



 *playtech* **20**
YEARS

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

Celebrating our 20th birthday

Founded in 1999 in Estonia, Playtech celebrated 20 years of innovation and success in 2019.



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Chief Executive Officer's review

▶ Read Mor Weizer's review of our business in 2019 on **page 20**



Our technology

▶ Read about our technology on **page 28**



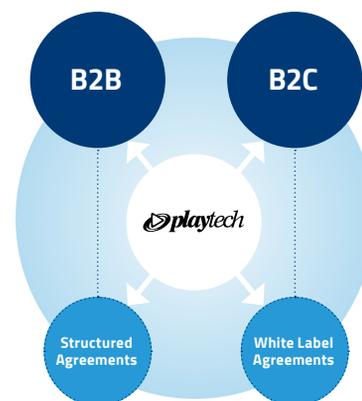
Safer gambling

▶ Read about safer gambling on **page 10**



Our business model

▶ Read about our business model on **page 16**



Financial highlights

A solid performance

Strong performance from core businesses drive 2019 results in rapidly evolving industry

Revenue

€1,508m

2019	1,508
2018	1,225
2017	807

Operating cash flow

€317m

2019	317
2018	385
2017	307

Adjusted EBITDA

€383m

2019	383
2018	345
2017	322

Total shareholder returns

€120m

2019	120
2018	116
2017	113

Regulated revenue

88%

2019	88
2018	80
2017	54

Operational highlights

Significant operational progress

Playtech had another busy year with new product launches, innovations, new customer wins and extended relationships with existing customers



Major new strategic agreement with Wplay

In November 2019 Playtech signed a major deal with one of Colombia's leading brands. Under the agreement Playtech will become Wplay's strategic technology partner delivering its omni-channel products together with operational and marketing services across Wplay's retail and online operations.

Playtech has a track record of developing newly regulated online markets through the successful structured agreement with Caliente in Mexico and Wplay is another significant strategic step in Playtech's growth in Latin America.



Playtech launches new Kingdoms Rise games suite

In October 2019, Playtech announced the network-wide launch of Kingdoms Rise – a major new games suite with a unique reward system to boost player engagement.

Designed around the theme of a fantasy world comprised of several different lands, Kingdoms Rise takes a ground-breaking approach to both capturing player interest and creating a cost-effective reward structure for operators.

Fortuna migrates Sportsbook onto Playtech's omni-channel platform

Playtech announced that Fortuna Entertainment Group, the largest betting and gaming operator in Central and Eastern Europe, completed the migration of its Sportsbook in Slovakia onto Playtech's IMS platform. Fortuna customers can now seamlessly access Sportsbook funds across retail and online, while Fortuna is now able to harness Playtech's Engagement Centre and safer gambling tools across its omni-channel offering.



Double triumph for Playtech at the Women in Gaming Diversity Awards

Lauren Iannarone of Playtech Compliance and Valeria Russo of Quickspin, two of nine Playtech nominees, were honoured at the 2019 Women in Gaming Diversity Awards (WIGs).

Lauren's tireless and outstanding work was honoured with the coveted Industry Achiever Award, whilst Valeria, who joined Quickspin in October 2018 as an Account Manager, triumphed in the Star of the Future category.



Swiss Casinos partners with Playtech to lead new online market in Switzerland

Swiss Casinos, which operates one of Switzerland's largest casinos, Casino Zurich, became the latest major European operator to partner with Playtech in September 2019 in order to access its award-winning Casino and Live Casino offering.

Playtech's Casino offering allows players to access content anywhere, at any time and on any device through a single wallet and single account.

Playtech launches casino partnership with GVC across key markets

June 2019 saw Playtech launch its long-term casino partnership with GVC in multiple markets across GVC's leading brands – including bwin, Sportingbet, partypoker, PartyCasino, Foxy Bingo, Foxy Casino and Crystalbet.



Safer gambling

Safer game design and labelling is a core part of Playtech's safer gambling strategy. In 2019, we continued research and practical activities including the development of sustainable game design principles, a game labelling trial for slots as well as collaboration with the industry, regulators and others to advance the development of industry guidance on game design principles.

The leading gambling technology company

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a market leader in the gambling and financial trading industries. The Gambling division is our core business, bringing innovative products and data-driven technology to licensees and end customers

Our purpose

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

How we do this

Scale & distribution

Retail & online software across over 150 licensees in more than 30 regulated markets.

Data

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

Technology

More than 20 years of experience and insights to develop industry-leading products and services.

Innovation & disruption

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

Our investment case

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

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

▶ Read more about Playtech's Business Model on pages 16 and 17

A global business

Playtech was established at the outset of the online gambling industry and its 20 years of experience and investment in technology has resulted in unparalleled knowledge and expertise. Playtech's global scale and distribution capabilities with over 150 licensees, operating in over 30 regulated markets and offices in 21 countries mean we are ideally positioned to capture opportunities in newly regulating markets and high growth markets with low online penetration.

Employees

6,000

Countries with offices

21

Regulated jurisdictions

>30

Our operations

B2B

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

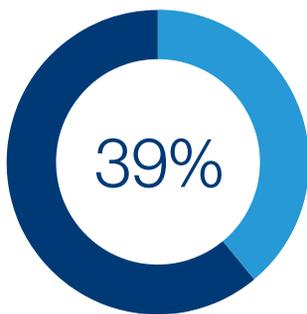
Revenue

€553.9m

EBITDA

€214.8m

EBITDA margin



B2C

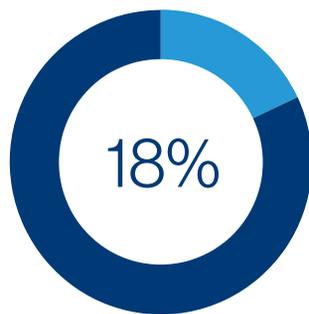
Operating directly as an operator in select markets and generating revenues from online gambling, gaming machines and retail betting.

Revenue

€900.5m

EBITDA

€160.4m



Financials

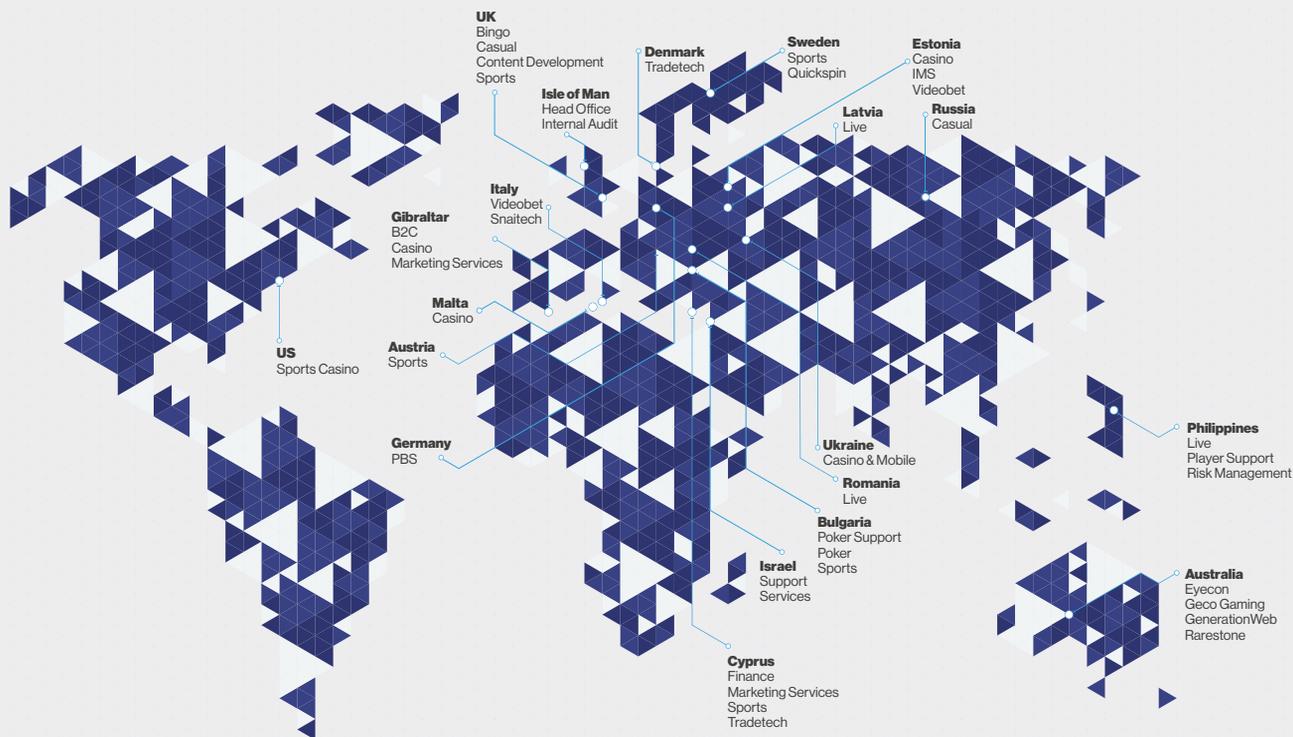
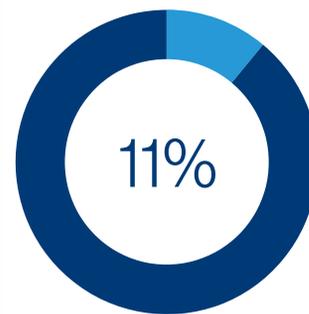
The Financials division of Playtech, providing trading, platform and liquidity technology and services to brokers and end customers.

