2023 at a high contribution margin.

Safer gambling and sustainability

As a business, the most impactful contribution that Playtech can make to the industry and in society is through the provision of technology to advance safer gambling and player protection. We are committed to supporting our licensees in this journey while growing our business sustainably and in a way that builds long term value for all our stakeholders. To meet this ambition we have set out a five-year strategy and roadmap that moves us towards fully integrating sustainability and responsible business into our culture, strategy and operations.

It is easy to forget that the war in Ukraine continues to rage on, causing untold devastation for countless people. Ukraine remains front and centre for all of us, not least given the number of employees we have there. I would like to say a huge thank you to our colleagues who have devoted significant amounts of time and resources to maintain contact with those on the ground in Ukraine and those who have been forced out of their homes.

We remain firmly committed to making progress on all areas relating to sustainability, including safer gambling, diversity and climate change. In the first half of the year, we have continued to take positive steps towards the targets that we set out under our sustainability framework. Highlights include:

Safer Gambling

- Launched BetBuddy, part of Playtech's safer gambling technology, with five new brands in H1 23, bringing the total to 15 brands in eight jurisdictions.
- Achieved GamCare B2B Safer Gambling Standard at Provisional Advanced Level 3, the highest award possible.
- Published and presented two new research papers providing insights on data analytics for harm prevention and gambling product risk at the UNLV International Conference on Gambling & Risk Taking in May.

Climate Change

- Launched a new, global partnership with the environmental non-profit, Hubbub, to support employee engagement and action on climate change.
- Secured inclusion in the FT Europe Climate Leaders 2023 listing, published in April 2023.

Diversity and Inclusion

- Increased female representation amongst our senior leadership population with females representing 28% as of 30 June 2023 (FY 2022: 26%).
- Recognised for our progress on diversity by winning the Company of the Year award at the gambling industry's Women in Gaming Awards.

Chief Financial Officer's review

Overview

Group performance

Overall, Playtech had a strong H1 2023 performance, with Adjusted EBITDA[1] of €219.9 million (H1 2022: €199.1 million), an increase of 10% compared to H1 2022. Total reported revenue from continuing operations was €859.6 million (H1 2022: €792.3 million), representing an 8% increase compared to H1 2022.

The strong performance was driven by both the B2C and B2B divisions. In B2C, Snaitech had an excellent H1 2023 performance driven by growth across both online and retail divisions, with B2C Adjusted EBITDA of €138.6 million, an increase of 14% compared to H1 2022.

In B2B, the results were driven by strong growth in regulated markets, with B2B revenues growing by 7% from €312.0 million to €334.5 and Adjusted EBITDA increasing by 5% from €77.2 million in H1 2022 to €81.3 million. This B2B performance absorbed marketing activities in the period to promote the Playtech products, and thus, excluding the impact of these, B2B growth would have been higher. Notwithstanding this, the performance is in line with the Group's strategy of focusing on opportunities in regulated and soon to be regulated markets and is further analysed in this report.

In March 2023, the Group invested $85.0 million (€79.8 million) in Hard Rock Digital in exchange for a small minority interest in a combination of equity shares and warrants. This investment forms part of the Group's strategy to expand its presence in the US, in addition to providing growth opportunities globally.

Reported and adjusted profit

Adjusted profit before tax from continuing operations grew by 14% to €139.3 million (H1 2022: €122.3 million), driven mainly by the rise in Adjusted EBITDA and decrease in financing costs, offset partly by the increase in amortisation and depreciation.

Reported profit before tax from continuing operations decreased to €79.6 million (H1 2022: €103.7 million) which in addition to the above also includes the decrease in the unrealised fair value changes of derivative financial assets. Total post-tax reported profit from continuing operations was €3.1 million (H1 2022: €71.4 million), with the movement in tax explained further in this report.

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, of €643.2 million as at 30 June 2023 (31 December 2022: €272.4 million). The increase is a result of the new €300.0 million bond issue which took place in June 2023 (see below), as well as the continued strong performance of the Group throughout the period. Net debt decreased to €248.2 million as at 30 June 2023 (31 December 2022: €275.2 million), while net debt/Adjusted EBITDA (last 12 months) improved slightly at 0.6x (31 December 2022: 0.7x).

Playtech has taken a proactive approach to managing its balance sheet so far this year. In June 2023, the Company acted quickly to take advantage of a window of relative market calm and secure favourable interest rates, issuing €300 million of senior secured notes due in 2028 at an interest rate of 5.875%. Part of the proceeds were used post-period end to redeem all of the outstanding €200.0 million 3.75% senior secured notes due in October 2023. The Company also used the proceeds to repay outstanding debt under its existing revolving credit facility in July 2023, which remains available and undrawn today.

Group summary (continuing operations)[3]

	H1 2023 €'m	H1 2022 €'m
B2B	**334.5**	312.0
B2C	**532.1**	487.3
Intercompany	**(7.0)**	(7.0)
Total Group revenue from continuing operations	**859.6**	792.3
Adjusted costs[4]	**(639.7)**	(593.2)
Adjusted EBITDA from continuing operations	**219.9**	199.1
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	**207.3**	173.9
Employee stock option expenses	**2.9**	4.6
Professional fees	**4.6**	10.1
Ukraine employee support costs	**-**	1.9
Onerous contract	**-**	10.4

Fair value change of redemption liability	**-**	(1.8)
Impairment of investment and receivables	**5.1**	-
Adjusted EBITDA	**219.9**	199.1
Adjusted EBITDA margin	**26%**	**25%**

The Group's total reported EBITDA increased by 19% to €207.3 million (H1 2022: €173.9 million). The adjusted items between reported and Adjusted EBITDA are explained in Note 10 of the interim financial statements.

Divisional performance

B2B

B2B revenue

	H1 2023 €'m	H1 2022 €'m	Change %	Constant currency %
Regulated – Americas	**99.7**	69.8	43%	29%
Regulated – Europe (excluding UK)	**96.6**	92.2	5%	5%
Regulated – UK	**62.9**	63.9	-2%	2%
Regulated – Rest of the world	**3.3**	2.9	14%	14%
Total regulated B2B revenue	**262.5**	228.8	15%	11%
Unregulated excluding Asia	**42.6**	49.2	-13%	-14%
Total core B2B revenue	**305.1**	278.0	10%	7%
Asia	**29.4**	34.0	-14%	-10%
Total B2Brevenue	**334.5**	312.0	7%	5%

Overall, B2B revenues increased by 7% (5% on a constant currency basis), largely due to an increase in the regulated B2B business.

Core B2B revenues[2] increased by 10%, driven by an increase in regulated markets in the Americas and Europe (excluding the UK) of 43% and 5% respectively (29% and 5% respectively on a constant currency basis), partly offset by declines in revenues from the UK and unregulated excluding Asia.

The increase in the Americas was primarily driven by Mexico, due to revenue growth from Caliente while in Europe (excluding the UK) growth was driven by several countries including Poland and Spain. The increase in Poland was driven by Playtech's partnership with Polish state operator, Totalizator, which is going from strength to strength, whereas in Spain there were several new launches during H1 2023.

The small decline seen across the UK market was due to the continued impact of the uncertain regulatory climate, as well as the marketing activities to push promotion of Playtech products further. In unregulated markets excluding Asia, most of the decline is due to revenue shifting from this category to regulated, as areas such as Ontario in Canada move to a regulated environment.

The revenue from Asia declined by 14% and 10% on an actual and constant currency basis respectively, due to the continued pressures in the region.

B2B costs

	H1 2023 €'m	H1 2022 €'m	Change %
Research and Development	**51.6**	42.9	20%
General and Administrative	**42.6**	37.4	14%
Sales and Marketing	**10.4**	8.4	24%
Operations	**148.6**	146.1	2%
Total B2B Costs	**253.2**	234.8	8%

Total B2B Revenue and Costs			
B2B revenue	**334.5**	312.0	7%
B2B costs	**(253.2)**	(234.8)	8%
Total B2B Adjusted EBITDA	**81.3**	77.2	5%
Margin	**24%**	25%	

Research and Development ("R&D") costs include, among others, employee-related costs, and proportional office expenses. Expensed R&D costs grew by 20% to €51.6 million (H1 2022: €42.9 million), driven by the increase in employee-related costs, due to inflationary rises. Capitalised development costs were 35% of total B2B R&D costs in H1 2023 (H1 2022: 38%).

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 14% to €42.6 million (H1 2022: €37.4 million), mainly due to increases in consulting fees and other administration costs.

Sales and Marketing costs increased by 24% to €10.4 million (H1 2022: €8.4 million), mainly due to the full return of marketing and exhibition activities to pre-COVID-19 levels.

Operations 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 2% to €148.6 million (H1 2022: €146.1 million), driven mainly by an increase in employee-related costs mostly due to Playtech's expanding Live and US operations, as well as increase in costs to support Playtech's structured agreements. H1 2022 included a provision for bad debt for Asia with no further provision in H1 2023.

B2B Adjusted EBITDA
Total B2B Adjusted EBITDA increased by 5% to €81.3 million (H1 2022: €77.2 million), while EBITDA margin dropped slightly to 24% from 25% in H1 2022, driven by the above period on period movement in revenue and costs.

B2C

	H1 2023 €'m	H1 2022 €'m	Change
Snaitech			
Revenue*	**488.4**	446.0	10%
Costs	**346.5**	319.0	9%
Adjusted EBITDA	**141.9**	127.0	12%
Margin	**29%**	28%	
Sun Bingo and Other B2C			
Revenue	**34.1**	31.7	8%
Costs	**31.3**	31.6	-1%
Adjusted EBITDA	**2.8**	0.1	NA
Margin	**8%**	0%	
HAPPYBET			
Revenue	**10.3**	10.7	-4%
Costs**	**16.4**	15.9	3%
Adjusted EBITDA	**(6.1)**	(5.2)	17%
Margin	**NA**	NA	
B2C Adjusted EBITDA	**138.6**	121.9	14%
Margin	**26%**	25%	

* Includes intercompany revenue from HAPPYBET of €0.7 million (H1 2022: €1.1 million).
** Includes intercompany costs from Snaitech of €0.7 million (H1 2022: €1.1 million).

Snaitech
Snaitech revenues increased 10% from the prior period to €488.4 million (H1 2022: €446.0 million), with operating costs seeing a similar increase of 9% to €346.5 million (H1 2022: €319.0 million). These results were driven by both the retail and online segments, with the former as a result of pent-up demand following the football World Cup (due to Italy not being a participant). The online segment continues to see impressive growth.

Snaitech's Adjusted EBITDA increased by 12%, while revenue increased by 10%. As a result, Snaitech's Adjusted EBITDA margin increased to 29% (H1 2022: 28%), mostly due to retail margins by achieving operating leverage on the very strong revenue growth.

Sun Bingo and Other B2C
Revenue from the Sun Bingo business increased by 8% to €34.1 million (H1 2022: €31.7 million). Operating costs within Sun Bingo decreased by 1% to €31.3 million (H1 2022: €31.6 million), leading to an Adjusted EBITDA of €2.8 million (H1 2022: €0.1 million). The increase in Adjusted EBITDA was as a result of the increase in marketing spend towards the end of 2022 during the football World Cup, resulting in higher revenue growth in H1 2023 at a high contribution margin.. Adjusted EBITDA still includes the unwinding of the minimum guarantee prepayment of €2.5 million in the current year (H1 2022: €2.7 million) recognised as an expense 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 in H1 2022 to terminate an onerous contract with a service provider.

HAPPYBET

Revenue from HAPPYBET decreased by 4% to €10.3 million (H1 2022: €10.7 million), with costs increasing by 3%. The business remains loss making, with Adjusted EBITDA loss in the current period of €6.1 million (H1 2022: loss of €5.2 million), albeit H1 2023 includes a €2.0 million expense relating to a litigation settlement.

Below EBITDA items

Depreciation and amortisation

Reported and adjusted depreciation increased by 7% to €22.1 million (H1 2022: €20.6 million). After deducting amortisation of acquired intangibles of €20.6 million (H1 2022: €21.9 million), adjusted amortisation increased by 27% to €36.9 million (H1 2022: €29.0 million) after renewal of certain licenses in Snaitech during H2 2022, which were previously extended for free until June 2022 (therefore no corresponding amortisation in H1 2022). The remainder of the balance under depreciation and amortisation of €10.1 million (H1 2022: €9.0 million) relates to IFRS 16 Leases and the recognition of the right-of-use asset amortisation.

Impairment of intangible assets

The prior period impairment of €20.6 million related to the impairments of the Eyecon cash-generating unit (CGU) of €13.6 million and Quickspin CGU of €7.0 million. There was no impairment on any of the Group's CGUs in the current period.

Finance income and finance costs

The reported and adjusted finance income of €6.0 million (H1 2022: €11.7 million) relates to foreign exchange gain of €3.0 million (H1 2022: €10.5 million) and interest received of €3.0 million (H1 2022: €1.2 million).

Reported finance costs include interest payable on the bonds and other borrowings, bank facility fees, bank charges, interest expense on lease liabilities and expected credit losses on loan receivables. Reported finance costs decreased by 25% to €20.2 million (H1 2022: €26.9 million), mainly due to the partial repayment of the 2018 Bond in H2 2022. The difference between adjusted and reported finance costs is the movement in contingent consideration of €1.3 million (H1 2022: €0.1 million) relating to the acquisition of AUS GMTC PTY Ltd.

Unrealised fair value changes of derivative financial assets

The unrealised fair value decrease in derivative financial assets of €25.5 million (H1 2022: increase of €48.5 million) is due to the movement of the fair value of the various call options held by the Group which fall under the definition of derivatives within IFRS 9 Financial Instruments. Further details on the fair value of the various call options are disclosed in Note 16C.