Revenue

€67.9m

EBITDA

€7.8m



Delivering strategic and operational progress

2019 was another important year in the development of Playtech. Management has continued to focus on delivering a transformation of the business which started in 2017, designed to secure long-term growth and unlock shareholder value



Alan Jackson
Chairman

Note: These accounts were published on 27 February 2020, prior to the significant and widespread impact of Covid-19 on global markets. While the report represents an accurate reflection of the year's activity, it should be read with this in mind together with our more recent trading updates.

Alan Jackson
Chairman
8 April 2020

The Group reported 23% revenue growth and 11% growth in adjusted EBITDA driven by a strong performance in the Core B2B and B2C Gambling business and the inclusion of a full year of Snaitech's results. The strength in this part of the business was partially offset by the disappointing results of Asia and TradeTech and management has started to take action in 2019 and will continue to do so in 2020.

As the business continues to transition and deliver a well-diversified higher quality revenue profile, I am pleased to report that the percentage of regulated revenue rose to 88% compared to 80% in 2018.

In 2019 Core B2B Gambling revenues in regulated markets increased by 17% compared to 2018. During 2019 Playtech continued to deliver on its B2B strategy delivering new agreements with new licensees, growing our relationships with existing customers, launching in new markets and developing new tools and capabilities to assist our partners to grow in existing markets. This progress in 2019 will secure B2B growth for the coming years.

Snaitech, our B2C business in Italy, continues to go from strength to strength delivering an outstanding full year performance. We are now starting to see the benefits of leveraging Playtech's technological expertise and capabilities across the Snaitech business. Underlying Adjusted EBITDA increased by 24% and Snaitech continued to take market share, finishing the year as Italy's leading online betting and gaming operator.

“With the scale of its technology, breadth of its offering and diversification of model, I am confident Playtech will be at the centre of the industry for years to come.”

Management has taken decisive steps during the year to address the underperforming and non-core parts of the Group and will continue to act in 2020 to deliver the most appropriate path to realise shareholder value. During the year management took the decision to discontinue our Casual Gaming operations, which will leave us with a more focused and profitable B2C portfolio.

TradeTech had a challenging 2019 but the team has made several changes to the business and starts 2020 in a stronger position. As we announced at our interim results, we are reviewing the longer-term options for this business and will update as the year progresses.

During 2019 Playtech continued to maintain an efficient balance sheet. Following the issuance of our first public rated corporate bond in 2018, Playtech successfully raised a further €350 million 7-year bond at 4.25% in March 2019.

The Group's continued strong levels of cash generation allowed total shareholder returns of €120.4 million in 2019 through dividends and share buybacks. This demonstrates Playtech's commitment to delivering high levels of shareholder returns which has seen the Company return more than €1 billion to shareholders over the last ten years. The continued levels of cash generation mean the Board is able to announce a further €40 million share buyback programme.

Looking into 2020, in due course we will announce my successor as Chairman. With the scale of its technology, breadth of its offering and diversification of model, I am confident Playtech will be at the centre of the industry for years to come.

Alan Jackson
Chairman
26 February 2020



Culture and values

Our values are a vital part of our ethical business principles. They guide all our decisions. They are the foundation of everything we do as a company and they help to shape our achievements.

Integrity

We always strive to be responsible, honest and open in our dealings with each other and with all our stakeholders, licensees, regulators, business partners and suppliers

Innovation

We always endeavour to be at the forefront of our industry; to lead, develop and deliver new products and services that meet all risk and regulatory compliance measures

Excellence

We aim for excellence in everything we do; in the delivery of our products and services, in our interaction with the outside world and in working with each other

Performance

We always deliver outstanding performance in the context of the legitimate and realistic expectations of our customers and shareholders

Our investment case

Leading the market

Playtech is the leading technology provider to the global Gambling industry, with high operating margins and high cash generation. This strong financial profile creates the ability to further extend our leading market position by investing in R&D, targeted strategic M&A, and generating value and returns for shareholders through dividends and buying back shares

Playtech provides its technology on a B2B basis to the industry's leading retail and online operators, land-based casino groups and government monopolies. Playtech often partners with multiple operators in the same market to fulfil their technology requirements such as in the UK where all the top operators use its software. Playtech's B2B contracts are typically long term. In select markets Playtech deploys its technology directly as a B2C operator such as with Snaitech in Italy.

As a premium segment listed company on the London Stock Exchange's main market with 100% free float, Playtech is a constituent of the FTSE250 index.

Our strengths

Unparalleled scale in the gambling industry

Playtech was established at the outset of the online gambling industry and its 20 years of experience and investment in technology has resulted in unparalleled knowledge and expertise. Playtech's global scale and distribution capabilities with over 150 licensees, operating in over 30 regulated markets and offices in 21 countries mean it is ideally positioned to provide its technology to operators in new regulated and regulating markets (including in Central & Eastern Europe, Scandinavia, LatAm and the US).

Regulated markets

>30

▶ Read more about Playtech's business model on pages 16 and 17

Leading B2B technology

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

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

▶ Read more about Technology Expertise on pages 28 to 31

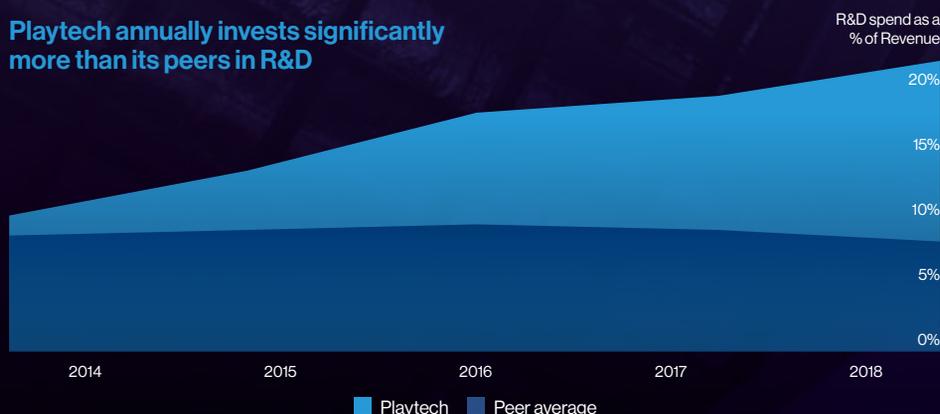
Leveraging scale to drive Innovation

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

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

▶ Read more about Innovation on page 32

Playtech annually invests significantly more than its peers in R&D



Our sector/position

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

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

▶ Read more about our markets on **pages 14 and 15**

Our business model

Playtech's technology offering can support operators in any market

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

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

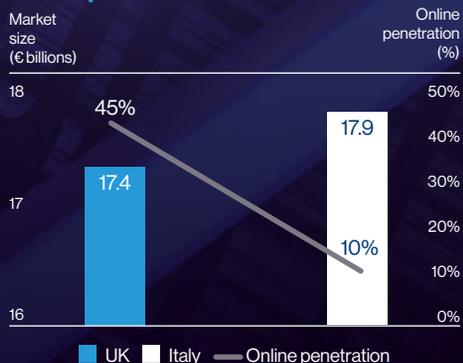
▶ Read more about our business model on **pages 16 and 17**

Snaitech is the market leader in the highly attractive Italian market

Playtech's Italian B2C business, Snaitech is the market leader in the highly attractive Italian online market. Italy is the largest gambling market in Europe with total GGR of €18 billion in 2019. However, the online segment in Italy remains less developed with online penetration at only 10% in 2019 (versus 45% in UK). Snaitech's leading brand and retail presence in Italy, combined with Playtech's technology expertise, make it ideally positioned to capture this market opportunity.

▶ Read more about Snaitech on **pages 36 and 37**

2019 market size versus online penetration



Safer Gambling is central to our design and development process

Playtech is focused on promoting Safer Gambling and the healthy sustainability of customers' end users. Playtech makes significant investment into Safer Gambling and has recently launched Playtech Protect, its suite of Safer Gambling tools. We have been leading industry efforts on developing a Code of Conduct for game design to help raise consumer protection standards across the industry.

▶ Read more about Safer Gambling on **pages 10 to 13**



Further, as part of our Sustainable Success initiative, Playtech will be committing to investing £5 million in five key areas with charity and social enterprise partners that provide research and insights into digital resilience and healthy online living.

Our impressive financial track record

Playtech has an impressive financial track record having grown revenue and Adjusted EBITDA at a CAGR of 30% and 20% respectively since 2007. In the last five years Playtech has generated over €1.4 billion in operating cash flows and in the last ten years has returned over €1 billion to shareholders through dividends and share repurchases.

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

Operating cash flow in last five years

> €1.4bn

Total Shareholder Returns in last ten years

> €1bn

Safer gambling

Delivering safer gambling

As a technology specialist Playtech's vision is to be a force for collaboration and innovation in the industry. This means that at the centre of our strategy is to become a global leader in safer products, data analytics and player engagement solutions – partnering with our licensees to deliver a safe, sustainable entertainment industry for the benefit of all stakeholders

Playtech is investing in the advancement of safer gambling technology solutions, partnerships and research to make the customer journey safer and raise industry standards. This includes:

Deploying technology and AI to advance a safer customer experience

Playtech is combining its safer gambling data analytics solution, BetBuddy, with its real-time player engagement & messaging platform, Player Journey, to help operators more effectively identify and assess player risk and use these insights to deliver highly personalised messaging that empowers consumers to make safer choices.