Taxation

A reported tax expense from continuing operations of €76.5 million (H1 2022: €32.3 million) arises on a reported profit before tax of €79.6 million (H1 2022: €103.7 million) compared to an expected charge of €18.7 million based on the UK headline rate of tax for the period of 23.5%. The key items for which the reported tax charge has been adjusted are UK tax losses on which a deferred tax asset of €23.4 million was derecognised as expected utilization would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered.

The total adjusted tax expense is €53.6 million (H1 2022: €28.0 million) which arises on an adjusted profit before tax of €139.3 million (H1 2022: €122.3 million). The total adjusted tax expense of €53.6 million consists of an income tax expense of €21.4 million (H1 2022: €10.9 million) and a deferred tax expense of €32.2 million (H1 2022: €17.1 million). The total adjusted deferred tax expense mainly consists of a deferred tax expense of €25.1 million relating to the Snaitech group including the use of Snaitech tax losses and excess interest expense.

The Group's effective adjusted tax rate for the current period is 38.5%. This rate is higher than the UK headline rate for the period of 23.5%. The key reasons for the differences are a mix of profits including subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate (which predominately relates to Snaitech based in Italy) and expenses not deductible for tax purposes including unrealised fair value changes of derivative financial instruments.

Discontinued operations

Finalto (formerly TradeTech Group)

Finalto was disposed of in July 2022 with cash proceeds of $228.1 million (€223.9 million) and transaction costs of €1.6 million resulting in a profit on disposal of €15.1 million.

Adjusted profit

	H1 2023 €'m	H1 2022 €'m
Reported profit from continuing operations attributable to the owners of the Company	**3.1**	71.4
Employee stock option expenses	**2.9**	4.6
Professional fees	**4.6**	10.1
Fair value change and finance cost on contingent consideration and redemption liability	**1.3**	(1.7)
Ukraine employee support costs	**-**	1.9

Onerous contract	**-**	10.4
Impairment of investment and receivables	**5.1**	-
Fair value change of equity instruments	**(0.3)**	(0.7)
Fair value change of derivative financial assets	**25.5**	(48.5)
Amortisation of intangibles arising on acquisitions	**20.6**	21.9
Impairment of intangible assets	**-**	20.6
Deferred tax on acquisitions	**(4.0)**	(4.2)
Deferred tax reversal	**23.4**	-
Tax related to uncertain provision	**3.5**	8.5
Adjusted Profit from continuing operations attributable to the owners of the Company	**85.7**	94.3

The reconciling items in the table above are further explained in Note 10 of the interim financial statements. Reported profit post tax from continuing operations was €3.1 million (H1 2022: €71.4 million), due to an overall reduction in the fair value of the derivatives financial assets and the derecognition of brought forward deferred tax.

Adjusted EPS (in Euro cents)

	H1 2023	H1 2022
Adjusted basic EPS from continuing operations	**28.4**	31.5
Adjusted diluted EPS from continuing operations	**27.5**	30.2
Basic EPS from profit attributable to the owners of the Company	**1.0**	36.8
Diluted EPS from profit attributable to the owners of the Company	**1.0**	35.4
Basic EPS from profit attributable to the owners of the Company from continuing operations	**1.0**	23.8
Diluted EPS from profit attributable to the owners of the Company from continuing operations	**1.0**	22.9

Basic EPS is calculated using the weighted average number of equity shares in issue during H1 2023 of 302.3 million (H1 2022: 299.6 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 2023 of 311.3 million (H1 2022: 312.2 million).

Cash flow

Cash conversion

Playtech continues to be cash generative and delivered operating cash flows of €228.1 million (H1 2022: €237.2 million) including cash from discontinued operations which impacts only H1 2022.

	H1 2023 €'m	H1 2022 €'m
Adjusted EBITDA	**219.9**	232.9
Net cash provided by operating activities	**228.1**	237.2
Cash conversion	**104%**	102%
Change in jackpot balances	**0.3**	1.3
Change in client funds and security deposits	**11.0**	28.9
Professional fees	**4.6**	11.7
ADM security deposit (Italian Regulator)	**(11.2)**	(0.5)
Adjusted net cash provided by operating activities	**232.8**	278.6
Adjusted cash conversion	**106%**	120%

Excluding the impact of discontinued operations, operating cashflows increase from €200.3 million in the prior period to €228.1 million in H1 2023.

	H1 2023 €'m	H1 2022 €'m
Adjusted EBITDA	**219.9**	199.1
Net cash provided by operating activities	**228.1**	200.3
Cash conversion	**104%**	101%
Change in jackpot balances	**0.3**	1.3
Change in client funds	**11.0**	4.1
Professional fees	**4.6**	11.7
ADM security deposit (Italian Regulator)	**(11.2)**	(0.5)
Adjusted net cash provided by operating activities	**232.8**	216.9
Adjusted cash conversion	**106%**	109%

Adjusted cash conversion of 106% (H1 2022: 109%) is shown after adjusting for jackpot balances, client funds, professional fees and ADM security deposit.

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 jackpots, security deposits and client funds only impact the reported operating cash flow and not Adjusted EBITDA, while professional fees are excluded from Adjusted EBITDA but impact operating cash flow.

Cash flow statement analysis

Net cash outflows used in investing activities totalled €189.1 million (H1 2022: €64.0 million) of which key items include:

- €79.8 million for the acquisition of a small minority interest in Hard Rock Digital (refer to Note 16B);
- €41.3 million cash payment in relation to a subcontractor option redemption (refer to Note 16C); and
- €57.3 million (H1 2022: €51.8 million) used in the acquisition of property plant and equipment, intangibles and capitalised development costs.

Net cash inflows from financing activities totalled €318.9 million (H1 2022: outflow of €38.1 million) of which key movements include:

- Net RCF withdrawal of €48.0 million; and
- Net proceeds received on the new 2023 Bond issued of €297.3 million.

Balance sheet, liquidity and financing

	H1 2023 €'m	2022 €'m
Cash and cash equivalents	**786.0**	426.5
Cash held on behalf of clients, progressive jackpots and security deposits	**(142.8)**	(154.1)
Adjusted gross cash and cash equivalents	**643.2**	272.4
Loans and borrowings (RCF)	**45.9**	-
Bonds	**845.5**	547.6
Gross debt	**891.4**	547.6
Net debt	**248.2**	275.2
Last 12 months Adjusted EBITDA	**416.2**	395.4
Net debt/Adjusted EBITDA ratio	**0.6**	0.7

Cash

The Group continues to maintain a strong balance sheet with total cash and cash equivalents of €786.0 million at 30 June 2023 (31 December 2022: €426.5 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €643.2 million as at 30 June 2023 (31 December 2022: €272.4 million), a result of the new €300.0 million bond issue (see below) and the continued strong performance of the Group throughout the period.

Financing and net debt

As at 30 June 2023 the Group had the following borrowing facilities:

- €200.0 million 2018 Bond (31 December 2022: €200.0 million), initially issued as a five-year senior secured note of €530 million (3.75% coupon), of which €330.0 million was repaid in H2 2022, with the rest due in H2 2023 and repaid in July 2023;
- €350.0 million 2019 Bond (31 December 2022: €350.0 million) (4.25% coupon, maturity 2026) which was raised in March 2019;
- €45.9 million withdrawn from its €277.0 million revolving credit facility (31 December 2022: €Nil); This facility is available until October 2025, with an option to extend by 12 months; and
- €300.0 million 2023 Bond issued in June 2023, as further discussed below.

Playtech has taken a proactive approach to managing its balance sheet so far this year. In June 2023, the Company acted quickly to take advantage of a window of relative market calm and secure favourable interest rates. Playtech issued €300.0 million of senior secured notes due 2028 at an interest rate of 5.875% (2023 Bond). The 2023 Bond has been assigned a rating of BB by S&P Global Ratings UK Limited and Ba2 by Moody's Investors Service Ltd upon issue. In July 2023, part of the proceeds of the bond were used to redeem all of the outstanding 2018 Bond of €200.0 million 3.75% due in H2 2023 and to repay the outstanding debt under its existing revolving credit facility, which remains available and undrawn today. The remaining amount, after payment of transaction-related expenses, will be used for general corporate purposes.

As a result of timing between the Group receiving the proceeds of the 2023 Bond (June 2023) and settling outstanding debt (July 2023) total gross debt increased to €891.4 million as at 30 June 2023 (31 December 2022: €547.6 million). Net debt, after deducting Adjusted gross cash, decreased to €248.2 million (31 December 2022: €275.2 million), while net debt/Adjusted EBITDA (last 12 months) decreased slightly to 0.6x (31 December 2022: 0.7x).

Contingent consideration

Contingent consideration increased to €4.5 million (31 December 2022: €2.9 million) mostly due to the fair value movement in the contingent consideration related to Aus GMTC PTY Ltd acquisition. The existing liability as at 30 June 2023 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration as at 30 June 2023	Payment date (based on maximum payable earnout)
Aus GMTC PTY Ltd	€45.9 million	€3.4 million	Q4 2025
Other	€1.1 million	€1.1 million	Various

Going concern

In adopting the going concern basis in the preparation of the 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 2023, the Group held total cash of €786.0 million (31 December 2022: €426.5 million) and Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €643.2 million (31 December 2022: €272.4 million). Net debt, which is debt after deducting Adjusted gross cash, decreased to €248.2 million (31 December 2022: €275.2 million).

The financing and net debt position has been reported and analysed in the relevant section above. As at the date of this report (7 September 2023) the Group's facilities include the 2019 Bond of €350.0 million and the 2023 Bond of €300.0 million, which are both long term borrowings due in 2026 and 2028 respectively, as well as the fully undrawn RCF of €277.0 million.

As disclosed in Note 2 of the interim financial statements, management concluded that the risk of a covenant breach over the next 12-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.

1 Adjusted numbers throughout relate to certain non-cash and one-off items, as well as material reorganisation and acquisition related costs. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10 of the financial statements.

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

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

4 Comparative information throughout has been re-stated due to change in accounting policy. Further details are provided in Note 4B of the financial statements.

Chris McGinnis

Chief Financial Officer

6 September 2023

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 2023 and their impact on the condensed consolidated financial statements;
    - a description of the principal risks and uncertainties for the second half of the year; and
    - related parties' transactions and changes therein.

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

INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

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 2023 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 2023 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
06 September 2023

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

Unaudited consolidated statement of comprehensive income

	Note	**Six months ended 30 June 2023** Actual €'m	**Six months ended 30 June 2023** Adjusted €'m[1]	Six months ended 30 June 2022 Actual €'m[2]	Six months ended 30 June 2022 Adjusted €'m[1,2]
Continuing operations					
Revenue	9	859.6	859.6	792.3	792.3
Distribution costs before depreciation and amortisation		(576.8)	(574.8)	(536.4)	(523.7)
Administrative expenses before depreciation and amortisation		(72.3)	(63.0)	(65.5)	(53.0)
Impairment of financial assets		(3.2)	(1.9)	(16.5)	(16.5)
EBITDA	10	207.3	219.9	173.9	199.1
Depreciation and amortisation		(89.7)	(69.1)	(80.5)	(58.6)
Impairment of intangible assets	11	—	—	(20.6)	—
Profit on disposal of property, plant and equipment		1.7	1.7	—	—
Finance income	12A	6.0	6.0	11.7	11.7
Finance costs	12B	(20.2)	(18.9)	(26.9)	(26.8)
Share of loss from associates	16A	(0.3)	(0.3)	(3.1)	(3.1)
Unrealised fair value changes of equity investments	16B	0.3	—	0.7	—
Unrealised fair value changes of derivative financial assets	16C	(25.5)	—	48.5	—
Profit before taxation		79.6	139.3	103.7	122.3
Income tax expense	10,13	(76.5)	(53.6)	(32.3)	(28.0)
Profit from continuing operations		3.1	85.7	71.4	94.3
Discontinued operation					
Profit from discontinued operation, net of tax	8	—	—	38.9	41.2
Profit for the period – total		3.1	85.7	110.3	135.5
Other comprehensive income:					
Items that are or may be classified subsequently to profit or loss:					
Exchange (loss)/gain arising on translation of foreign operations		(5.0)	(5.0)	3.8	3.8
Items that will not be classified to profit or loss:					
Gain on remeasurement of employee termination indemnities		—	—	0.7	0.7
Other comprehensive (loss)/income for the period		(5.0)	(5.0)	4.5	4.5
Total comprehensive (loss)/income for the period		(1.9)	80.7	114.8	140.0
Profit for the period attributable to the owners of the Company		3.1	85.7	110.3	135.5
Total comprehensive (loss)/income attributable to the owners of the Company		(1.9)	80.7	114.8	140.0
Earnings per share attributable to the ordinary equity holders of the Company					
Profit or loss – total					
Basic (cents)	14	1.0	28.4	36.8	45.2
Diluted (cents)	14	1.0	27.5	35.4	43.4
Profit or loss from continuing operations					
Basic (cents)	14	1.0	28.4	23.8	31.5
Diluted (cents)	14	1.0	27.5	22.9	30.2

1 Adjusted numbers relate to certain non-cash and one-off items, as well as certain reorganisation and acquisition-related costs. The Board of Directors believe that the adjusted results more closely represent the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10.

2 Comparative information has been re-stated due to change in accounting policy. Further details are provided in Note 4B.