Investing in Sustainable Game Design and Smart Labelling Programme

Playtech has developed an internal Sustainable Game Design Expert Group, which includes representation from all Playtech casino content studios, and launched a Game Design Research and Development Programme. The programme covers a range of research and practical activities including the development of sustainable game design principles, a new game labelling project aimed at raising awareness of slots volatility, as well as promoting safer gambling messaging. The Playtech Game Design Research and Development Programme was independently assessed by Dr Jonathan Parke, an expert in the field of game structural characteristics and gambling-related harm.

Supporting research and education to prevent, understand and reduce gambling-related harm

Playtech is engaging and collaborating with academics and charities to advance approaches for proactive harm prevention initiatives focused on at-risk and problem gamblers. This includes research aimed at improving approaches for

proactive harm prevention initiatives focused on at-risk and problem gamblers as well as supporting programmes aimed at increasing access to public and mental health and wellbeing programmes; increasing access to financial wellbeing programmes. Strengthening and scaling the capacity of frontline staff who are working with vulnerable populations to deliver effective prevention and resilience programmes. Playtech supports the work of a diverse range of charities including BetknowMore, GambleAware, Gordon Moody, YGAM, GamCare and Mind Brent, Westminster and Wandsworth.

Alongside our own technology and expertise Playtech is also leveraging partnerships with external experts including with City, University of London's Research Centre for Machine Learning through our work on artificial intelligence driven safer gambling solutions.



Playtech Protect

Protecting players, winning trust

Technology that empowers you to adapt to and exceed ever-changing and more stringent regulatory requirements. The tools and the data to manage player journeys and communicate in real time at key points. The flexibility to enhance and extend your safer gambling strategy.

Playtech Protect brings together everything you need to proactively deliver and support an industry-leading safer gambling environment.

IMS – a versatile, scalable, expandable solution

Playtech's award-winning IMS platform is at the centre of Playtech Protect – sophisticated, scalable technology that unifies Playtech products across all channels and delivers the flexibility for seamless expansion and development. IMS offers full visibility of the player lifecycle and end-to-end player management from a single centralised point.

Additionally, Playtech Open Platform (POP) technology facilitates the expansion of IMS's capabilities and carefully selected specialist third-party tools and services, without the need for additional development work.

The Playtech Protect toolset covers the player lifecycle end-to-end, from KYC and onboarding to player facing tools to encourage a proactive approach to safer gambling:

- **MultiCheck Verification Gateway** – Access multiple verification providers in a single request for a robust, cost-effective solution
- **Featurespace** – World-leading real-time fraud detection built around adaptive behavioural analytics – 84% of new fraud attacks blocked as they occur
- **FinCom** – Automated, real-time AML transaction verification based on advanced algorithms and phonetics technology
- **iovation** – Device-based user identification intelligence drives real-time fraud prevention

Playtech Protect and the Safer Gambling Customer Journey: Any Jurisdiction, Any Channel, Any Product	
KYC and Onboarding	AML and Fraud
<ul style="list-style-type: none"> • Age verification • Affordability • Sanctions • PEPs 	<ul style="list-style-type: none"> • AML monitoring • SAR/STR reporting • Fraud detection
Limits, Self-Exclusion	Customer Journeys
<ul style="list-style-type: none"> • Configurable Limits; deposits, losses, times, self-exclusions, reality checks, etc 	<ul style="list-style-type: none"> • Set-up automated customer journeys to support any safer gambling scenarios • Tailored to your business requirements • Automated A/B testing and message evaluations
Real-time Alerts and Reports	Risk Detection
<ul style="list-style-type: none"> • Real-time safer gambling alerts e.g. triggers for high deposits and losses 	<ul style="list-style-type: none"> • At-risk detection • Explainable AI models and API integrations • Dedicated Business Intelligence solution and reporting
Real-time Customer Interactions	Gamification
<ul style="list-style-type: none"> • Real-time in-game messaging • Email/SMS/Chat messaging • Personalisation via player segmentation based on risk profile • Marketing database integrations • VIP team and customer service centre staff training programmes • Player SmartTips assets 	<ul style="list-style-type: none"> • Set safer gambling challenges • Recognise and reward positive behaviours
Marketing Integration	Self-Test
<ul style="list-style-type: none"> • Modify customer experience based on integration of data insights 	<ul style="list-style-type: none"> • Industry best practice e.g. PGSI + others • Multi-lingual support • Integration with risk detection systems and scoring • IMS and portal integration
Safer Gambling Expert Support	Safer Gambling Product Labelling
<ul style="list-style-type: none"> • Industry respected experts in safer gambling programme design and development • Customer interaction strategy development • Message/content development • Evaluation methodologies and reporting 	<ul style="list-style-type: none"> • Playtech Protect • BetBuddy • Player pay-out volatility labels with safer gambling messaging
Content Lab Testing	Central Self-Exclusion Schemes
<ul style="list-style-type: none"> • Test Lab accreditations for all content 	<ul style="list-style-type: none"> • Integration to all major central self-exclusion schemes e.g. Gamstop, Rofus, AAMS/USR
Regulatory Reporting	Data Privacy and Security
<ul style="list-style-type: none"> • Integration to all mandatory regulated data vaults • Support all regulatory reporting across relevant jurisdictions 	<ul style="list-style-type: none"> • Industry standard data privacy and security e.g. ISO 27000 series compliant • GDPR compliance

Interview with Mor Weizer, CEO



What do you see as Playtech's role in addressing the Safer Gambling Challenge in the industry?

As a technology specialist Playtech focuses on harnessing its capabilities in innovation and data-driven intelligence to place consumer protection and sustainable business practices at the centre of every stage of the player experience from game design to real-time engagement and messaging.

Also, our scale and position in the industry means we can help to foster collaboration by partnering with our licensees, regulators and all stakeholders.

In 2020 we will launch our 'Sustainable Success' five-year responsible business and sustainability strategy. The strategy is to support our long-term ambition to be the most trusted and innovative global leader in safer gambling products, data analytics and player engagement solutions – in order to play our important role in ensuring we build a sustainable, safe and 'entertainment first' industry for the benefit of all stakeholders.

What does your Sustainable Success strategy involve?

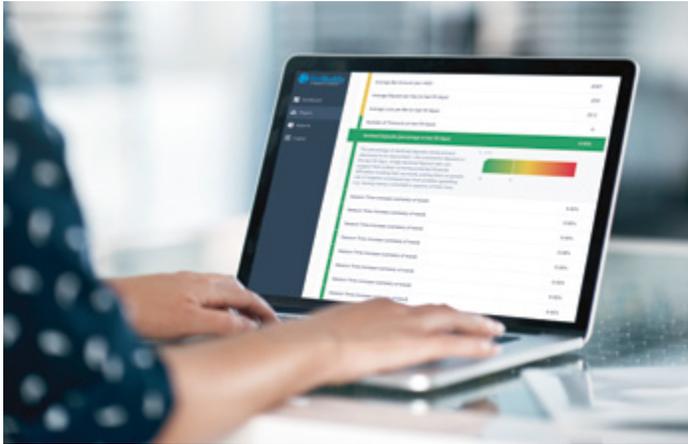
There are three main areas that we have focused on for the five-year strategy. The three P's. 1. Powering the most innovative safer gambling solutions. 2. Promoting integrity and a diverse culture in the industry and 3. Partnering on solutions and shared societal challenges. As part of our initiative in partnering on solutions on shared societal challenges Playtech will be committing to invest £5 million in five key areas with charity and social enterprise partners that provide research and insights into digital resilience and 'healthy online living'.

What progress in industry collaboration has been made in the UK market on raising standards?

2019 was an important year for the industry in the UK with the launch of the Safer Gambling Commitments in November which saw the leading ten gambling companies initiate a package of measures to raise industry standards in responsible and safer gambling. The comprehensive set of measures marks a new era of collaboration for the industry and the Commitments were devised through consultation and partnership with the charity sector, academia, regulators and trade bodies.

Playtech is very proud to be part of this initiative but it is only the start, as we need to continue to work with our partners from inside and outside the industry and in our markets across the globe to continue to raise standards.

Safer gambling continued



BetBuddy

- Class-leading safer gambling analytics platform
- End-to-end solution for identifying and managing at-risk gambling behavioural patterns
- Combines the latest research with the power of machine learning
- Highly accurate, fully explainable AI models
- Build segment-specific risk models to support players across retail and online play
- 360° view of player risk profiles and behaviours via operator web portal
- Actionable insights for sales, marketing and compliance teams

▶ Read more about BetBuddy on **page 13**

Engagement Centre

- Our full personalisation and player engagement toolset in one central location within IMS
- BetBuddy and IMS integration enables bespoke safer gambling messaging, tailored to individuals or player clusters
- Real-time in-game messaging – remind players of playing time, encourage breaks; communicate directly at key interaction points
- Full range of communication options to highlight safer gambling tools – Chat widget, ezPush notifications, Inbox 2.0



TruNarrative

- A unique range of third-party safer gambling services on a single platform
- Directly integrated with IMS via POP
- Control player onboarding activity and ongoing risk management via one flexible, easily configured environment
- Real-time document and biometric verification
- Track global peps, sanctions and adverse media coverage
- Registration fraud/anomaly detection, advanced AML tools, transaction and behavioural monitoring and more
- Simple configuration and integration for other providers – react to emerging risks



Pioneering the use of AI & Machine Learning to deliver a data led approach to Safer Gambling

BetBuddy specialises in data mining, artificial intelligence, machine learning and predictive analytics. Integrated with Playtech’s IMS platform, BetBuddy delivers tools and insights for identifying and managing at-risk behaviour

In addition to being a central part of our Playtech Protect product, the insights and intelligence from BetBuddy’s data analytics capabilities is enabling Playtech to take a data led approach to game labelling and game design. In 2019 Playtech’s BetBuddy team was asked to contribute to the Gambling Commission’s key workstream on safer Product design.

Progress made during the year:

- Completed a number of BetBuddy technical deployments for customers in Q4 2019. This includes the development of a new integration to the Bede platform for Ontario Lottery and Gaming Corporation.
- BetBuddy developed new product functionality, including a new platform user interface that will be rolled out to customers in Q1 2020 as well as an enhanced API integration with IMS which is enabling the sharing of enhanced player-level risk data and insights. The enhanced API integration means that Playtech licensees can access BetBuddy risk insights in upstream systems, making it easier to integrate data-driven safer gambling insights into their day-to-day processes.
- BetBuddy has been leading industry efforts on developing an industry Code of Conduct for game design. The Code of Conduct, which will be co-created by industry B2C and B2B

- organisations, will be presented at the UKGC’s 2020 Raising Standards conference and could inform future regulatory requirements in the UK, helping to raise standards in consumer protection across the industry.
- BetBuddy led the design and launch of new safer gambling product volatility labelling for slots, in collaboration with Playtech content studios. This has been deployed on the Playtech Portal and is also being trialled and deployed with Playtech customers.
- Continued to develop high quality research in artificial intelligence (AI) and explainability in collaboration with City, University of London, publishing new research at the world’s premier AI conference, NeurIPS 2019. The research aim was to make complex algorithms interpretable through new techniques in model explainability and data visualisation, and was supported by a group of experts in gambling harm treatment, research and industry compliance, including Dr Jonathan Parke (Sophro) and Janine Robinson from the Safer Gambling Council. NeurIPS is the world’s foremost machine learning and computational neuroscience conference.
- BetBuddy and Playtech were recognised for their achievements in AI and consumer protection with a nomination for a cross-industry award – the Artificial Intelligence Award at the 2019 Lloyds Bank National Business Awards.

“End to end solution for identifying and managing at-risk gambling behavioural patterns.”



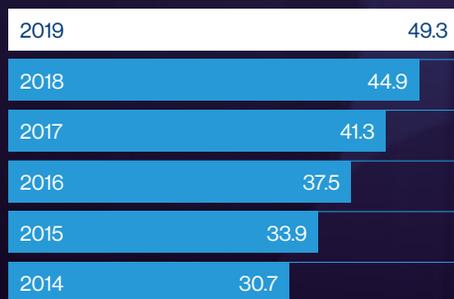
Trends in our markets

Significant growth opportunities

Global online market

The global online gambling market is estimated to be worth €49 billion in 2019. The market grew 10% between 2018 and 2019 and has seen growth at a CAGR of 10% over the past five years. A key driver was the growth in mobile, which represented 46% of online gambling in 2019, up from 42% in 2018. Playtech's global presence, particularly in regulated markets, has allowed it to capitalise on this growth and the Company's scale and online expertise leave it well positioned to continue doing so in the future.

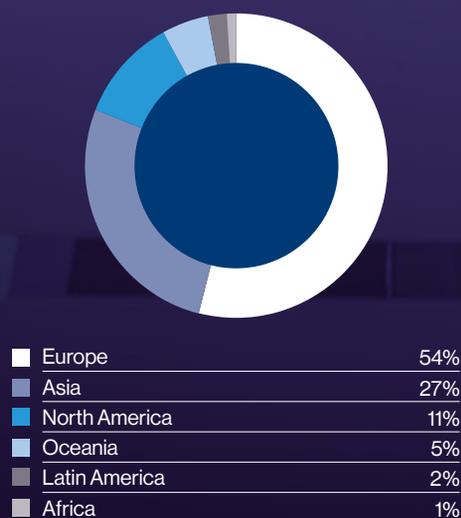
Global online market (€ billions)



Online market by region

The European online gambling market is the largest globally, making up 54% of the global online market. The European market represented almost 70% of Playtech's total 2019 B2B gambling revenues.

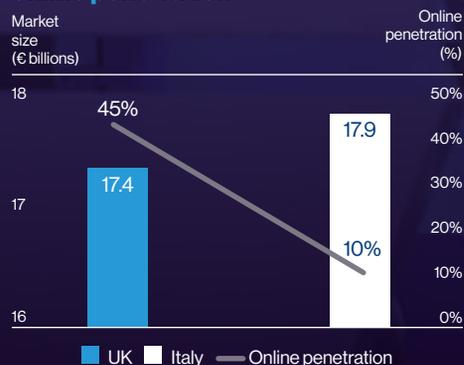
Online gambling market



The largest online market globally is the UK, which grew at a CAGR of 10% in the last five years and is now 45% online. Playtech's UK presence is second to none, as it serves the largest operators in the market.

The largest overall gambling market in Europe is Italy, which is 90% land-based and only 10% online with potential to grow significantly online. The online market in Italy grew at a CAGR of 12% in the last five years and the Playtech Group is, through Snaitech, perfectly positioned to capitalise on the shift towards online.

2019 market size versus online penetration



Playtech's Snai brand became the number one in Italy for Online Betting and Gaming for the first time in H2 2019.

The Asia market is the second largest online market, making up 27% of the global online market, followed by North America (11%), Oceania (5%), Latin America (2%) and Africa (1%).

However, the Latin American online market saw growth at a CAGR of 17% over the past five years and is expected to grow at a CAGR of 16% in the next three years to 2022, albeit from a lower base, compared to the European market which has a forecast CAGR of 6.4% to 2022.

Latin America's online gambling market grew 8% (excluding Lotteries) between 2018 and 2019, largely driven by 24% growth in the Colombian online market.

24%

growth in the Colombian online market in 2019

▶ Read more about Playtech's entry into Colombia on **page 19**

Following the success of its business in Mexico in recent years and the recent entry into Colombia, Playtech is well positioned to capitalise on the high growth potential in Latin America in the coming years.

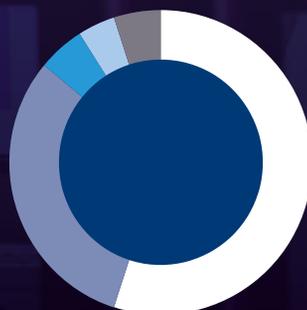
Online by product

The growth in the online market has been driven by continued product development across all product verticals. Playtech Group offers products across online betting, casino, bingo and poker which collectively represent 86% of total online gambling revenue.

Online betting represents 50% of the global online market and online casino represents 28% – they are expected to grow at CAGRs of 8% and 6% respectively between 2019 and 2022 and Playtech Group is well positioned to capitalise on that growth.

▶ Read more about Playtech's product offerings on **pages 29 and 30**

2019 online gambling market by product



■ Betting	55%
■ Casino	31%
■ Poker	5%
■ Bingo	4%
■ Skill/Other Gaming/Lottery	5%

Future projections

Driven by product innovation, the growth of mobile gambling and US regulation of sports betting, the global online gambling market is projected to grow at a CAGR of 7.5% between 2019 and 2022 boosted by growth predicted in Latin America (16%), North America (14%) and Europe (6%).

Mobile as a % of online gambling is forecasted to grow from 46% to 53% by 2022.

The US online betting market is expected to grow at a CAGR of 31% between 2019 and 2022.

7.5%

forecast CAGR of global online gambling market between 2019 and 2022

H2GC data (January 2020)

Our business model

Positioned to capture every opportunity

Our core strengths

Unparalleled scale

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

Leading technology

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

At the forefront of industry innovation

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

Commitment to Safer Gambling

Promoting safer gambling and the healthy sustainability of our customers' end-users is at the forefront of our thinking and we are investing further into Playtech Protect, our suite of safer gambling tools.

Strong financial track record

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

R&D investment

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

▶ Read more about Technology Expertise on [pages 28 to 32](#)

What we do

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

B2B

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

Structured Agreements

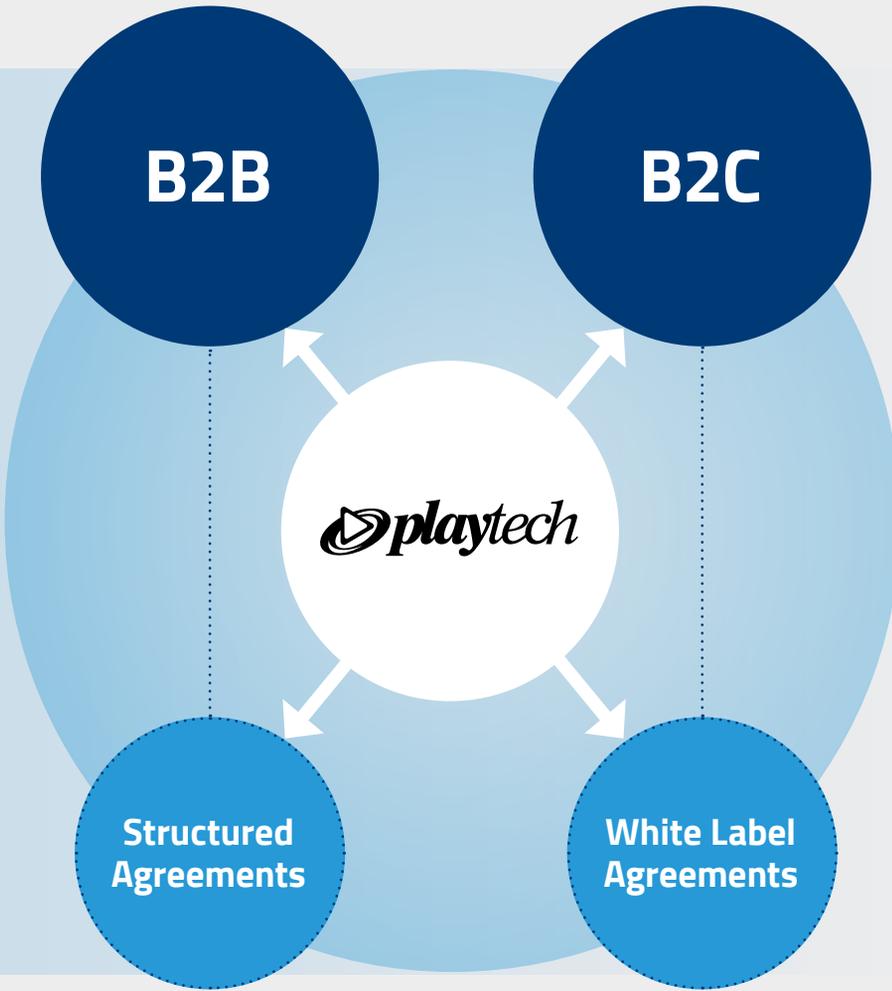
An extension of Playtech's B2B technology offering in which it partners with local heroes with a strong local retail brand and presence to drive sales but without the technological expertise to succeed online.