Unaudited consolidated statement of changes in equity

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee Benefit Trust €'m	Put/call options reserve €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non-controlling interests €'m	Total equity €'m
Balance at 1 January 2023	606.0	0.4	1,113.0	(17.2)	—	0.3	1,702.5	—	1,702.5
Total comprehensive income for the period									
Profit for the period	—	—	3.1	—	—	—	3.1	—	3.1
Other comprehensive loss for the period	—	—	—	—	—	(5.0)	(5.0)	—	(5.0)
Total comprehensive income/(loss) for the period	**—**	**—**	**3.1**	**—**	**—**	**(5.0)**	**(1.9)**	**—**	**(1.9)**
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	—	—	(9.4)	9.4	—	—	—	—	—
Equity settled share-based payment charge	—	—	2.9	—	—	—	2.9	—	2.9
Transfer from treasury shares to Employee Benefit Trust	5.8	—	6.7	(12.5)	—	—	—	—	—
Total contributions and distributions	5.8	—	0.2	(3.1)	—	—	2.9	—	2.9
Total transactions with owners of the Company	**5.8**	**—**	**0.2**	**(3.1)**	**—**	**—**	**2.9**	**—**	**2.9**
Balance at 30 June 2023	**611.8**	**0.4**	**1,116.3**	**(20.3)**	**—**	**(4.7)**	**1,703.5**	**—**	**1,703.5**
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**
Adjustment on initial recognition of IAS 12 (Note 4A)	—	—	1.5	—	—	—	1.5	—	1.5
Adjusted balance at 1 January 2022	**606.0**	**(0.5)**	**1,026.5**	**(23.2)**	**(3.7)**	**(22.7)**	**1,582.4**	**0.3**	**1,582.7**
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	—	—	—	—	—
Equity settled share-based payment charge	—	—	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**	**1,139.4**	**(20.9)**	**(3.7)**	**(18.9)**	**1,702.1**	**0.3**	**1,702.4**

Unaudited consolidated balance sheet

	Note	**At 30 June 2023 €'m**	At 31 December 2022 €'m [1]
ASSETS			
Property, plant and equipment		335.3	341.4
Right of use assets		68.4	71.6
Intangible assets	15	965.7	980.9
Investments in associates	16A	43.8	36.6
Other investments	16B	86.4	9.2
Derivative financial assets	16C	650.3	636.4
Trade receivables		0.7	1.1
Deferred tax asset	23	83.0	114.0
Other non-current assets		122.5	109.6
Non-current assets		2,356.1	2,300.8
Trade receivables		149.5	163.9
Other receivables		90.8	107.6
Inventories		6.3	5.5
Cash and cash equivalents		786.0	426.5
		1,032.6	703.5
Assets classified as held for sale	17	19.4	19.6
Current assets		1,052.0	723.1
TOTAL ASSETS		3,408.1	3,023.9
EQUITY			
Additional paid in capital		611.8	606.0
Employee termination indemnities		0.4	0.4
Employee Benefit Trust		(20.3)	(17.2)
Foreign exchange reserve		(4.7)	0.3
Retained earnings		1,116.3	1,113.0
Equity attributable to equity holders of the Company	18	1,703.5	1,702.5
Non-controlling interests		—	—
TOTAL EQUITY		1,703.5	1,702.5
LIABILITIES			
Loans and borrowings	19	45.9	—
Bonds	20	645.6	348.0
Lease liability		45.4	54.0
Deferred revenue		0.8	1.0
Deferred tax liability	23	146.2	124.8
Contingent consideration	22	3.8	2.3
Provisions for risks and charges	21	9.0	10.0
Other non-current liabilities		26.4	24.9
Non-current liabilities		923.1	565.0
Bonds	20	199.9	199.6
Trade payables		58.1	61.2
Lease liability		38.2	31.8
Progressive operators' jackpots and security deposits		114.0	114.3
Client funds		28.8	39.8
Income tax payable		26.5	17.3
Gaming and other taxes payable		125.4	112.8
Deferred revenue		4.5	5.0
Contingent consideration	22	0.7	0.6
Provisions for risks and charges	21	6.2	3.9
Other payables		178.2	169.1
		780.5	755.4
Liabilities directly associated with assets classified as held for sale	17	1.0	1.0
Current liabilities		781.5	756.4
TOTAL LIABILITIES		1,704.6	1,321.4
TOTAL EQUITY AND LIABILITIES		3,408.1	3,023.9

The condensed consolidated interim financial statements were approved by the Board and authorised for issue on 6 September 2023.

Mor Weizer	**Chris McGinnis**
Chief Executive Officer	***Chief Financial Officer***

1 Comparative information has been re-stated due to change in accounting policy. Further details are provided in Note 4B.

Unaudited consolidated statement of cash flows

	Note	**Six months ended 30 June 2023 €'m**	Six months ended 30 June 2022 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		3.1	110.3
Adjustment to reconcile net income to net cash provided by operating activities (see below)		240.8	132.5
Net taxes paid		(15.8)	(5.6)
Net cash from operating activities		228.1	237.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(9.1)	(12.5)
Acquisition of subsidiaries, net of cash acquired		(3.9)	—
Acquisition of property, plant and equipment		(17.8)	(17.6)
Acquisition of intangible assets		(11.1)	(2.7)
Capitalised development costs		(28.4)	(31.5)
Subcontractor option redemption	16C	(41.3)	—
Acquisition of investments at fair value through profit or loss	16B	(79.8)	—
Proceeds from the sale of property, plant and equipment		2.3	0.3
Net cash used in investing activities		(189.1)	(64.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on bonds and loans and borrowings		(12.4)	(19.5)
Proceeds from loans and borrowings		48.0	—
Proceeds from the issuance of 2023 Bond	20	297.3	—
Payment of contingent consideration		(0.1)	(4.0)
Principal paid on lease liability		(11.4)	(11.7)
Interest paid on lease liability		(2.5)	(2.9)
Net cash from/(used in) financing activities		318.9	(38.1)
INCREASE IN CASH AND CASH EQUIVALENTS		357.9	135.1
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		426.5	941.5
Exchange gain/(loss) on cash and cash equivalents		1.6	(3.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		786.0	1,073.3
Cash and cash equivalents consist of:			
Cash and cash equivalents – continuing operations		786.0	681.2
Cash and cash equivalents treated as held for sale		—	392.1
		786.0	1,073.3

	Note	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation of property, plant and equipment		22.1	20.6
Amortisation of intangible assets	15	57.5	50.9
Amortisation of right of use assets		11.4	10.5
Capitalisation of amortisation of right of use assets		(0.8)	(1.0)
Gain on early termination of lease contracts		(0.3)	(0.5)
Impairment of intangible assets	11	—	20.6
Impairment of loan receivable		1.5	—
Impairment of investment		1.3	—
Share of loss from associates	16A	0.3	3.1
Changes in fair value of equity investments	16B	(0.3)	(0.7)
Changes in fair value of derivative financial assets	16C	25.5	(48.5)
Interest on bonds and loans and borrowings		13.0	20.3
Interest on lease liability		2.5	2.9
Interest income on loans receivable		(0.8)	(0.6)
Income tax expense		76.5	36.0
Equity settled share-based payment charge		2.9	4.9
Movement in contingent consideration and redemption liability		1.3	(1.7)
Expected credit loss on trade receivables		0.4	—
Unrealised exchange gain		(2.9)	(5.7)
(Profit)/loss on disposal of property, plant and equipment		(1.7)	0.3
Changes in operating assets and liabilities:			
Change in trade receivables		12.9	22.2
Change in other receivables		7.2	19.5
Change in inventories		(0.8)	0.9
Change in trade payables		(4.6)	(5.4)
Change in progressive operators, jackpots and security deposits		(0.3)	(1.3)
Change in client funds		(11.0)	(28.9)
Change in other payables		27.4	16.4
Change in provisions for risks and charges		1.2	(0.4)
Change in deferred revenues		(0.6)	(1.9)
		240.8	132.5

Notes to the financial statements

Note 1 – General
Playtech plc (the "Company") is an Isle of Man company. The registered office is located at St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE.

These are the condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2023 comprising the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of preparation
These interim financial statements for the six months ended 30 June 2023 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 2022 ("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 6 September 2023.

Going concern basis
In adopting the going concern basis in the preparation of the interim financial statements, the Directors have considered the current trading performance, financial position and liquidity of the Group, the principal and emerging 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 2024.

	30 June 2023 €'m	31 December 2022 €'m
Cash and cash equivalents	**786.0**	426.5
Cash held on behalf of clients, progressive jackpots and security deposits	**(142.8)**	(154.1)
Adjusted gross cash and cash equivalents	**643.2**	272.4
Loans and borrowings (RCF)	**45.9**	—
Bonds	**845.5**	547.6
Gross debt	**891.4**	547.6
Net debt	**248.2**	275.2

The increase in adjusted gross cash and cash equivalents from €272.4 million at 31 December 2022 to €643.2 million at 30 June 2023 is mainly the result of the new €300.0 million bond issue and continued strong performance of the Group throughout the period.

The Directors have 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 cash flow should the share buyback scheme and other shareholder return options resume.

In June 2023, the Company announced that it successfully issued new €300.0 million senior secured notes at a rate of 5.875% repayable in June 2028 (the "2023 Bond"). The 2023 Bond has been assigned a rating of BB by S&P Global Ratings UK Limited and Ba2 by Moody's investors Services Ltd upon issue. Playtech has served notice and subsequently redeemed at par the outstanding 2018 Bond with a €200.0 million balance in July 2023.

Other than the newly raised €300.0 million 2023 Bond, the Group's principal financing arrangements also include an RCF up to €277.0 million, out of which €45.9 has been drawn as at 30 June 2023, the balance of the 2018 Bond amounting to €200.0 million, which has been repaid post period end as per the above, and the 2019 Bond amounting to €350.0 million, which is repayable in March 2026. The RCF was restructured in October 2022, reducing the credit line from €317.0 million to €277.0 million and is available until October 2025, with the Group having the option to extend by 12 months. The RCF amount of €45.9 million outstanding at 30 June 2023 was also repaid in July 2023.

The RCF is subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Note 19. As at 30 June 2023, the Group comfortably met its covenants which were as follows:

- Leverage: Net Debt/Adjusted EBITDA to be less than 3.5:1 for the 12 months ended 30 June 2023 (12 months ended 31 December 2022: less than 3.5:1).
- Interest cover: Adjusted EBITDA/Interest to be over 4:1 for the 12 months ended 30 June 2023 (12 months ended 31 December 2022: over 4:1).

The 2018, 2019 and 2023 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 financial statements (the "relevant going concern period").

Stress test

The stress test assumes a worst-case scenario for the entire Group which includes additional sensitivities around Italy, the Americas and Asia, but with mitigations similar to the ones taken in 2020 and 2021 (including salary and capital expenditure reductions). It also considers the impact of cash flow should the share buyback scheme commence again, as well as other shareholder return options. Under this scenario Adjusted EBITDA could fall on average by 13% per month compared to the base case over the relevant going concern period, and 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 could result in either a liquidity event or breach of the RCF and bond covenants.

As a result of completing this assessment, without considering further mitigating actions, management considered the likelihood of the reverse stress test scenario arising to be remote. In reaching this conclusion management considered the following:

- current trading is performing in line with the base case;
- Adjusted EBITDA would have to fall by 84% in the year ending 31 December 2023 and 85% in the 12 months to September 2024 compared to the base case, to cause a breach of covenants; and
- in the event that revenues decline to this point to drive the decrease in Adjusted EBITDA, additional mitigating actions are available to management which have not been factored into the reverse stress test scenario.

As such, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence over the relevant going concern period and have therefore considered it appropriate to adopt the going concern basis of preparation in these interim financial statements.

Note 3 – Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. The main functional currencies for subsidiaries are Euro, United States Dollar, Great British Pound and Ukraine Hryvnia. All amounts have been rounded to the nearest million, unless otherwise indicated.

Note 4 – Change in accounting policy

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2022.

A. Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to assets and liabilities arising from a Single Transaction – Amendments to IAS 12 effective from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

Following the change to the initial recognition exemption, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

The table below presents the cumulative effects of the items affected by the initial application on the consolidated balance sheet as at 1 January 2022 and 31 December 2022:

	€'m
Assets	
Deferred tax asset	1.5
Equity	
Retained earnings	1.5

B. Reclassification of bank charges in the profit or loss

Effective 1 January 2023, the Group changed its accounting policy to recognise certain costs within distribution costs, previously recognised within finance costs. Management believes that the classification as distribution costs is more in line with the nature of the cost, being banking charges relating to players' transaction processing within the B2C business segment.

Below is a summary of the impact of the change in accounting policy for the previous period:

Six months ended 30 June 2022	As previously reported €'m	Adjustments €'m	As restated €'m
Distribution costs before depreciation and amortisation	(531.7)	(4.7)	(536.4)
Finance costs	(31.6)	4.7	(26.9)

Note 5 – Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

Note 6 – Significant accounting judgements, estimates and assumptions

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.

Estimates and assumptions

Impairment of non-financial assets

The Group is required to test annually and when an impairment indicator arises, whether goodwill and indefinite life assets have suffered any impairment. 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. CGUs with an indication of impairment as at 30 June 2023 are disclosed and further explained in Note 15, including a sensitivity analysis.

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 Note 13.

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 assets are 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 assets are 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 asset 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 recognised 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 recognised deferred tax asset amounted to €56.8 million. As at 30 June 2023, an additional deferred tax asset of €2.6 million was recognised. This additional deferred tax asset has been recognised as the Group's management has concluded that it is probable the UK entities will generate taxable profits in the future against which the Group can utilise the tax deductions for goodwill and intangible assets. During the period, €7.4 million has been utilised and the recognised deferred tax asset as at 30 June 2023 amounts to €52.0 million. In addition, a total of €34.4 million of deferred tax asset has not been recognised in respect of the benefit of future tax deductions related to the goodwill and intangible assets which will arise more than five years after the balance sheet date.

Deferred tax asset is reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of their being recovered within a reasonably foreseeable timeframe, which is broadly in line with our viability assessment and the cash flow forecasts period used in our CGU impairment assessment. The Group updated its forecasts, following changes in assumptions made to the forecasts during the period to 30 June 2023, due to certain changes in the current period to the expected profit profile within its UK business unit that carries significant losses. This forms a change in accounting estimate and resulted in a reversal of €23.4 million in the current period of previously recognised deferred tax assets in respect of UK tax losses and tax attributes relating to excess interest expense brought forward.

A deferred tax asset of €41.1 million has been recognised in respect of UK tax losses of €164.4 million (2022: €41.1 million) carried forward at 30 June 2023. Based on the current forecasts, these losses will be fully utilised over the forecast period. Remaining UK tax losses and excess interest expense of €162.6 million (2022: Nil) have not been recognised as at 30 June 2023 as expected utilization would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered.

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.

Deferred tax assets in Italy

The Group has recognised a deferred tax asset of €18.0 million in respect of tax losses and excess interest expense 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 five years.

The Group reviewed the latest forecasts for the Italian companies for the next five years, including their ability to continue to generate income beyond the forecast period under the tax laws substantively enacted at the reporting 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 (ECLs). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures, were revised. The Group's financial assets consist of trade and loans 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 and loans receivables was based on past default experience and an assessment of the future economic environment.

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. No additional provision was made in the period ended 30 June 2023 (H1 2022: €15.4 million).

Measurement of fair values of equity investments and equity call options

The Group's equity investments and, where applicable 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 16, 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 or loss under IFRS 9; and
- derivative financial assets (call options in instruments containing potential voting rights and warrants in entities that are not listed), which are accounted at fair value through profit or 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 16, which includes a significant judgement relating to the public announcement made by the Group on 6 February 2023 where Playtech plc is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between the Group and Caliplay.

The following table shows the carrying amount and fair value of non-current assets, as disclosed in Note 16, including their levels in the fair value hierarchy.

	Carrying amount	Fair value		
	30 June 2023 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
Non-current assets				
Other investments (Note 16B)	**86.4**	**1.6**	**—**	**84.8**
Derivative financial assets (Note 16C)	**650.3**	**—**	**—**	**650.3**
	736.7	**1.6**	**—**	**735.1**

	Carrying amount	Fair value		
	31 December 2022 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
Non-current assets				
Other investments (Note 16B)	9.2	1.4	—	7.8
Derivative financial assets (Note 16C)	636.4	—	—	636.4
	645.6	1.4	—	644.2

Note 7 – Segment information

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

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

The operating segments identified are:

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

The Group-wide profit measures are Adjusted EBITDA and Adjusted Profit (see Note 10).

Six months ended 30 June 2023	**B2B €'m**	**Snaitech €'m**	**Sun Bingo and Other B2C €'m**	**HAPPYBET €'m**	**Intercompany B2C €'m**	**Total B2C €'m**	**Intercompany €'m**	**Total €'m**
Revenue	334.5	488.4	34.1	10.3	(0.7)	532.1	(7.0)	859.6
Adjusted EBITDA	81.3	141.9	2.8	(6.1)	—	138.6	—	219.9
Total assets	2,266.4	1,044.2	97.7	8.7	—	1,150.6	—	3,417.0
Total liabilities	1,064.5	625.7	16.2	7.1	—	649.0	—	1,713.5

Six months ended 30 June 2022	B2B €'m	Snaitech €'m	Sun Bingo and Other B2C €'m	HAPPYBET €'m	Intercompany B2C €'m	Total B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Revenue	312.0	446.0	31.7	10.7	(1.1)	487.3	(7.0)	792.3	74.5	866.8
Adjusted EBITDA	77.2	127.0	0.1	(5.2)	—	121.9	—	199.1	33.8	232.9
Total assets	2,011.7	1,144.5	91.2	9.4	—	1,245.1	—	3,256.8	523.9	3,780.7
Total liabilities	841.2	880.5	12.8	5.8	—	899.1	—	1,740.3	339.5	2,079.8

Note 8 – Discontinued operation

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

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Actual €'m	**Adjusted €'m**	Actual €'m	Adjusted €'m
Revenue	—	—	74.5	74.5
Distribution costs before depreciation and amortisation	—	—	(34.9)	(34.8)
Administrative expenses before depreciation and amortisation	—	—	(6.2)	(4.0)
Impairment of financial assets	—	—	(1.9)	(1.9)
EBITDA	—	—	31.5	33.8
Finance income	—	—	11.6	11.6
Finance costs	—	—	(0.5)	(0.5)
Profit before taxation	—	—	42.6	44.9
Tax expense	—	—	(3.7)	(3.7)
Profit from discontinued operations, net of tax	—	—	38.9	41.2

All of the profit from discontinued operations, net of tax in the period ended 30 June 2022 relates to the Financial segment, which was disposed in July 2022, for a cash consideration of $228.1 million (€223.9 million).

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

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

Earnings per share from discontinued operations

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Actual	**Adjusted**	Actual	Adjusted
Basic (cents)	—	—	13.0	13.7
Diluted (cents)	—	—	12.5	13.2

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

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Operating	—	36.9
Investing	—	(3.8)
Financing	—	(1.1)
Net cash inflow	—	32.0

Note 9 – Revenue from contracts with customers

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

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by recognition date; and
- enable users to understand the relationship with revenue 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, timing of transfer of performance obligations and regulated vs unregulated by geographical major markets

The revenues from B2B (consisting of licensee fee, fixed-fee income, revenue received from the sale of hardware, cost-based revenue and additional B2B services fee), B2C and Financials are described in Note 5D in the last annual financial statements.

Six months ended 30 June 2023

Primary geographic markets	**B2B €'m**	**B2C €'m**	**Intercompany €'m**	**Total €'m**
Italy	17.5	487.7	(5.3)	499.9
UK	63.3	34.1	(1.7)	95.6
Mexico	89.3	—	—	89.3
Malta	24.7	—	—	24.7
Philippines	21.3	—	—	21.3
Spain	15.9	—	—	15.9
Poland	14.9	—	—	14.9
Curacao	14.1	—	—	14.1
Gibraltar	11.2	—	—	11.2
Greece	10.7	—	—	10.7
Netherlands	8.9	—	—	8.9
Germany	0.3	8.3	—	8.6
Colombia	4.2	—	—	4.2
Romania	3.2	—	—	3.2
Ireland	3.1	—	—	3.1
Rest of World	31.9	2.0	—	34.0
	334.5	532.1	(7.0)	859.6

Product type	**B2B €'m**	**B2C €'m**	**Intercompany €'m**	**Total €'m**
B2B licensee fee	235.9	—	—	235.9
B2B fixed-fee income	6.7	—	—	6.7
B2B cost-based revenue	28.1	—	—	28.1
B2B revenue received from the sale of hardware	6.5	—	—	6.5

Additional B2B services fee	57.3	—	—	57.3
Total B2B[1]	**334.5**	—	—	**334.5**
Snaitech	—	488.4	—	488.4
Sun Bingo and Other B2C	—	34.1	—	34.1
HAPPYBET	—	10.3	—	10.3
Intercompany	—	(0.7)	—	(0.7)
Total B2C	—	532.1	—	532.1
Intercompany	—	—	(7.0)	(7.0)
	334.5	532.1	(7.0)	859.6

Timing of transfer of performance obligations	**B2B €'m**	**B2C €'m**[2]	**Intercompany €'m**	**Total €'m**
Recognised over time	328.0	13.5	(7.0)	334.5
Recognised at the point in time	6.5	518.6	—	525.1
	334.5	532.1	(7.0)	859.6

1 SaaS revenue of €22.9 million (H1 2022: €14.1 million) is included in revenue earned under B2B licensee fee, B2B fixed-fee income and B2B cost-based revenue categories above and below.

2 B2C revenue recognised at the point in time is recorded under IFRS 9.

	Six months ended 30 June 2023 €'m
Regulated – Americas	99.7
Regulated – Europe (excluding UK)	96.6
Regulated – UK	62.9
Regulated – Rest of World	3.3
Total regulated B2B revenue	262.5
Unregulated excluding Asia	42.6
Total core B2B revenue	305.1
Asia	29.4
Total B2B Gambling revenue	334.5

Six months ended 30 June 2022

Primary geographic markets	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Italy	16.6	444.9	(4.8)	456.7	1.3	458.0
UK	64.1	31.7	(2.2)	93.6	34.1	127.7
Mexico	60.5	—	—	60.5	0.3	60.8
Malta	26.7	—	—	26.7	0.1	26.8
Philippines	26.0	—	—	26.0	—	26.0
British Virgin Islands	—	—	—	—	16.0	16.0
Spain	13.6	—	—	13.6	1.0	14.6
Netherlands	12.4	—	—	12.4	1.0	13.4
Gibraltar	13.2	—	—	13.2	—	13.2
Germany	0.4	9.2	—	9.6	1.0	10.6
Poland	9.7	—	—	9.7	0.1	9.8
Greece	9.5	—	—	9.5	0.3	9.8
Curacao	9.3	—	—	9.3	—	9.3
Ireland	6.5	—	—	6.5	0.3	6.8
Colombia	5.5	—	—	5.5	0.4	5.9
Rest of World	38.0	1.5	—	39.5	18.6	58.1
	312.0	487.3	(7.0)	792.3	74.5	866.8

Product type	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
B2B licensee fee	220.1	—	—	220.1	—	220.1
B2B fixed-fee income	22.2	—	—	22.2	—	22.2
B2B cost-based revenue	28.5	—	—	28.5	—	28.5
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	—	—	312.0	—	312.0
Snaitech	—	446.0	—	446.0	—	446.0
Sun Bingo and Other B2C	—	31.7	—	31.7	—	31.7
HAPPYBET	—	10.7	—	10.7	—	10.7
Intercompany	—	(1.1)	—	(1.1)	—	(1.1)

Total B2C	—	487.3	—	487.3	—	487.3
Intercompany	—	—	(7.0)	(7.0)	—	(7.0)
Financial	—	—	—	—	74.5	74.5
	312.0	487.3	(7.0)	792.3	74.5	866.8

Timing of transfer of performance obligations	B2B €'m	B2C €'m[1]	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Recognised over time	305.2	14.7	(7.0)	312.9	74.5	387.4
Recognised at the point in time	6.8	472.6	—	479.4	—	479.4
	312.0	487.3	(7.0)	792.3	74.5	866.8

1 B2C revenue recognised at the point in time is recorded under IFRS 9.

	Six months ended 30 June 2022 €'m
Regulated – Americas	69.8
Regulated – Europe (excluding UK)	92.2
Regulated – UK	63.9
Regulated – Rest of 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

There were no changes in the Group's revenue measurement policies and procedures in 2022 and 2023. 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 certain fixed fees paid by the licensee in the beginning of the contract. Deferred revenue as at 30 June 2023 was €5.3 million (31 December 2022: €6.0 million).

Note 10 – Adjusted items

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

As these are not a defined performance measure under IFRS, the Group's definition of adjusted items may not be comparable with similarly titled performance measures or disclosures by other entities.

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

Six months ended 30 June 2023	**Revenue €'m**	**EBITDA – B2B €'m**	**EBITDA – B2C €'m**	**EBITDA €'m**	**Profit from continuing operations attributable to the owners of the Company €'m**	**Profit before tax from continuing operations €'m**
Reported as actual	859.6	69.0	138.3	207.3	3.1	79.6
Employee stock option expenses[1]	—	2.6	0.3	2.9	2.9	2.9
Professional fees[2]	—	4.6	—	4.6	4.6	4.6
Impairment of investment and receivables[3]	—	5.1	—	5.1	5.1	5.1
Fair value change and finance cost on contingent consideration[4]	—	—	—	—	1.3	1.3
Fair value change of equity instruments[5]	—	—	—	—	(0.3)	(0.3)
Fair value change of derivative financial assets[5]	—	—	—	—	25.5	25.5
Amortisation of intangibles arising on acquisitions[6]	—	—	—	—	20.6	20.6
Deferred tax on acquisitions[6]	—	—	—	—	(4.0)	—
Deferred tax reversal[7]	—	—	—	—	23.4	—
Tax related to uncertain provision[8]	—	—	—	—	3.5	—
Adjusted measure	859.6	81.3	138.6	219.9	85.7	139.3

1 Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.
2 The majority of the professional fees relate to the acquisition of Hard Rock Digital (Note 16B). These expenses are not considered ongoing costs of operations and therefore are excluded.
3 Provision against other receivables and investments that do not relate to the ordinary operations of the Group.

4 Fair value change and finance costs on contingent consideration related to the acquisition of Aus GMTC. These expenses are not considered ongoing costs of operations and therefore are excluded.
5 Fair value change of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.
6 Amortisation and deferred tax on intangible assets acquired through business combinations. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.
7 The reported tax expense has been adjusted for UK tax losses on which a deferred tax asset of €23.4 million. Refer to Notes 6 and 13. This was adjusted because the losses in relation to the derecognised amount were generated over a number of years and therefore distorts the effective tax rate for the period.
8 Change in estimates related to uncertain overseas tax positions in respect of prior years.