B2C

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

White Label Agreements

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



Value created

For customers

Total number of sports bets

553m

Amount invested in cash R&D including Safer Gambling initiatives

€150m

Number of poker tournaments on our networks

c.28m

For society and employees

Jobs (i.e. number of employees)

c.6,000

Number of charities and community organisations we supported

>50

For shareholders

Dividends and share buybacks

€120m

Operating cash flow

€317m

New opportunities

Expanding our addressable market

Over the last three years Playtech has evolved its technology in order to expand its addressable market

Identifying previously untapped opportunities

Latest progress with our technology has delivered a simpler, more agile route to market. This has increased the distribution of our products to capture the entire B2B value chain. Having identified a previously untapped market for Playtech, this unaddressed portion of the market will now deliver additional sources of revenue and has extended our

reach beyond the scope of Tier 1 licensees, joint venture partners and local heroes.

At the bottom of the diagram, the widest part depicts over 1,000 operating brands that, until 2019, featured no Playtech products or services. This market is made up of operators of different sizes across the world.

Extending our offering

Playtech's historical approach of selling its entire IMS platform remains an essential part of its offering in newly regulated markets given the scale of some multi-product and multi-channel Tier 1 operators and local heroes. This approach has given us our current position as the leading provider of products and services in the industry.

However, we have broken down our IMS platform capabilities into a set of services that are easily identifiable with well-defined integrations.

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

By using the latest API integration technology, this modular approach reduces integration time from 3–6 months to a potential 3–6 weeks with a fraction of the costs involved with integration and ongoing costs. This creates a more attractive commercial opportunity for licensees and Playtech alike with a higher margin opportunity for Playtech.

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

Accessing new opportunities

By evolving our technology, we have successfully extended our offering to allow us to deliver a technology solution to any licensee in any market. This has delivered a further diversification of our client base beyond Tier 1 operators and local heroes. In 2019 this strategy successfully delivered more than 50 new brands in various markets around the world.

We are extending our reach to new customers and accelerating the process throughout 2020 and 2021 in a phased development plan which will see us increase the number of licensees to ensure we maximise the opportunity in the coming years.

Expanding our addressable market

>1,000 incremental sites now addressable



New major deal with Wplay; a leading brand in Colombia

Playtech signed a new major deal with Wplay, the leading brand in Colombia

Playtech signed a long-term structured agreement with Aquila Global Group SAS ("Wplay"), the operator of Wplay, one of Colombia's leading gaming and betting brands. Under the agreement Playtech will become Wplay's strategic technology partner, delivering its omni-channel products together with operational and marketing services across the leading brand's retail and online operations.

The partnership is another significant strategic step in Playtech's growth in Latin America. Playtech has a track record of developing newly regulated online markets in the region through the successful structured agreement with Caliente in Mexico, which has grown to become one of Playtech's largest licensees.

"I am delighted to announce this strategic partnership with Wplay. The strength and quality of the Wplay brand combined with Playtech's 20 years of technology leadership in the industry will see us drive the online growth of the market in Colombia."

Mor Weizer, Playtech, CEO

Strategic partnership

The agreement will see Playtech migrate all Wplay's retail and online activity to its award winning IMS player management platform enabling Wplay to leverage its retail brand and footprint to drive online growth. Playtech will exclusively power all software across Wplay's regulated verticals including its Sports and Casino offering with the addition of third-party games through Playtech's open platform. There is an opportunity for further product verticals to launch as regulation in the region develops. Alongside the data-driven marketing and safer gambling platform tools Playtech will also provide CRM and marketing expertise and personnel.

The strategic partnership will see Playtech deliver the platform technology, software, and marketing expertise required to deliver an industry leading omni-channel offering. As a result, Playtech will receive a share of profits throughout the agreement in addition to its regular revenue share business model.

"This agreement will deliver the technology and expertise required to take the market in Colombia to the next level. Playtech has the track record and necessary scale to deliver industry leading software, marketing and safer gambling tools to the number one brand in Colombia."

Julio César Tamayo, President, Wplay



Wplay

Wplay, based in Medellin, was issued Colombia's first official online gambling licence in June 2017, becoming the first licensed operator in the market. The leading retail brand in Colombia, Wplay operates more than 7,000 points of sale across its retail network. In line with the regulatory framework in Colombia Wplay offers sports betting in its land-based channels, with the retail eco-system offering affiliation to the growing online betting and gaming market through registrations, deposits and withdrawals.

The agreement is a continuation of Playtech's strategy to invest in the leading retail brands in newly regulated and fast-growing markets. Wplay is the official partner to some of the most high-profile sports organisations in Colombia, including leading Primera A league football teams and the Colombian Olympic football team, allowing the Wplay brand to resonate with more than 35 million sports fans across the country.

Chief Executive Officer's review

Technology leadership driving long-term growth

Mor Weizer
Chief Executive Officer

Strategy update

The industry as a whole has been in transition in recent years. As further jurisdictions regulate, operators and suppliers have had to adjust to higher taxation and greater oversight and legislation. In addition, the increase in the number of regulated territories has also led to more competition across the industry. Playtech believes that a balance between regulated and unregulated markets is still beneficial as unregulated markets remain high margin and highly cash generative.

Playtech also considers it essential to have a cornerstone presence in multiple regulated jurisdictions to diversify its risks, particularly from a regulatory perspective. Playtech has achieved this diversification through the strength of its B2B technology business in various markets, its unique position in Italy with Snaitech and through the success of its agreement with Caliente in Latin America.

Looking at the entirety of the Group, Playtech has a four-pronged business:

- Core B2B Gambling
- B2C Gambling
- Asia
- TradeTech

Core B2B Gambling: Playtech's Core B2B Gambling technology business comprises its B2B customers outside of Asia. The strategic focus of Playtech's Core B2B Gambling business is on higher margin regulated opportunities with Sports, Casino and Live Casino being of greatest importance. Playtech will continue to support existing licensees with new technologies and better tools and provide them with greater flexibility in running their businesses.

While Playtech's Core B2B business possesses a very strong set of assets, over the past 18 months the Company has been adjusting to the evolving industry landscape. The Company believes that a significant portion of its addressable market has

been untapped. It also believes that there are a number of fast-growing markets with low online penetration where the market opportunity is sizeable.

Playtech estimates that there are over 1,000 brands globally today that previously did not use a single Playtech product or service. Playtech has been strategically investing in R&D to evolve and improve its technology and allow a faster and cheaper time to market for its licensees, in order to access previously untapped commercial opportunities and markets.

Playtech has componentised the IMS platform, allowing it to offer a more agile and flexible technology solution to licensees that previously would not have been able to access the value-add data-driven services and capabilities, which are Playtech's source of success.

This strategy has delivered more than 50 new brands through 2019. Playtech is excited about extending its reach to new customers and to new markets for existing customers in the coming years.

Playtech's intention to continue accessing opportunities includes new customers in both existing regulated markets and newly regulated markets, through structured agreements and joint ventures depending on commercial suitability and market dynamics.





“As a technology specialist, Playtech’s vision is to be the global leader in safer products, data analytics and player engagement solutions – partnering with our licensees to deliver safe and sustainable entertainment for the benefit of all stakeholders.”

B2C Gambling: Playtech’s B2C business comprises Snaitech in Italy, the HPYBET B2C sport business in Germany and Austria, and white label operations such as Sun Bingo.

Snaitech had an outstanding 2019 operational performance, which excluding the Italian taxation headwinds, achieved impressive growth in adjusted EBITDA. Snaitech achieved the leading market share position in total online revenue (betting and gaming) in H2 2019, leveraging the strength of its brand and retail presence in the initial months of the advertising ban in Italy. Snaitech is an exciting part of the Group given the significant growth achieved which is expected to continue in online. Playtech intends to continue to leverage Snaitech’s local expertise and powerful brand awareness to capture market share in Italy going forward.

Asia: Playtech’s B2B gambling activity in Asia is different and separate from the rest of the Company. Playtech operates a different model whereby it provides content and certain services to the market principally on a distribution model basis. Operating in unregulated markets it is also higher margin and more highly cash generative compared to other parts of the Group.

TradeTech: TradeTech had a disappointing 2019 performance but Playtech continues to believe that TradeTech is an attractive asset and is currently reviewing the strategic options for this business.

Strategic review of underperforming assets

Playtech is in the process of undertaking a strategic review of its underperforming assets. The strategic review of the Casual Gaming business was completed in 2019. It is now a discontinued operation and is expected to be disposed of in the near future.