Six months ended 30 June 2022	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA (Rested)€'m	Profit from continuing operations attributable to the owners of the Company €'m	Profit before tax from continuing operations €'m
Reported as actual	792.3	62.9	111.0	173.9	71.4	103.7
Employee stock option expenses[1]	—	4.1	0.5	4.6	4.6	4.6
Professional fees[2]	—	10.1	—	10.1	10.1	10.1
Fair value change and finance cost on contingent consideration and redemption liability[3]	—	(1.8)	—	(1.8)	(1.7)	(1.7)
Ukraine employee support costs[4]	—	1.9	—	1.9	1.9	1.9
Onerous contract[5]	—	—	10.4	10.4	10.4	10.4
Fair value change of equity instruments[6]	—	—	—	—	(0.7)	(0.7)
Fair value change of derivative financial assets[6]	—	—	—	—	(48.5)	(48.5)
Impairment of tangible and intangible assets[7]	—	—	—	—	20.6	20.6
Amortisation of intangibles on acquisitions[8]	—	—	—	—	21.9	21.9
Deferred tax on acquisitions[8]	—	—	—	—	(4.2)	—
Tax related to uncertain positions[9]	—	—	—	—	8.5	—
Adjusted measure	792.3	77.2	121.9	199.1	94.3	122.3

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 16) and (b) the potential sale of the Group. These expenses are not considered ongoing costs of operations.
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 16.
7 Impairment of intangible assets relates to the impairment of Eyecon and Quickspin CGU.
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.

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

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Tax on profit or loss for the period	76.5	32.3
Adjusted for:		
Deferred tax on acquisitions	4.0	4.2
Deferred tax reversal	(23.4)	—
Tax related to uncertain positions	(3.5)	(8.5)
Adjusted tax	53.6	28.0

Note 11 – Impairment of intangible assets

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Impairment of intangible assets	—	20.6

Impairment of intangible assets for H1 2022 relates to the impairments of Eyecon and Quickspin CGUs of €13.6 million and €7.0 million respectively.

Note 12 – Finance income and costs

A. Finance income

	Six months ended 30 June 2023	Six months ended 30 June 2022

	€'m	€'m
Interest income	3.0	1.2
Net foreign exchange gain	3.0	10.5
	6.0	11.7

B. Finance costs

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m (Restated)
Interest on bonds	(11.7)	(18.2)
Interest on lease liability	(2.5)	(2.7)
Interest on loans and borrowings and other	(1.9)	(2.8)
Bank facility fees	(1.1)	(1.0)
Bank charges	(1.3)	(2.1)
Movement in contingent consideration	(1.3)	(0.1)
Expected credit loss on loans receivable	(0.4)	—
	(20.2)	(26.9)
Net finance costs	(14.2)	(15.2)

Note 13 – Tax expense

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Current tax expense		
Income tax expense for the current period	13.5	9.1
Income tax relating to prior years	11.1	10.1
Withholding tax	0.3	0.2
Total current tax expense	24.9	19.4
Deferred tax		
Origination and reversal of temporary differences	28.2	12.9
Write down of a deferred tax asset in respect of UK tax losses	23.4	—
Total deferred tax expense	51.6	12.9
Total tax expense from continuing operations	76.5	32.3

Reported tax charge

A reported tax charge of €76.5 million from continuing operations arises on a profit before income tax of €79.6 million compared to an expected charge of €18.7 million (2022: a tax charge of €32.3 million on profit before income tax of €103.7 million). The reported tax expense includes adjustments in respect of prior years relating to current tax of €13.1 million, which includes an additional provision of €3.5 million relating to uncertain overseas tax positions in respect of prior years.

The Group's effective tax rate for the current period is 96.1%. This is higher than the UK headline rate of tax for the period of 23.5%, due mainly to the following factors:

- Profits of subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate, this includes Snaitech profits in Italy.
- The write down of a deferred tax asset of €23.4 million in respect of UK tax attributes. Further details of this write down are included in Note 6.
- Current year tax losses not recognised for deferred tax purposes. The tax losses mainly relate to the UK group companies and amount to €51.3 million.
- Unrealised fair value changes of derivative financial assets of €25.5 million which are not deductible for tax purposes. Deferred tax should be recognised based on the expected manner of recovery at the balance sheet date. Due to the nature of the options and the underlying assets, no tax is expected to arise while the options are held or when the options are exercised. As the Group intends to recover the value of the options either by continuing to hold them or by exercising the option to convert into shares, and these will have no tax effects, no deferred tax is recorded in respect of the options.

Changes in tax rates and factors affecting the future tax charge

The most significant elements of the Group's income arise in the UK where the tax rate for the current period is 23.5%. Legislation, which has been enacted at the balance sheet date, increases the standard rate of UK corporation tax from 19% to 25% from 1 April 2023. Deferred tax balances have been calculated using the tax rates upon which the balance is expected to unwind.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

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 14 – Earnings per share

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

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Actual €'m	**Adjusted €'m**	Actual €'m	Adjusted €'m
Profit attributable to the owners of the Company	3.1	85.7	110.3	135.5
Basic (cents)	1.0	28.4	36.8	45.2
Diluted (cents)	1.0	27.5	35.4	43.4

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Actual €'m	**Adjusted €'m**	Actual €'m	Adjusted €'m
Profit attributable to the owners of the Company from continuing operations	3.1	85.7	71.4	94.3
Basic (cents)	1.0	28.4	23.8	31.5
Diluted (cents)	1.0	27.5	22.9	30.2

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Actual Number	**Adjusted Number**	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	302,327,498	302,327,498	299,621,116	299,621,116
Denominator – diluted				
Weighted average number of equity shares	302,327,498	302,327,498	299,621,116	299,621,116
Weighted average number of option shares	9,013,439	9,013,439	12,597,744	12,597,744
Weighted average number of shares	311,340,937	311,340,937	312,218,860	312,218,860

The calculation of diluted EPS has been based on the above profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares. The effects of the anti-dilutive potential ordinary shares are ignored in calculating diluted EPS.

EPS for discontinued operations is disclosed in Note 8.

Note 15 – Intangible assets

	Total €'m
Net book value at 1 January 2023	980.9
Additions	34.5
Assets acquired through business combinations	7.8
Amortisation charge for the period	(57.5)
Net book value at 30 June 2023	965.7

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to thirteen cash-generating units (CGUs) (31 December 2022: thirteen).

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

	30 June 2023 €'m	31 December 2022 €'m
Snai[1]	264.1	259.7
Sports B2B	132.5	132.5
Services	109.9	109.9
Casino	50.8	50.8
Quickspin	19.8	19.8
Eyecon	3.0	3.0
Poker	15.6	15.6
Bingo retail	9.5	9.5
Bingo VF	—	—
VB retail	4.6	4.6
IGS	—	—
AUS GMTC	4.4	4.4

	614.2	609.8

1During the period, the Group acquired the Giove group for a total consideration of €6.0 million. The Group has prepared a purchase price allocation and any difference between the cost of the investment and the identifiable assets and liabilities was recognised as goodwill (€4.4 million).

Management reviews CGUs for impairment bi-annually with a detailed assessment of each CGU carried out annually and whenever there is an indication that a unit may be impaired. For the units which management assesses their results are not in line with expectations, outside of the yearly review, a detailed assessment is also carried out to ensure that appropriate actions are taken by management and relevant impairment amounts are recognised, if any.

A comparison of the year-to-date June 2023 results against the 2023 budget has been carried out for all units and a further comparison of the 2023 forecast (year to date June 2023 actuals with July-December 2023 forecast) to 2023 budget, has also been reviewed, to enable further conclusions to be drawn on the actual and forecasted performance of each unit.

As a result of the above reviews, management has performed a detailed assessment on only two units that are behind budget.

The recoverable amounts of these two CGUs have been determined from value in use calculations based on cash flow projections covering five years plus a terminal value which have been adjusted to take into account each CGU's major events as expected in future periods.

Management has also considered the ongoing economic uncertainty caused by the Russian invasion in Ukraine and the overall global recessionary pressures, with a higher level of judgement and uncertainty implemented in the 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.

Management calculated the growth estimates for years one to five by applying an average annual growth rate for revenue based on the underlying economic environment in which the CGU operates and the expected performance over that period. Beyond this period, management has applied an annual growth rate of 2%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current level of licences. Finally post-tax discount rates were applied to the cash flow projections as summarised below.

30 June 2023 CGUs with an indication of impairment

VB Retail CGU

The recoverable amount of the VB Retail CGU showed signs of underperformance during H1 2023, mainly due to the cancellation of an important licensee deal planned for launch in early 2023. Given that new opportunities are arising through the US business, no impairment has been recognised during H1 2023. The recoverable amount of this CGU of €28.8 million, with a carrying value equal to €20.2 million at 30 June 2023, has been determined using a cash flow forecast that includes annual revenue growth rates between 6.0% to 8.0% over the 1-5 year forecast period, 2% long-term growth rate and a post-tax discount rate of 11.8%. The recoverable amount would equal the carrying value of the CGU if:

- the discount rate applied was higher by 32.4%, i.e. reaching a post-tax discount rate of 15.6%; or
- the revenue growth was lower by 1.4% when compared to the forecasted average five-year growth.

Quickspin CGU

Quickspin CGU suffered an impairment loss of €7.0 million during H1 2022, given the risk the CGU bore from the proportion of revenues being generated from the CGU's customers choosing to operate in areas with geopolitical tension, and the resulting 1% increase on the post-tax discount rate of the CGU to mitigate for that factor. During H1 2023, the CGU which is still finalising its restructuring process, has seen lower performance across a few licensees and negative foreign exchange impact on the revenue from non-EUR countries. However, given the planned growth expected through the release of new games, no further impairment has been recognised for H1 2023. The recoverable amount of this CGU of €53.2 million, with a carrying value of €41.3 million at 30 June 2023, has been determined using a cash flow forecast that includes annual revenue growth rates between 5.0% to 6.9% over the 1–5 year forecast period, 2% long-term growth rate and a post-tax discount rate of 11.4%. The recoverable amount would equal the carrying value of the CGU if:

- the discount rate applied was higher by 24.4%, i.e., reaching a post-tax discount rate of 14.2%; or
- the revenue growth was lower by 2.8% when compared to the forecasted average five-year growth.

Note 16 – Investments and derivative financial assets

Introduction

Below is a breakdown of the relevant assets at 30 June 2023 and 31 December 2022 per the consolidated balance sheet:

	30 June 2023 €'m	31 December 2022 €'m
A. Investments in associates	43.8	36.6
B. Other investments	86.4	9.2
C. Derivative financial assets	650.3	636.4
	780.5	682.2

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

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m

Profit or Loss		
A. Share of loss from associates	(0.3)	(3.1)
B. Unrealised fair value changes of equity investments	0.3	0.7
C. Unrealised fair value changes of derivative financial assets	(25.5)	48.5
Other comprehensive income		
Foreign exchange movement from the derivative call options and equity investments held in non-Euro functional currency subsidiaries	(3.6)	10.0
	(29.1)	56.1

Where the underlying derivative call option and equity investments are held in a non-Euro functional currency entity, the foreign exchange movement is recorded through other comprehensive income. As at 30 June 2023, the foreign exchange movement of the derivative call options held in Caliplay, LSports and NorthStar (Note 16C) are recorded in the profit or loss as the derivative call options are held in a Euro functional currency entities. The foreign exchange movement of the derivative call options held in Wplay, Onjoc and Tenbet and equity investment in Hard Rock Digital are recorded through other comprehensive income as the derivative call options and equity investment are held in a USD functional currency entities.

A. Investments in associates

Balance sheet

	30 June 2023 €'m	31 December 2022 €'m
Caliplay	—	—
ALFEA SPA	1.7	1.7
Galera	—	—
Stats International	—	—
LSports	34.8	34.9
NorthStar	7.3	—
Total investment in equity accounted associates	43.8	36.6

Profit or loss impact

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Share of profit in ALFEA SPA	—	0.1
Share of loss in Galera	—	(3.2)
Share of loss in NorthStar	**(1.1)**	—
Share of profit in LSports	**0.8**	—
Total profit and loss impact	**(0.3)**	(3.1)

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"), a leading betting and gaming operator in Mexico which operates the "Caliente" brand in Mexico.

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

During 2021 Caliplay redeemed its share at par from September Holdings, which resulted in Caliente becoming the sole shareholder in Caliplay. 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 the Group which allowed the Group 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 2023 or 31 December 2022 (the "Playtech M&A Call Option").
- Caliente received a put option which would require Playtech to acquire September Holding Company B.V. for a nominal amount (the "September Put Option"). This option has been exercised and the parties are in the process of transferring legal ownership of September Holding Company B.V. to the Group.

The Group has no equity holding in Caliplay or Caliente and is currently providing services to Caliplay including technical and general strategic support services for which it receives income (including an additional B2B services fee). If the Playtech Call Option or the Playtech M&A Call Option are exercised, the Group would no longer be entitled to receive the additional B2B services fee (and will cease to provide the related services) which for the period ended 30 June 2023 was €57.3 million (H1 2022: €34.4 million). In addition, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliplay also had an option to redeem the Group's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) Caliente would have the option to acquire Playtech's 49% stake in Caliplay (together the "Caliente Call Option").

As per the public announcement made by the Group on 6 February 2023, Playtech plc is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between the parties in relation to the Caliente Call Option. The Group believes the Caliente Call Option has expired and referred to its expiry having taken place in its interim report for the six-month period ended 30 June 2022, which was published on 22 September 2022. If the Caliente Call Option was declared as being exercisable and was exercised, this would extinguish the Playtech Call Option and the Playtech M&A Call Option. The Group has not changed its position with regards to this assumption and the matter is still unresolved.

In addition to the above, from 1 January 2025, if there is a change of control of Caliplay or any member of the Caliente group which holds a regulatory permit under which Caliplay operates, each of the Group and Caliente shall be entitled (but not obligated), within 60 days of the time of such change of control, to require that the Caliente group redeems the Group's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) acquires Playtech's 49% stake in Caliplay (together the ''COC Option''). If such change of control were to take place and the right to redeem/acquire were to occur, this would extinguish the Playtech Call Option (to the extent not exercised prior thereto) and the Playtech M&A Call Option. As regards the COC Option, the Group made a judgement that as at 31 December 2022 this had no impact on the fair value calculation of the Playtech M&A Call Option (i.e. allocated a 0% probability that Playtech would realise any value from the exercise of the COC Option). As at 30 June 2023, the Group allocated a low probability that it would realise value from this option, instead of the Playtech M&A Call Option. This is discussed further in part C of this note.

Assessment of control and significant influence

As at 30 June 2023 and 31 December 2022 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 the Group previously having a nominated director on the Caliplay board in 2020 and having consent rights on certain decisions (in each case, removed in 2021), there was no ability to control the relevant activities.
- Whilst they are not members of the board, the Group 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. 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 Playtech Call Option or the Playtech M&A Call Option, if exercised, would result in Playtech having up to 49% of the voting rights and would not result in Playtech having control.
- Whilst the Group 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 2023 and 31 December 2022, the Group has significant influence over Caliplay because it meets one or more of the criteria under IAS 28, paragraph 6 as follows:

- It has the ability to appoint key members of the Caliplay management team.
- The standard operator revenue by itself is not considered to give rise to significant influence; however, when combined with the additional B2B services fee, this is an indicator of significant influence.
- The material transaction of the historical loan funding is also an indicator of significant influence.

Accounting for each of the options

The Playtech Call Option was exercisable at 30 June 2023 and 31 December 2022, 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 previously 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.

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 6 of the last annual financial statements, 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.

Below is the financial information of Caliplay:

	30 June 2023 [1] **€'m**	31 December 2022 [1] €'m
Current assets	**183.5**	96.7
Non-current assets	**26.5**	30.3
Current liabilities	**(123.9)**	(78.1)
Non-current liabilities	**—**	—
Equity	**86.1**	48.9
Revenue	**362.8**	532.1
Profit from continuing operations	**29.5**	30.4
Other comprehensive income, net of tax	**8.7**	2.5
Total comprehensive income	**38.2**	32.9

1 The 2022 balances above have been extracted from Caliplay's audited 2022 financial statements whereas the 2023 balances have been from Caliplay's unaudited management accounts.

Investment in ALFEA SPA

The Group has held 30.7% equity shares in ALFEA SPA since June 2018. At 30 June 2023 the Group's value of the investment in ALFEA SPA was €1.7 million (31 December 2022: €1.7 million). No share of profit was recognised in the profit or loss for the period ended 30 June 2023 (H1 2022: €0.1 million).

Investment in Galera

In June 2021, the Group entered into an agreement with Ocean 88 Holdings Ltd which is the sole holder of Galera Gaming Group (together "Galera"), a company registered in Brazil. Galera offers and operates online and mobile sports betting and gaming (poker, casino, etc.) in Brazil. 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) in the year ended 31 December 2021, which was the consideration for the option to subscribe and purchase from Galera an amount of shares equal to 40% in Galera at nominal price.

In addition to the investment amount paid, Playtech made available to Galera a line of credit up to $20.0 million. In 2022, an amendment was signed to the original framework agreement to increase the credit line to $45.0 million. As at 30 June 2023, an amount of €37.5 million (including interest accrued), which is included in loans receivable under other non-current assets (refer to Note 24) has been drawn down (31 December 2022: €26.9 million). An amount of €10.6 million has been loaned in the six month period ended 30 June 2023. The loan is required to be repaid to Playtech prior to any dividend distribution to the current shareholders of Galera. The Group recognised an allowance for expected credit losses for the loan to Galera of €1.6 million as at 30 June 2023 (H1 2022: €1.1 million).

In respect of the loan receivable from Galera even though the framework agreement does not state a set repayment term, management has assessed that this should still be recognised as a loan as opposed to part of the overall investment in associate in line with IAS 28. The Directors have made a judgement that the loan will be settled from operational cash flows as opposed to being settled as part of an overall transaction. If the Group had determined that the loan was part of the overall investment in associate, an additional cumulative €11.3 million share of loss of associate would have been recorded in retained earnings since the investment was made of which, €1.9 million would have been recognised in H1 2023 in the profit or loss.

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 month period ended 30 June 2023 (H1 2022: €Nil).

The cost of the investment was deemed to be the price paid for the option of $5.0 million (€4.2 million), which was reduce to €Nil at 31 December 2022 through the recognition of the Group's share of losses. The total unrecognised share of loss from Galera was €1.9 million in the six months ended 30 June 2023.

Investment in Stats International

Background

In January 2022, the Group provided a $2.3 million loan to Stats International Limited (Stats), at an interest rate of 3.5% and a repayment date of 30 June 2024. As at 31 December 2022, the carrying value of the loan was €2.2 million (Note 24). The Stats group's business activities are focused on securing rights in connection with sporting competitions and the exploitation of the same, typically in exchange for the payment of certain fees and provision of analytical and statistical services by the Stats group to the relevant rightsholder. The initial focus of the Stats group is on Brazilian sports competitions.

In May 2023, the Group and Stats signed an amended loan agreement whereas amongst other things, changed the repayment obligations such that the final repayment date will be 31 December 2026 and the loan agreement to be novated from Stats to Jewelrock (Stats sole shareholder) in consideration of $1. Moreover, a framework agreement was signed between Stats and Playtech whereby Playtech, for a €1 consideration has been granted the option to acquire from Jewelrock 36% of the issued share capital of Stats.

Finally, Playtech entered into a service agreement whereby Playtech provides Stats its business development and knowledge sharing services in connection with the operational and industry standard procedures of Stats in exchange for additional B2B services fee as per Note 9. As the business is still a start-up the additional B2B service fee as at 30 June 2023 was €Nil. Once the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee.

The option may be exercised at any time but prior to the termination of all sporting rights agreements. It shall also lapse on the expiry or termination of the Playtech service agreement in accordance with its terms or at the written election of Playtech.

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 36% voting right over the operating entity and therefore no control.

However, Playtech has assessed whether the Group has significant influence over Stats and due to the existence of the service agreement whereby Playtech would be assisting a startup business by providing knowledge sharing services, these could be considered essential technical information. Considering this, it was concluded that the Group has significant influence under IAS 28, paragraph 6, over Stats.

The cost of the option, which was considered to be the inherent value of Playtech allowing the loan repayment date to be extended, is considered negligible. No share of profits/losses have been recognised as at 30 June 2023 in the profit or loss as these were immaterial.

Investment in LSports

Background

In November 2022, the Group entered into the following transactions:

- acquisition of 15% of Statscore for a total consideration of €1.8 million. As a result of this transaction Statscore became a 100% subsidiary of the Group;
- disposal of 100% of Statscore to LSports Data Ltd (“LSports”) for a total consideration of €7.5 million (settled through the acquisition of LSports in shares) less a novated inter-company loan of €1.6 million, therefore a non-cash net consideration of €5.9 million; and
- acquisition of 31% (on a fully dilutive basis) of LSports for a total consideration of €36.7 million, which also included an option to acquire further shares (up to 18.11%) in LSports. Of the total consideration, €29.2 million was paid in cash with the balance offset against the disposal proceeds of Statscore as per the above.

As a result of the disposal of 100% of Statscore, the Group realised a loss of €8.8 million which has been recognised in the profit or loss for the year ended 31 December 2022 and is made up as follows:

	2022 €’m
Net asset position as at the date of the disposal (including goodwill of €12.4 million)	**14.7**
Net consideration	**(5.9)**
Loss on disposal	**8.8**

Furthermore, the Group has an option to acquire up to 49% (so an additional 18.11%) of the equity of LSports (“LSports Option”). The LSports Option is exercisable under the following conditions:

- within 90 days from the date of receipt of the LSports audited financial statements for each of the years ending 31 December 2024, 2025 and 2026; or
- at any time until 31 December 2026 subject and immediately prior to the consummation of an Initial Public Offering or Merger & Acquisition event of LSports.

The fair value of the option acquired at 31 December 2022 was €1.4 million which was part of the total consideration of €36.7 million (refer to part of Note 16C). The fair value of the derivative remained unchanged as at 30 June 2023.

LSports is a company whose principal activity is to empower sportsbooks and media companies with the highest quality sports data on a wide range of events, so they can build the best product possible for their business. The company is based in Israel. The principal reason of the acquisition is the attractive opportunity considered by Playtech to increase its footprint in the growing sports data market segment.

Assessment of control and significant influence

As at the date of acquisition, 31 December 2022 and 30 June 2023, it was assessed that the Group did not have control over Lsports, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- Despite the appointment and representation on the board of Directors by a Playtech employee as at 30 June 2023, there is still no ability to control the relevant activities, as the total number of directors including the Playtech appointed director is five;
- Playtech does not have the ability to change any members of the board or management of LSports; and
- as at 30 June 2023 and 31 December 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.

As at 30 June 2023 and 31 December 2022, the Group has significant influence over LSports because it meets one or more of the criteria under IAS 28, paragraph 6, the main one being the Playtech employee appointed on the board of LSports enabling it to therefore participate in policy-making processes, including decisions about dividends and/or other distributions. As a result of this assessment LSports has been recognised as an investment in associate.

The LSports option, which is not currently exercisable, is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9 and disclosed separately under part C of this note.

Purchase Price Allocation (PPA)

The Group has prepared a PPA following the acquisition of the investment, where any difference between the cost of the investment and Playtech's share of the net fair value of the LSports' identifiable assets and liabilities results in goodwill.

Details of the provisional fair value of identifiable assets and liabilities acquired, investment consideration and goodwill are as follows:

	Playtech's share of net fair value of the identifiable assets and liabilities acquired 2022 €'m
Net book value of liabilities acquired	**(1.3)**
Fair value of customer contracts and relationships	**7.8**
Fair value of technology – internally developed	**11.5**
Fair value of brand	**1.6**
Deferred tax arising on acquisition	**(2.3)**
Total net assets	**17.3**
Total consideration	**35.3**
Goodwill	**18.0**

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. A total of €1.2 million and €0.2 million was recognised in relation to the amortisation of intangibles and the release of the deferred tax liability, arising on acquisition respectively, in the profit or loss for the period ended 30 June 2023, with a corresponding entry against the investment in associate. Furthermore, €1.8 million share of profit is recognised as at 30 June 2023 (H1 2022: €Nil).

Finally, during H1 2023, the Group received a dividend of €0.9 million from LSports.

Investment in NorthStar

Background

NorthStar Gaming Inc. (NorthStar) is a Canadian gaming brand which was incorporated under the laws of Ontario in Q3 2021. In Q1 2022, the Company received its license from the Alcohol and Gaming Commission of Ontario ("AGCO") and it launched its online gaming site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated casino offering, including the most popular slot offerings and live dealer games. The principal reason of the acquisition is the attractive opportunity considered by Playtech to increase its footprint in the Canadian growing betting data market segment.

In December 2022, the Group issued NorthStar a convertible loan of CAD 12.3 million with conditions being that upon the completion of a reverse takeover (RTO) transaction the loan could be converted into common shares, A warrants and B warrants of the post- RTO consolidated entity. Baden Resources, a company which was listed on the TSX entered into a conditional agreement to acquire NorthStar for shares (i.e. complete an RTO of NorthStar). The fair value of the loan as at 31 December 2022 was €8.4 million.

In March 2023, the RTO was completed and Baden Resources changed its name to NorthStar Gaming Holdings (NGH). These events triggered the automatic conversion of the Group's convertible loan into common shares in NorthStar (effective immediately prior to closing) and then immediately on closing (i.e. a second later) those shares were exchanged for NGH shares.

When the loan was converted into equity, the Group received shares and warrants, resulting in a shareholding of 16% in NorthStar.

Furthermore, the Group has an option to further increase its stake potentially beyond 20% of the issued and outstanding common shares. The holders may exercise the warrants once the share price is higher than CAD 0.85 for A warrants and 0.90 for B warrants. Both warrants would expire on the fifth anniversary of their issue. A warrants and B warrants can each be exercised for one common share.

The fair value of A and B warrants are €0.1 million as at 30 June 2023. The Group realised a profit of €0.1 million which has been recognised in the profit or loss for the six month period ended 30 June 2023. Refer to Note 16C.

Assessment of control and significant influence

As at the date of acquisition and 30 June 2023, it was assessed that the Group did not have control over NorthStar, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- Despite the representation on the board of Directors by Playtech CFO, there is still no ability to control the relevant activities, as the total number of directors are eight; and
- Playtech has neither the ability to change any members of the board or the management of NorthStar.

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

As at 30 June 2023, the Group has significant influence over NorthStar because it meets one or more of the criteria under IAS 28, paragraph 6, the main one being Playtech's CFO sitting on the board of NorthStar enabling it to therefore participate in policy-making processes, including decisions about dividends and/or other distributions. As a result of this assessment NorthStar has been recognised as an investment in associate.

The NorthStar warrants are fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9 and disclosed separately under part C of this note.

Purchase Price Allocation (PPA)

The Group has prepared a PPA following the acquisition of the investment, where any difference between the cost of the investment and Playtech's share of the net fair value of NorthStar's identifiable assets and liabilities results in goodwill.

Details of the provisional fair value of identifiable assets and liabilities acquired investment consideration and goodwill are as follows:

	Playtech's share of net fair value of the identifiable assets and liabilities acquired 2023 €'m
Net book value of assets acquired	**0.4**
Fair value of customer contracts and relationships	**1.0**
Fair value of brand	**0.9**
Total net assets	**2.3**
Total consideration	**8.4**
Goodwill	**6.1**

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. A total of €0.1 million was recognised in relation to the amortisation of intangibles on acquisition in the profit or loss for the six month period ended 30 June 2023, with a corresponding entry against the investment in associate. As at 30 June 2023, Playtech was diluted to 15% due to NorthStar issuing more shares as part of an acquisition they completed in May 2023. A share of loss of €1.0 million is recognised in profit or loss for the period ended 30 June 2023.