An impairment loss of €23.7 million related to Casual Gaming was recognised in 2019. TradeTech had a disappointing 2019 performance. Management is currently reviewing the strategic options for this business and a €90.1 million impairment loss has been recognised in 2019.

Chief Executive Officer's review continued

Regulation

Regulation continued to be a major influence on the gambling industry throughout 2019 with further markets regulating and the evolution of regulation within individual existing markets.

Playtech is committed to raising industry standards and facilitating a fairer, safer and more sustainable sector and continues to actively promote regulation in existing, future and emerging markets. Effective regulation should ultimately lead to a safer gambling experience. To read more about regulation please see pages 46 and 47.

Safer Gambling

As a technology specialist, Playtech's vision is to be the global leader in safer products, data analytics and player engagement solutions – partnering with our licensees to deliver safe and sustainable entertainment for the benefit of all stakeholders. In 2019 we developed a new five-year Safer Gambling and Sustainability strategy that underpins our commitment and aspiration to sustainable business. We welcome the call for raising standards and support the policies designed by regulators to create a safer, fairer and more sustainable industry whilst supporting the long-term success of the sector.

Playtech continues to invest in and deploy technology, data and engagement solutions to help our licensees and the industry provide a safer gambling journey and environment. In 2019 Playtech completed the integration of BetBuddy into IMS and the Engagement 360 platform, implemented enhancements to its front-end design and initiated deployment to licensees. We are combining BetBuddy with our real-time player engagement and messaging platform, Player Journey, to help operators more effectively identify player risk and deliver highly personalised messaging to empower players to make safer decisions.

Playtech has invested in research to better understand and assess how we can use our data to extend our knowledge of sustainable product design, safety and smart labelling. The initiative has included the development of safe game design principles, our risk assessment framework and a new game labelling project aimed at raising player awareness of slots volatility and promoting safer gambling messaging. Playtech is leveraging partnerships with external experts including City, University of London's Research Centre for Machine Learning, to explore the relationship between game features, consumer behaviour and potential harm.

We are sharing our research, data analytics expertise and insights with a wide range of stakeholders including trade bodies, research organisations and academics. We are committed to working in collaboration with operators and partners to help raise and shape industry standards, share best practices and explore the role that technology can play in helping to address the most pressing challenges facing the gambling world today.

In 2020 Playtech will launch its 'Sustainable Success' five-year safer gambling and sustainability strategy. The strategy will support our long-term ambition to be the most trusted and innovative global leader in safer gambling products, data analytics and player engagement solutions.

We are delighted to announce that as part of the sustainable success strategy Playtech will be investing £5 million in five key areas with charity and social enterprise partners that provide research, programmes and support to promote 'healthy online living'. Building on work the Group has done in 2018 and 2019 Playtech will contribute expertise, research and financial support in five areas including preventative education and research into digital solutions and tools. The Group recognises that as the technology specialist in the industry it has a duty to extend Playtech's expertise, experience and technology to help build a sustainable, safe and 'entertainment first' industry for the benefit of all stakeholders.

“Playtech is committed to raising industry standards and facilitating a fairer, safer and more sustainable sector.”

Gambling division review

B2B Gambling

Operational momentum continued across B2B Gambling during 2019 with new customer wins, new launches and further product enhancements.

Playtech signed over 50 new brands through 2019 including Grupo Solverde in Portugal and Swiss Casinos in Switzerland. Following the extended and expanded contract with GVC in early 2019, Playtech rolled out its products to many GVC brands throughout the year. Countries launched include UK, Italy, Greece, Belgium, Brazil, Georgia, Spain and Denmark.

In Casino, Playtech rolled out a new suite of games called Kingdoms Rise, offering tailor-made jackpots and in-game tokens that players can use to complement their own game play style. In addition to new product deliverables such as in-game messaging, tokens and an interactive map as a navigation tool for players, the Kingdoms Rise suite was used as a vehicle to demonstrate our newly introduced Capped and Daily Jackpot configurations that can be networked or localised.

Playtech's Live Casino business had a strong year through the continued delivery of high-end progressive products and driving player engagement through leading games, features and tools. The business continued to leverage the broader Playtech offering through unrivalled cross-product jackpots and cross-vertical tools such as the Engagement 360 platform. Playtech also continued to increase its overall network capacity for its Live Casino offering. Product innovations included the industry's first Live Slots game with free spins introduced for the first time, as well as Quantum Blackjack, the industry's first multiplier blackjack game.

Sport continued its strong operational performance in 2019 with new customer wins, expanded business with existing customers as well as further product enhancements. The results also included multiple hardware sales which extended Playtech's scale and boosted revenue in the period.

PBS extended its agreement to supply GVC's Ladbrokes Coral retail business with the software for its self-service betting terminals (SSBTs) throughout the UK and also expanded its presence with GVC in Belgium. Latin America remains a key growth region within B2B Sport. PBS signed a major new agreement with Wplay in Colombia, including Sportsbook and Virtuals and also further extended the contract with Sportium Colombia. Growth in Mexico continued with PBS rolling out further retail bet entry points with Caliente and Sorteos Torrefiel.



Sustainability Strategy 2020 – 2025

In 2019, Playtech defined a new five-year Safer Gambling and Sustainability strategy that underpins our commitment and aspiration to sustainable business. We developed the strategy through a 12-month process of research, analysis and engagement with stakeholders including investors, licensees, gambling charities, advocacy groups, employees and third-party experts. Detail on these commitments can be found on page 49.

▶ Read more about Playtech's Sustainability strategy in the Sustainability section, which can be found on pages 48 to 61.

PBS continued to innovate in 2019. Bet Recommender, the AI algorithmic engine which suggests relevant content to customers on the SSBT, was rolled out to operators. Match Acca, which enables users to combine multiple markets within the same event to create an accumulator bet with one specific price, continued to grow in both retail and digital channels.

Bingo performance in 2019 was in line with expectations. The Bingo business continued to work with existing customers such as Buzz Bingo who continue to grow as a key partner. Buzz Bingo added 'Buzz Trivia', 'Buzz Live' and a Playtech 'Casino' tab to their portfolio in 2019. Going forward, the division will focus on growing in territories outside of the UK such as Italy and Austria, as well as on omni-channel projects with Playtech's key Bingo licensees who have a retail estate.

Poker remains an important part of the Playtech ONE offering, with a continuously growing proposition through strategic investment in product. Operating in both unregulated and regulated markets via EU liquidity sharing, the business is well-positioned to maximise potential opportunities and mitigate the impact of potential regulatory changes elsewhere. Playtech's Poker business had strong results in Spain and Italy in 2019. From a product perspective, Playtech developed a 5 card Omaha game and a Football Stars Speed Poker game which offers a shared jackpot with the Sporting Legends casino game.

Chief Executive Officer's review continued

Gambling division review continued

B2C Gambling

Snaitech

The acquisition of Snaitech has created an integrated gaming company across retail and online and has given Playtech a cornerstone presence in the largest gambling market in Europe. Playtech is utilising its omni-channel technology stack to capture the online growth opportunity in Italy, where online market penetration remains low at approximately 10% of the total market (Source: H2GC).

Snaitech had an outstanding operational performance in 2019 against the backdrop of substantial legislative headwinds in the form of taxation increases across the entire Italian gambling industry. Underlying EBITDA grew 24%

compared to annualised 2018 results when excluding the impact of the taxation increases and the World Cup benefit from 2018 figures.

In 2018, the government in Italy approved an advertising ban for all forms of gambling which took effect from 1 July 2019. We continue to expect Snaitech to be relatively better positioned than online-only competitors given the strength of its retail brand and presence. The effects and enforcement of the advertising ban are being monitored closely since its introduction. Since the introduction of the advertising ban Snaitech has gained market share and become the number one player in overall online (betting and gaming) in H2 2019. Playtech expects Snaitech to continue to benefit from the advertising ban going forward by further strengthening its market position in online.

Playtech is closely monitoring the negative impact of COVID-19.

“Snaitech achieved outstanding operational performance in 2019 despite substantial legislative headwinds.”

Our awards

Another outstanding year of recognition

In 2019 Playtech won a number of industry awards, recognising our products across various verticals as well as recognising the individual excellence of our people.

Supplier Innovation of the Year Award

In February, Playtech scooped the coveted and hotly-costed Supplier Innovation of the Year Award at the Gaming Intelligence 2019 Awards. The award was given for Playtech's Playtech Open Platform (POP), GPAS and Marketplace technology, which together combine to form a ground-breaking new gaming ecosystem for operators. POP aims to be the ultimate in content aggregation technology, while GPAS provides a platform for developers to create their own content. Marketplace acts as the platform in which to discover content. This award, one of the most widely watched at the event, capped off a hugely successful night for Playtech.



Playtech scores triple win at Gaming Intelligence Awards

In fact, Playtech scooped a hat-trick of award wins at the Gaming Intelligence 2019 Awards. Three Playtech employees were also named on the GI Hot 50 list, making it a successful night at the awards which honour the most successful and innovative operators and suppliers in the gambling industry. Playtech triumphed in the Supplier Innovation Award, Bingo Supplier of the Year and Poker Supplier of the Year categories, while Edo Haitin, Peter Mares and Fabio Schiavolin were recognised in the Hot 50. This was the second time in consecutive years that Playtech had won three awards, and it meant eight awards and ten Hot 50 entries in five years.

“Taken as a whole, these technologies are transforming Playtech’s offering to operators and, more broadly, could prove to be revolutionary for the gambling industry. This award just confirms the potential importance of this work.”