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

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

- Wplay;
- Tenbet (Costa Rica); and
- Onjoc (Panama).

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

B. Other investments

Balance sheet

	30 June 2023 €'m	31 December 2022 €'m
Listed investments	**1.6**	1.4
Investment in Tenlot Guatemala	**4.4**	4.4
Investment in Tentech Costa Rica	**2.3**	2.1
Investment in Gameco	**-**	1.3
Investment Hard Rock Digital	**78.1**	-
Total other investments	**86.4**	9.2

Statement of comprehensive income impact

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Profit or loss		
Change in fair value of equity investments	**0.3**	0.7
Impairment of the investment in Gameco (included in the impairment of financial assets)	**1.3**	-
Total profit or loss impact	**1.6**	0.7

Other comprehensive income

Foreign exchange movement from equity investment held in a non-Euro functional currency subsidiary	**(1.7)**	-

Listed investments

The Group has shares in listed securities. 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 2023, the fair value of these listed securities have increased by €0.3 million (H1 2022: increase of €0.7 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 or loss under IFRS 9.

The fair value of the equity holding as at 30 June 2023 is $5.0 million (€4.4 million) with no movement in fair value from the prior year.

In addition, the Group was granted a 10% equity holding in Super Sports S.A. at no additional cost. The Group also has an option to acquire an additional 80% equity holding in Super Sports S.A. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil for the period ended 30 June 2023 (31 December 2022: €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. give Playtech:

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

It therefore satisfies all the criteria of control under IFRS 10, paragraph 7 and, as such, at 30 June 2023, Super Sports S.A. has been consolidated in the consolidated financial statements of the Group, noting that this is not material from a Group perspective.

Investment in Tentech Costa Rica

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

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

The fair value of the equity holding as at 30 June 2023 is $2.5 million (€2.3 million) with no movement in fair value from the prior year in the profit or loss.

The foreign exchange movement of the investment held in Tentech Costa Rica is recorded through other comprehensive income as the investment is held in a USD functional currency entity. The impact of the foreign exchange movement of the investment is a profit of €0.2 million in other comprehensive income as at 30 June 2023 (31 December 2022: €Nil).

Investment in Gameco

In 2021, the Group entered into a convertible loan agreement with GameCo LLC (“GameCo”), where it provided $4.0 million in the form of a debt security with 8% interest (2021: €3.8 million). In December 2022, Gameco acquired Green Jade Games and subsequently, the Playtech debt was converted into equity shares, representing a 7.1% into the newly formed group. Immediately prior to the conversion, the loan was impaired by €3.0 million and this has been recognised in the profit or loss as at 31 December 2022.

The 7.1% equity holding in the newly formed group is accounted at fair value through profit or loss under IFRS 9. As at 30 June 2023, the fair value of the equity holding has been impaired down to €Nil (31 December 2022: €1.3 million).

Investment in Hard Rock Digital

On 14 March 2023, the Group invested $85.0 million (€79.8 million) in Hard Rock Digital (“HRD”) in exchange for a small minority interest in a combination of equity shares and warrants. HRD is a global vehicle for interactive gaming and sports betting for Hard Rock International and Seminole Gaming.

The Group assessed whether the warrants meet the definition of a separate derivative as per IFRS9. A financial instrument or other contract should have all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’),

- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

- it is settled at a future date.

Management made a judgement that the warrants do not meet the definition of a separate derivative asset as: (i) the value of the warrants is part of the total investment and cannot be distinguished between the two and therefore the value of the warrants were deemed to be equal to the equity shares value and (ii) the consideration was paid at the time of the transaction.

The equity investment in HRD does not meet the definition of held for trading, as the investment was acquired for long term investment purposes and with no current intention for sale. In this respect, the investments will be classified as an investment at fair value through profit or loss with initial and subsequent recognition at fair value. Any subsequent gain/loss will be recognised in profit or loss.

Since the date the investment was made until 30 June 2023, there have been no changes in the operations of HRD that would indicate that the fair value of the investment would be different to the original arm's length price paid of $85 million (€78.1 million). Despite the positive outcome of the federal appeals court overturning a ruling that prevented HRD from relaunching its operations in support of The Seminole Tribe of Florida's mobile and retail sports books in Florida, that decision is currently being appealed and, accordingly, it is still too early to assess the impact to the fair value of the small minority interest Playtech holds at 30 June 2023.

The foreign exchange movement of the investment held in HRD is recorded through other comprehensive income as the investment is held in a USD functional currency entity. The impact of the foreign exchange movement of the investment is a loss of €1.7 million in the statement of other comprehensive income as at 30 June 2023.

C. Derivative financial assets

Balance sheet

	30 June 2023 €'m	31 December 2022 €'m
Playtech M&A Call Option (Caliplay)	**533.8**	524.0
Wplay	**99.1**	93.5
Onjoc	**8.8**	8.6
Tenbet	**7.1**	8.9
NorthStar (Note 16B)	**0.1**	-
LSports (Note 16B)	**1.4**	1.4
Total derivative financial assets	**650.3**	636.4

Statement of comprehensive income impact

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Caliplay		
Fair value change of Playtech M&A Call Option	**(22.5)**	(5.1)
Foreign exchange movement to profit or loss	**(9.0)**	43.3
Wplay		
Fair value change in Wplay	**7.2**	11.6
Foreign exchange movement recognised in other comprehensive income	**(1.6)**	8.5
Onjoc		
Fair value change in Onjoc	**0.3**	1.2
Foreign exchange movement recognised in other comprehensive income	**(0.1)**	0.6
Tenbet		
Fair value change in Tenbet	**(1.6)**	(2.5)
Foreign exchange movement recognised in other comprehensive income	**(0.2)**	0.9
NorthStar		
Fair value change of Warrants in NorthStar	**0.1**	-
Total comprehensive income impact	**(27.4)**	58.5

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 were expected to invest a cash amount in the SPAC in exchange for shares and warrants issued by the SPAC, which was expected to result in them together holding a material minority equity interest.

Further attempts were made to complete the SPAC transaction during 2022, however 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.

For this reason, a decision was taken to change the valuation methodology used as at 30 June 2023 and 31 December 2022 for the Playtech M&A Call Option to that of a DCF approach with a market exit multiple assumption, as opposed to 31 December 2021, where 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.

As already mentioned in part A of Note 16 the Group is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between the parties in relation to the Caliente Call Option and in particular, whether Caliplay still holds this option which permits it to redeem the additional B2B services fee element. Should it be declared that Caliplay still has the Caliente Call Option and Caliplay then exercises said option, this would cancel both the Playtech M&A Call Option and the Playtech Call Option.

The Group believes the Caliente Call Option has expired and whilst Caliplay has not sought to exercise the option to date, Caliplay has made it clear that it considers the option has not yet expired.

In arriving at the fair value of the Playtech M&A Call Option, the Group has made a judgement that the Caliente Call Option has expired and therefore no probability weighted scenarios have been modelled that include an assumption that the Caliente Call Option is exercisable. Should the English Courts determine that the option is exercisable and Caliplay chooses to exercise the option, the amount payable by Caliplay to the Group upon exercise would either be agreed between the parties or, failing which, determined by an independent investment bank valuing the Group's remaining entitlement to receive the additional B2B services fee until 31 December 2034. There is therefore the potential that, should the Caliente Call Option be exercisable and then subsequently exercised, the proceeds received by the Group may be materially different (positive or adverse) to the fair value of the Playtech M&A Call Option recorded as at 30 June 2023 and 31 December 2022.

Valuation

The Group has assessed the fair value of the Playtech M&A Option of the derivative financial asset as at 30 June 2023 using a discounted cash flow (DCF) approach with a market exit multiple assumption. The Group used a discount rate of 16% (31 December 2022: 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 Group 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 four-year period, until December 2027. The Group used a compound annual growth rate of 17.0% (31 December 2022: 17.2%) over the forecasted cash flow period, an average Adjusted EBITDA margin of 27.8% (31 December 2022: 26.3%) and an exit multiple of 8.6x (31 December 2022: 9.6x). Due to the uncertainty as to how the exercise of the Playtech M&A Call Option may occur and the potential for the shares held to not be immediately realisable, the Group included an additional discount for lack of marketability (DLOM) for two years of 13.8% (31 December 2022: 13.8%). Furthermore, Playtech's share in Caliplay was adjusted to reflect the rights to Caliplay shares that a service provider has under its services agreement with the Group. Finally, taking account of matters arising in the period, Playtech has included some probability weighted scenarios to consider the impact of the COC Option as explained in part A of this Note, noting that the probabilities assigned to this scenario are above zero but low, as compared to the 31 December 2022 valuation where it was assumed that there was no impact (i.e. 0% probability scenarios).

As at 30 June 2023, the fair value of the Playtech M&A Call Option was $581.0 million (31 December 2022: $560.6 million) which converted to €533.8 million (31 December 2022: €524.0 million). The period-on-period change in the fair value of the Playtech M&A call option is a combination of an uplift:

- due to Caliplay's H1 2023 performance which exceeded forecasts; and
- following the reduction of the right to Caliplay shares that a service provider of Playtech had under its services agreement which was partly redeemed during the period through a €41.3 million redemption payment (the value of such right being deducted from the fair value of the Playtech M&A Call Option).

These were partially offset by:

- the reduction in the exit multiple described above;
- unfavourable movement in the USD to EUR foreign exchange rate; and
- the impact of including scenarios whereby there is a small probability that the COC Option will be exercised.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2023 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 14% to 18% will result in a fair value of the derivative financial asset in the range of €497.0 million – €574.2 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €506.2 million – €566.0 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €475.9 million – €595.4 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €432.7 million – €634.9 million.

- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €332.6 million – €735.0 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 €475.0 million – €592.6 million.
- If the 13.8% DLOM applied for two-year period post exercise of the Playtech M&A option was removed (i.e. in the event that an M&A transaction included the acquisition of Playtech's shares immediately post exercise) the fair value of the derivative financial asset would increase to €626.6 million. Conversely, if we double the applied DLOM to 27.6% the fair value of the derivative financial asset would decrease to €441.0 million.

Wplay

In August 2019, Playtech entered into a structured agreement with Aquila Global Group SAS ("Wplay"), which has a 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 9. The Group has no shareholding in Wplay.

Playtech has a call option to acquire a 49.9% equity holding in the Wplay business. As at 31 December 2022 this option was exercisable in August 2023. In 2023, the option exercise date was deferred to February 2024. 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 for the six month period ended 30 June 2023 (H1 2022: €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 Group had contingent commitments totalling $6.0 million, of which $5.0 million was paid in June 2021 and $1.0 million was paid in October 2022.

Assessment of control and significant influence

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

- Playtech does not have the ability to direct Wplay's activities as it has no voting representation on the executive committee or members of the executive committee.
- Whilst they are not members of the executive committee, Playtech has the ability to appoint and change both the COO and CMO who form part of the management team (albeit this right has never been exercised). The COO and the CMO are part of the wider management team but would not be able to control the relevant activities of Wplay.
- If the option is exercised it would result in Playtech acquiring 49.9% of the voting rights of the operating entity and therefore would not result in having control. Furthermore, as at 30 June 2023 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

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

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 two loans to Wplay, an interest-bearing and a non interest-bearing one of $1.7 million (€1.6 million) and $0.5 million (€0.5 million) respectively. The loans are due for repayment in December 2023 and December 2024 and their combined outstanding balance as at 30 June 2023 is $1.3 million (€1.2 million). The loans are included in loans receivable from related parties (refer to Note 24).

Valuation

The fair value of the option at 30 June 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 26% (31 December 2022: 25%) 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 (31 December 2022: expected exit date of December 2026). The Group used a compound annual growth rate of 22.7% (31 December 2022: 24.7%) over the forecasted cash flow period, an average Adjusted EBITDA margin of 19.1% (31 December 2022: 20.6%) and an exit multiple of 9.6x (31 December 2022: 9.6x). 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, therefore no further discounts were applied post transaction. Furthermore, Playtech's share in Wplay was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 30 June 2023, the fair value of the Wplay derivative financial asset is €99.1 million. The difference of €5.6 million between the fair value at 31 December 2022 of €93.5 million and the fair value at 30 June 2023 has been recognised as follows:

a. €7.2 million derived from the fair value increase of the derivative call option calculated using the DCF model in the profit or loss for the six month period ended 30 June 2023.

b. €1.6 million derived from the fair value decrease 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) in other comprehensive income for the six month period ended 30 June 2023.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2023 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 €88.1 million – €119.1 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €94.1 million – €104.1 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €89.2 million – €109.0 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €81.0 million – €117.9 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €63.4 million – €137.4 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 €90.7 million – €107.5 million.
- If the expected Playtech exit date fluctuates by one year later or earlier, the fair value of the derivative financial asset will change to €98.5 million and €99.7 million respectively.

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 9. 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 period ended 30 June 2023 (H1 2022: €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 performed an analysis for Onjoc to assess whether it holds power over Onjoc (in accordance with IFRS 10, paragraph 7) with the following considerations:

- Playtech can propose an independent member to the board of directors, who has to be independent to both Playtech and Onjoc, and as such does not have the ability to direct Onjoc's activities as it has no voting representation on the board;
- Playtech has the right to appoint and remove the COO, CTO and CMO, 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 2023 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 €1.9 million (31 December 2022: €1.8 million) which is due for repayment in October 2025 and is included in loans receivable from related parties (refer to Note 24).

Valuation

The fair value of the option at 30 June 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 32% (31 December 2022: 33%) 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 (31 December 2022: expected exit date of December 2027). The Group used a compound annual growth rate of 74.3% (31 December 2022: 60.1%) over the forecasted cash flow period and an average Adjusted EBITDA margin of 15.7% (31 December

2022: 20.4%). 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, therefore no further discounts applied post transaction. Furthermore, Playtech's share in Onjoc was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 30 June 2023, the fair value of the Onjoc derivative financial asset is €8.8 million. The difference of €0.2 million between the fair value at 31 December 2022 of €8.6 million and the fair value at 30 June 2023 has been recognised as follows:

a. €0.3 million derived from the fair value increase of the derivative call option calculated using the DCF model in the profit or loss for the period ended 30 June 2023.

b. €0.1 million derived from the fair value decrease 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) in other comprehensive income for the period ended 30 June 2023.Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2023 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 28% to 38% will result in a fair value of the derivative financial asset in the range of €7.1 million – €10.1 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €8.3 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 – €9.7 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €6.4 million – €11.3 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €4.2 million – €14.1 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 €7.6 million – €9.9 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 period ended 30 June 2023 (31 December 2022: €Nil). In H1 2023, the Group signed an amendment to the Tenbet agreement in which the option can be exercised at any time from July 2024 (previously 35 months of Tenbet going live). The call option to acquire 81% equity holding in Tenbet is exercisable from July 2024 (previously July 2023).

Under the existing agreements, the Group has provided Tenbet with a credit facility of €3.9 million out of which €3.6 million (Note 24) had been drawn down as at 30 June 2023 (31 December 2022: €2.1 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 2023 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 that 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 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 34% (31 December 2022: 35%) 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 (31 December 2022: expected exit date of December 2027). The Group used a compound annual growth rate of 261% (31 December 2022: 135%) over the forecasted cash flow period and an average Adjusted EBITDA margin within the range of – 335% to 28% in years 1-5 with an average of -70.6% (31 December 2022: average of -59.8%). 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 that a service provider has under its services agreement with the Group.

As at 30 June 2023, the fair value of the Tenbet derivative financial asset is €7.1 million. The difference of €1.8 million between the fair value at 31 December 2022 of €8.9 million and the fair value at 30 June 2023 has been recognised as follows:

a. €1.6 million derived from the fair value decrease of the derivative call option calculated using the DCF model in the profit or loss in the period ended 30 June 2023.

b. €0.2 million derived from the fair value decrease 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) in other comprehensive income in the period ended 30 June 2023.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2023 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 €5.5 million – €8.5 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €6.7 million – €7.6 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €6.3 million – €8.0 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €1.1 million – €13.5 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €Nil – €20.3 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 €7.6 million – €9.9 million.

Note 17 – Assets classified as held for sale

	30 June 2023 €'m	31 December 2022 €'m
Assets		
Property, plant and equipment	19.4	19.6

During 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. Accordingly, the real estate was classified as held for sale. Of the total consideration, €1.0 million was received during the year ended 31 December 2021. The advance received was classified as part of the liabilities directly associated with assets classified as held for sale.

The sale has been finalised but the disposal is expected to complete in H1 2025 with the movement of the trot track from La Maura area to San Siro (previously it was expected that the sale would be completed during 2024).

Note 18 – Shareholders' equity

A. Share capital

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

	30 June 2023 Number of shares	31 December 2022 Number of shares
Authorised[1]	N/A	N/A
Issued and paid up	309,294,243	309,294,243

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

The table below shows the movement of the shares:

	Shares in issue/ circulation Number of shares	Treasury shares	Shares held by 2014 EBT	Shares held by 2021 EBT	Total
At 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
Exercise of options	1,145,324	—	—	(1,145,324)	—
At 31 December 2022	300,988,316	2,937,550	—	5,368,377	309,294,243
Transfer of shares	—	(2,937,550)	—	2,937,550	—

Exercise of options	2,915,544	—	—	(2,915,544)	—
At 30 June 2023	**303,903,860**	**—**	**—**	**5,390,383**	**309,294,243**

B. Employee Benefit Trust

2014 EBT

In 2014, the Group established an Employee Benefit Trust (2014 EBT) by acquiring 5,517,241 shares for a total of €48.5 million. As at 30 June 2023, no shares were outstanding under the 2014 EBT.

2021 EBT

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. In 2023 the Company transferred 2,937,550 shares held by the Company in treasury to the 2021 EBT for a total of €12.5 million.

During the six month period ended 30 June 2023, 2,915,544 shares were issued at a cost of €9.4 million. As at 30 June 2023, a balance of 5,390,383 shares remains in the 2021 EBT with a cost of €20.3 million.

C. Share options exercised

During the period 3,058,590 share options were exercised, of which 143,046 were cash settled (six months ended 2022: 34,904).

D. Distribution of dividends

During 2023 the Group did not pay any dividends.

E. Reserves

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

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

Note 19 – Loans and borrowings

The main credit facility of the Group is a revolving credit facility (RCF) up to €277.0 million and is available until October 2025, with an option to extend by 12 months. Interest payable on the loan is based on SONIA based on the currency of each withdrawal. As at the reporting date the credit facility drawn amounted to €45.9 million (31 December 2022: €Nil).

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 to be less than 3.5:1 for the 12 months ended 30 June 2023 (12 months ended 31 December 2022: less than 3.5:1).
- Interest cover: Adjusted EBITDA/Interest to be over 4:1 for the 12 months ended 30 June 2023 (12 months ended 31 December 2022: over 4:1).

As at 30 June 2023 and 31 December 2022 the Group met these financial covenants.

Note 20 – Bonds

	2018 Bond €'m	2019 Bond €'m	2023 Bond €'m	Total €'m
At 1 January 2022	527.6	347.4	—	875.0
Release of capitalised expenses	0.7	0.3	—	1.0
At 30 June 2022	528.3	347.7	—	876.0
Repayment of bonds	(330.0)	—	—	(330.0)
Release of capitalised expenses	1.3	0.3	—	1.6
At 31 December 2022	199.6	348.0	—	547.6
Issue of new bond	—	—	297.3	297.3
Release of capitalised expenses	0.3	0.3	—	0.6
At 30 June 2023	199.9	348.3	297.3	845.5

	30 June 2023 €'m	31 December 2022 €'m
Split to:		
Non-current	645.6	348.0

Current	199.9	199.6
	845.5	547.6

Bonds

(a) 2018 Bond

On 12 October 2018, the Group issued €530.0 million of senior secured notes (the “2018 Bond”) maturing in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2018 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.

During the year ended 31 December 2022, the Group partially repaid the 2018 Bond by €330 million. Playtech has served notice and subsequently redeemed at par the outstanding 2018 Bond with a €200.0 million balance in July 2023.

(b) 2019 Bond

On 7 March 2019, the Group issued €350.0 million of senior secured notes (the “2019 Bond”) maturing in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2019 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.

(c) 2023 Bond

On 28 June 2023, the Group issued €300.0 million of senior secured notes (the “2023 Bond”) maturing in June 2028. The net proceeds of issuing the 2023 Bond after deducting commissions and other direct costs of issue totalled €297.3 million. Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2023 Bond.

The issue price is 100% of its principal amount and bears interest from 28 June 2023 at a rate of 5.875% per annum payable semi-annually, in arrears, on 28 December and 28 June commencing on 28 December 2023.

As at 30 June 2023 and 31 December 2022, the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/interest ratio, for the combined 2018, 2019 and 2023 Bonds.

Note 21 – Provisions for risks and charges, litigation and contingent liabilities

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

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

Movements of the provisions outstanding as at 30 June 2023 are shown below:

	Legal and regulatory €’m	Contractual €’m	Other €’m	Total €’m
Balance at 1 January 2023	7.3	4.2	2.4	13.9
Provisions made during the period	0.2	2.2	0.4	2.8
Provisions used during the period	(0.2)	—	(0.2)	(0.4)
Provisions reversed during the period	(1.1)	—	—	(1.1)
Balance at 30 June 2023	6.2	6.4	2.6	15.2

	Legal and regulatory €’m	Contractual €’m	Other €’m	Total €’m
31 December 2022				
Non-current	7.3	0.3	2.4	10.0
Current	—	3.9	—	3.9
	7.3	4.2	2.4	13.9
30 June 2023				
Non-current	6.2	0.3	2.5	9.0
Current	—	6.1	0.1	6.2
	6.2	6.4	2.6	15.2

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 defence to the claims raised and has provided for the likely settlement where an outflow of funds is probable. The uncertainty relates to complex contractual dealings with a wide range of customers in various jurisdictions, and because as noted above, the Group operates in certain jurisdictions where contractual disputes can take considerable time to be resolved in the local legal system.

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

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 22 – Contingent consideration

	30 June 2023 €'m	31 December 2022 €'m
Non-current contingent consideration		
Acquisition of Aus GMTC PTY Ltd	3.4	2.1
Other acquisitions	0.4	0.2
Total non-current contingent consideration	3.8	2.3
Current contingent consideration		
Other acquisitions	0.7	0.6
Total current contingent consideration	0.7	0.6
Total contingent consideration	4.5	2.9

The maximum contingent consideration payable is as follows:

	30 June 2023 €'m	31 December 2022 €'m
Acquisition of Aus GMTC PTY Ltd	45.9	46.7
Other acquisitions	1.1	0.8
	47.0	47.5

Note 23 – Deferred tax

The movement on the deferred tax is as shown below:

	€'m
Balance at 1 January 2023	**(12.3)**
Adjustment on initial recognition IAS 12 (Restated – Note 4A)	**1.5**
Balance at 1 January 2023 – as restated	**(10.8)**
On business combinations	**(0.8)**
Charge to profit or loss (Note 13)	**(51.6)**
At 30 June 2023	**(63.2)**

	30 June 2023 €'m	31 December 2022 €'m
Split as:		
Deferred tax liability	(146.2)	(124.8)
Deferred tax asset	83.0	114.0
	(63.2)	(10.8)

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

As at 30 June 2023, 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 Notes 6 and 13 for the assessment performed on the recognition of deferred tax in the period.

Details of the deferred tax outstanding as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 €'m	31 December 2022 €'m
Deferred tax recognised on Group restructuring	52.0	56.8
Tax losses	51.6	75.9
Other temporary and deductible differences	(166.8)	(143.5)
Total	(63.2)	(10.8)

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

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Accelerated capital allowances	(0.8)	0.3
Employee pension liabilities	-	(0.3)
Other temporary and deductible differences	(26.7)	(14.9)
Leases	-	(0.1)
Tax losses	(24.1)	2.1
Total	(51.6)	(12.9)

Note 24 – Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

During the period, Group companies entered into the following transactions with related parties which are not members of the Group:

	Six months ended 30 June 2023 €'m	Six months ended 30 June 2022 €'m
Revenue		
Investments in associates	96.4	63.4
Interest income		
Investments in associates	0.7	0.3
Dividend income		
Investments in associates	0.9	—
Operating expenses		
Investments in associates	0.6	0.1

The revenue from investments in associates includes income from Caliplay, Galera, Wplay, Onjoc and Tenbet. The interest income relates to the same companies except Caliplay.

The following amounts were outstanding at the reporting date:

	30 June 2023 €'m	31 December 2022 €'m
Trade receivables		
Associates	37.3	20.5
Loans and interest receivable – current		
Associates	1.2	3.4
Loans and interest receivable – non-current		
Associates	45.2	29.0
Trade payables		
Associates	0.1	—

The loans and interest receivables above do not include the expected credit losses. For the period ended 30 June 2023, the Group recognised a provision for expected credit losses of €0.1 million relating to amounts owed by related parties in less than one year (31 December 2022: €0.1 million) and €1.8 million (31 December 2022: €1.1 million) for more than one year.

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 €11.2 million (H1 2022: €4.5 million).

Note 25 – Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					
	Loans and borrowings €'m	Bonds €'m	Interest on loans and borrowings and bonds €'m	Contingent consideration and redemption liability €'m	Lease liabilities €'m	Total €'m
Balance at 1 January 2023	—	547.6	7.3	2.9	85.8	643.6
Changes from financing cash flows						
Interest paid on bonds and loans and borrowings	—	—	(12.4)	—	—	(12.4)
Proceeds from loans and borrowings	48.0	—	—	—	—	48.0
Proceeds from the issuance of bonds	—	297.3	—	—	—	297.3
Payment of contingent consideration	—	—	—	(0.1)	—	(0.1)

Principal paid on lease liability	—	—	—	—	(11.4)	(11.4)
Interest paid on lease liability	—	—	—	—	(2.5)	(2.5)
Total changes from financing cash flows	**48.0**	**297.3**	**(12.4)**	**(0.1)**	**(13.9)**	**318.9**
Other changes						
Liability related						
New leases	—	—	—	—	7.2	7.2
Interest on bonds and loans and borrowings	—	0.6	12.4	—	—	13.0
Interest on lease liability	—	—	—	—	2.5	2.5
Movement in contingent consideration	—	—	—	1.3	—	1.3
On business combinations	—	—	—	0.4	1.9	2.3
Foreign exchange difference	(2.1)	—	—	—	0.1	(2.0)
Total liability-related other changes	(2.1)	0.6	12.4	1.7	11.7	24.3
Balance at 30 June 2023	45.9	845.5	7.3	4.5	83.6	986.8

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

Note 26 – Events after the reporting date

In July 2023, the net proceeds from the issue of the 2023 Bond were used for the repayment of the outstanding RCF amount of €45.6 million and the 2018 Bond amount to €200.0 million.