**TradeTech Group –
Playtech’s Financials division**

TradeTech had a challenging 2019 due to both record low volatility in Q1 together with difficult market conditions in September and October that impacted all market-making activities, including risk and execution, B2C and its turnkey offering. TradeTech was also negatively impacted by the introduction of European Securities and Markets Authority’s (“ESMA”) product intervention measures. TradeTech launched a new strategy for its B2C business in June which is showing positive initial indications. Since launch KPIs have been strong including higher first deposits, higher redeposit ratios, and higher customer lifetime value (CLV). This resulted in improved revenues and EBITDA for the B2C business in H2 following the launch of the new strategy.

The CFH business within TradeTech performed well in 2019 and continues to grow by increasing customers and volumes and enters 2020 with a strong pipeline.

Following the challenging market movements in September and October, TradeTech changed its approach to market risk, in order to deliver a more sustainable and predictable revenue stream going forward. The nature of this business means there will always be some exposure to market conditions and volatility but TradeTech has changed its approach to cater for further diversification in its risk book, and reduced the potential for a significant negative impact on revenues in a specific period.

2020 has started strongly in all areas of the business. Our focus for 2020 will be on growth and sustainability of our revenues together with delivering synergies by merging certain functions across the various TradeTech businesses.

TradeTech will also be aiming to optimise the efficiency of its balance sheet in order to enable release of cash currently tied up in the business.

Mor Weizer
Chief Executive Officer
26 February 2020



Double victory for Playtech at Women In Gaming Awards

As it celebrated its tenth anniversary, the highly-regarded Women in Gaming Diversity Awards honoured two of Playtech’s employees with awards. Playtech’s Head of Corporate Responsibility, Lauren Iannarone, was awarded the coveted Industry Achiever Award, one of the ceremony’s prestigious awards, while Valeria Russo of Quickspin triumphed in the Star of the Future category. This was the fifth consecutive year Playtech had been recognised at these awards, with eight wins in that time.



Playtech Bingo triumphs at WhichBingo Award

It was a double celebration for the Playtech Bingo team in June at the WhichBingo Awards as they took the honours for Best Bingo Software and Best New Bingo Game. For the latter award, Playtech triumphed thanks to Age of the Gods Bingo which beat out tough competition in a hotly contested category. The WhichBingo Awards honour the leading operators and technology providers in the online Bingo industry.



EGR’s B2B Awards honour Playtech Bingo

Also in June, Playtech’s Bingo team won the decorated Bingo Supplier of the Year award at the EGR B2B awards. The Awards is one of the industry’s biggest dates in the diary, and this award was the 17th by Playtech across all categories in the past five years. It also marked a successful year for Playtech’s Bingo team, who had also triumphed in the same category in the year before.

A strategy for sustainable growth

Our strategic priorities

In a fast-evolving sector Playtech has a clear strategy to succeed in coming years

1

Expand scale with a focus on regulated and regulating markets

Regulated and regulating markets will become the main source of income in the gambling industry. Due to our technology, comprehensive product and service offering, as well as land-based capabilities, Playtech can enter new markets via either a B2B or B2C channel.

Playtech intends to acquire new licensees via licensing arrangements, joint venture partnerships with local heroes or structured agreements, depending on the conditions in each regulated or regulating market. Examples of this strategy in action are our partnership with Caliente in Mexico and recently signed deal with Wplay in Colombia.

The global nature of our customer base also allows us to capitalise on the expansion of our licensees' businesses into new territories and to secure a foothold in the new markets. Our acquisition of Snaitech is an example of this growth strategy. The Italian market in which Snaitech operates is fully regulated and strategically important, being the largest gambling market in Europe, and the acquisition has increased the proportion of Playtech Group's revenues generated from regulated markets.

2

Strengthen relationships with existing customers

Playtech is continuously strengthening its relationships with existing customers. The Group strives to identify growth areas in customers' businesses in order to offer tailored products and services which help customers grow. Playtech's scale and international expansion also provides existing customers with access to new markets. For example, initial B2B relationships with major UK licensees led to these licensees launching operations in newly regulated markets such as Italy and Spain.

As part of its expansion strategy, the Group uses some of its products as efficient cross-selling tools. For example, products within the sports and bingo verticals are used as gateways to attract new players and cross-sell them to casino and other product verticals, while the live casino offering can be leveraged to cross-sell to a new demographic of player.





3

Continue driving innovation and efficient use of data

Playtech has historically been at the forefront of innovation and will look to maintain this position in the future, with a strong pipeline of innovation to do so. For example, Playtech is incorporating new safer gambling features in Marketplace, aimed at increasing both licensee and player education and awareness in casino games. Our gamification tools mean we can offer players achievements in the form of tokens, which can be traded for additional game features which reward players with further game experiences, rather than in monetary terms.

We have spent in excess of €500 million on R&D in the last five years in order to improve end-user experience and overall customer value by adding new capabilities to the IMS platform and by producing industry leading and engaging content (including new games and integrated content). Playtech will continue investing in R&D, in order to be the source of innovation in the industry by further developing our technology platform and delivering new and innovative ways for end-users to experience content.

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

4

Commitment to safer gambling

Playtech is committed to ensuring that it enables a safe and sustainable form of entertainment and takes action to reduce gambling-related harm. Protecting players from harmful play is critical for the long-term success of our operations. We create products and services that prevent gambling from becoming a source of crime and enable the licensees to identify, minimise and reduce any potentially harmful effects of gambling. We engage and partner with governments and charities to research ways to prevent, reduce and treat any harmful effects of gambling.

When rolling out new products and services, Playtech conducts responsible advertising campaigns, making sure that the products and services are advertised and marketed fairly, clearly and in a way that does not target children and young people. We ensure that player data is kept safe and secure, that gambling is conducted in a fair and open way and that young people and other vulnerable persons are protected from being harmed from or exploited by gambling.

We are committed to expanding the functionality of our products to further our safer gambling capability. In addition to organic development, we actively seek appropriate acquisition targets to enhance our capability, for example, Playtech acquired BetBuddy, the safer gambling analytics solution provider, and integrated its behavioural identification and modification software into the Group's own IMS player management system. The acquisition allowed Playtech to continue its momentum in the delivery of safer gambling products and services.



5

M&A to complement existing capabilities

Playtech has grown historically through a combination of organic development and acquisitions. This is the most efficient way to deliver certain elements of the Group's strategy. While organic development has been our priority throughout 2019, we continue to consider acquiring businesses (or their assets) that possess technologies, products and distribution capabilities which will strategically complement or enhance our existing businesses. For example, we may consider assets that add new content across the Group's product verticals and enhance our omni-channel capabilities, improve our safer gambling capabilities or allow access to new markets and jurisdictions.

In delivering this strategy, Playtech is committed to a prudent and disciplined approach to acquisitions. Before undertaking any acquisitions, the expansion potential of the target, the size and the growth potential of its end markets, the ability to integrate it into the Group's operating model and the profit and cash flow generation capability of the target are among the key criteria for the Group's acquisition strategy.

Playtech ONE

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

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



Principles of Playtech ONE

- Any product available across any distribution channel – online or retail
- A seamless player journey across any product or vertical
- One single platform
- One single CRM and wallet
- One single customer view for analysis
- Services and capabilities available across any platform and any product



Our diversified technology

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

Platform & data-driven services

IMS Platform

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

IMS enables Playtech’s licensees to access all the elements of our unique omni-channel capabilities allowing players to seamlessly transition across games and platforms via a single account and single wallet, while providing operators with simple third-party integration and full visibility and control of the entire player lifecycle. IMS unifies Playtech products across all channels, including retail, presenting operators with a single account overview and allowing them to streamline and optimise marketing spend, maximise cross-sell and conversion potential, leverage player loyalty and value and increase revenues by automating key aspects of the player journey.

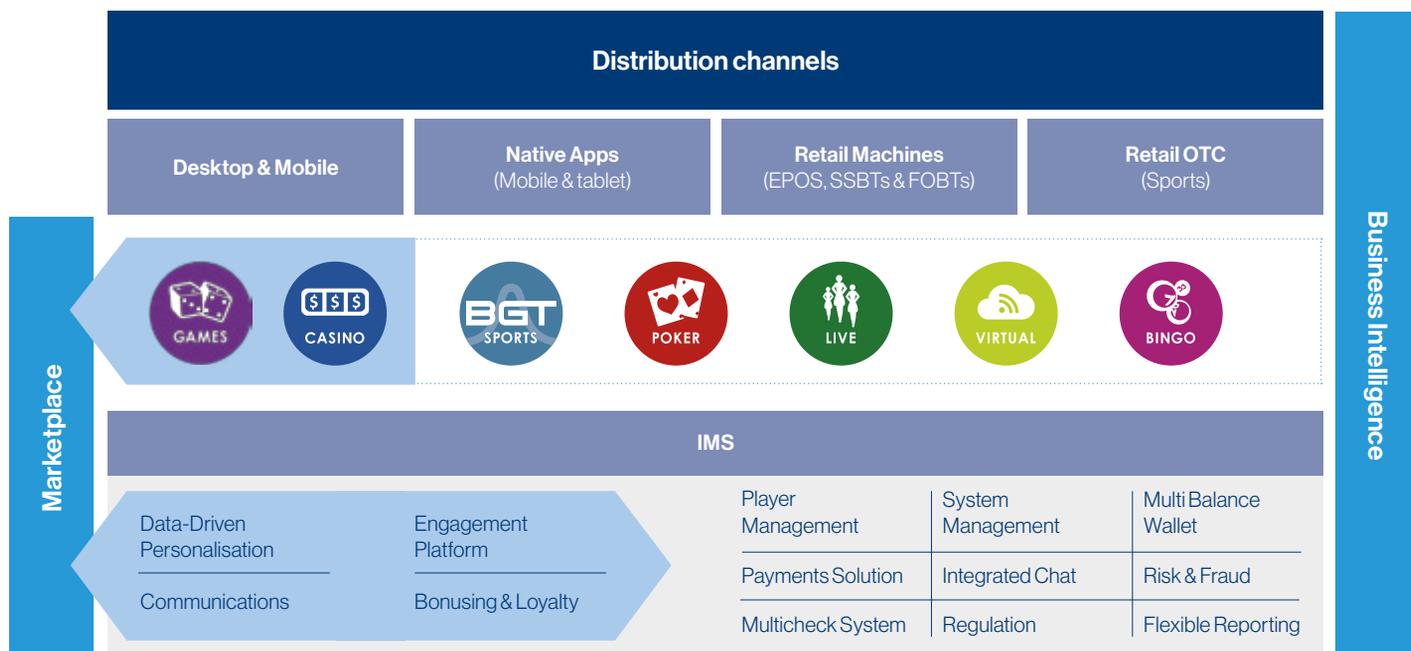
Business Intelligence

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

BIT revolves around a series of game-changing features:

- BI Platform – Complete operational overview
- Key Metrics – enable day-to-day and high level decisions by comparing key metrics against competitors
- Data-Driven Marketing Tools – The power of personalisation
- Automation & Personalisation – automates and personalises every aspect of the player journey

- Playtech Analytics – Real-time decision making
- Real-time tracking and reporting to maximise player value and brand profitability
- Playtech Optimiser – Omni-channel personalisation
- Coin/Chip Deposit Limits
- Optimisation – real-time, easy-to-use personalisation and optimisation engine, powering our entire offering across all channels



Our diversified technology continued

Playtech launches new Fire Blaze Jackpots suite

In April 2019 Playtech and Rarestone Gaming, the latest addition to the Playtech studios family, launched the new Fire Blaze Jackpots suite, a suite of games based around ancient culture themes. Introducing a compelling "Hold and Respin" feature, all Fire Blaze games offer players the chance to win four different jackpots: the Mini, Minor, Major or Grand jackpot.

With a distinct brand and compelling jackpot offering, the suite creates an excellent opportunity to build player retention and loyalty through brand recognition. The Fire Blaze suite offers something genuinely fresh for even the most seasoned players.



Product verticals

Casino

Playtech offers one of the industry's most extensive casino game portfolios, delivering over 700 innovative in-house and premium branded titles, including DC Entertainment tie-ins such as Justice League, Superman and The Dark Knight, film-themed favourites including The Matrix, Gladiator and Robocop, and original content such as Age of the Gods, Jackpot Giant and Kingdoms Rise.

With nine distinct global studios now developing content under the Playtech umbrella, we can offer an extensive selection of games to suit a range of demands.

Original and branded games titles

>700

Live

Playtech's live casino platform and products are designed to provide the most authentic, omni-channel gaming experience supported by a new user interface and experience, and a cutting-edge platform that uses the latest business intelligence data-driven technology. Our extensive live product offering, manned by native-speaking dealers, includes all the casino classics, such as Blackjack, Baccarat and Roulette, in addition to innovative new variants, including Unlimited Blackjack, Prestige Roulette, Live Slots and Quantum Blackjack.

Sports: Playtech BGT Sports

Playtech BGT Sports' vision is to create a fully integrated, omni-channel, best-in-class sports betting technology solution by drawing on the overall Group expertise and capabilities, together with a tailored, managed service proposition to suit any bespoke customer requirements.



Bingo

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

Poker

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

Daily Bingo games across Online & Retail

>100,000



Playtech Games Marketplace

The future of games discovery and distribution is here

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

Games Marketplace

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

Discover Configure Manage

Playtech's Games Marketplace is the industry's leading content discovery technology, where licensees can discover and access more than 3,300 games from Playtech's portfolio of content, third-party content partners and content created or edited in GPAS. The app style format is powered by the data in Playtech's platform and allows users to search for content-based success and popularity by geography, demographics or other KPIs.

- **Open platform:** More than 3,300 games available in one of the industry's largest open games discovery platforms
- **Intelligence & insights:** Playtech's data-driven business intelligence tools allow for easy-to follow stats and analysis on games

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

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

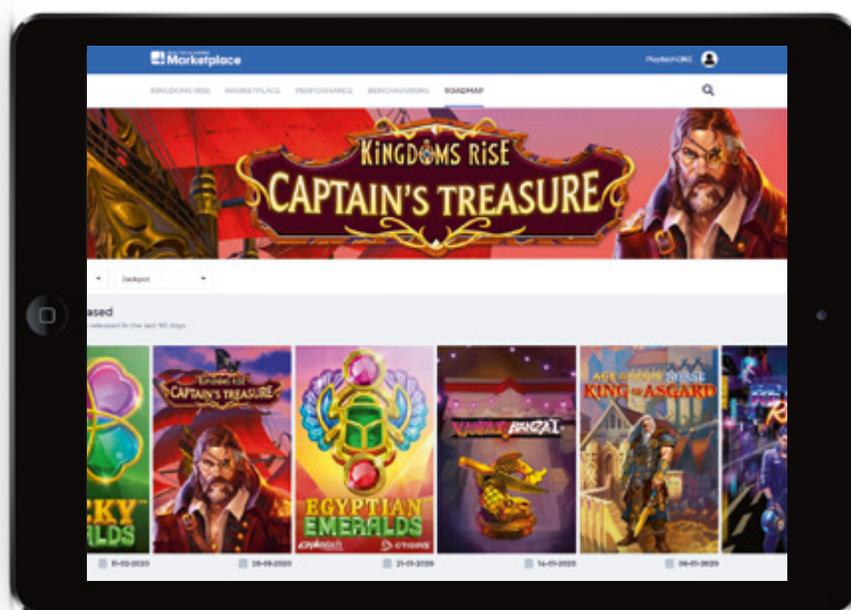
- Games developed use Playtech architecture
- Develop omni-channel games in one development cycle
- Data-driven: Real-time stats (RTP) calculation, model sharing and collaboration

Open platform: Services

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

Playtech is able to offer its licensees services from the world of e-commerce, risk management, performance optimisation and fraud management.

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



Continued dedication to innovation

Playtech continued to innovate across its technology products and infrastructure

Highlights

In 2019, Playtech continued its dedication to innovation. In particular, we highlight progress with Player Journeys within our Engagement Centre, a data-driven games grid, token features in the new Kingdoms Rise product suite, a Live Slots game with free spins and the AI-driven Bet Recommender.

Engagement Centre

Within Engagement Centre, we commenced the rollout of our Player Journey product. Player Journey provides a revolutionary tool to help our customers optimise their players' lifecycles. We engaged with customers to build the player journeys, which are personalised based on data and offer communication touchpoints using our In-Game Messaging feature.

In-Game Messaging, a powerful tool that customers can use to deliver pop-up notifications to an active end-user, previously existed for Casino and was rolled out during 2019 across other verticals. This is exciting from a customer retention perspective because players can be incentivised in real-time to play more than one game of a particular type across various verticals, for example, moving from an Age of the Gods (AOTG) Casino game to an AOTG Poker game from a mid-game incentive.

Data and personalisation

Playtech rolled out Games Grid 2, our new version of the personalised games grid, which is a Netflix-style data-driven grid of games personalised for each player using data from their previous activity, to new customers.

Kingdoms Rise

Our new suite of games called Kingdoms Rise offers tailor-made jackpots and in-game tokens that players can use to complement their own game play style. Tokens, accrued by regular play, give players more choice on when they choose to redeem their earned features.

The Kingdoms Rise suite, which includes slots games, was used as a vehicle to demonstrate our newly introduced Capped and Daily Jackpot configurations that can now be networked or localised.

Live Casino

Playtech launched Buffalo Blitz, the industry's first Live Slots game with free spins, as well as Quantum Blackjack, the industry's first multiplier blackjack game, where customers can win up to 1000x per round as a result of our unique maths algorithms.

Playtech BGT Sports

Playtech rolled out Bet Recommender, the algorithmic engine which suggests AI-driven relevant content to end users on the SSBT. 'Bulk Settlement' functionality was launched with major operators allowing for 'justice payouts' across numerous sports.

Games Marketplace

Playtech's Games Marketplace is the industry's leading content discovery technology, where licensees can discover and access more than 3,300 games from Playtech's portfolio of content, third-party content partners and content created or edited in GPAS. For the first time, operators can access the industry's largest portfolio of games from Playtech and its content partners and use Playtech's data-driven platform services to configure and distribute the games.



Our studios

Each of Playtech's studios delivers a unique flavour of casino games and they come together to form the strongest content offering in the industry



Origins

Playtech Origins has designed and created some of the most famous, unique and innovative games for more than a decade. Using a diverse mix of expert games designers based in-house in studios around the world, including Gibraltar, Estonia, Ukraine, Israel and Bulgaria, it is a pioneer of online gaming content creation.



Psiclone Games

Psiclone Games is a Lichfield, UK-based slot games design studio focused on the production of unique and engaging high-quality titles, with a portfolio including the famous Fairground Fortunes, covering an increasing range of markets as its expansion continues.



QuickSpin

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



Sunfox Games

Based in Vienna, Austria, SUNFOX Games is an innovative casino games design and production studio responsible for state-of-the-art 3D games, including The Glass Slipper, Time for a Deal and 3 Blind Mice. It was acquired by Playtech in 2017 and expands Playtech's product portfolio with a distinctive selection of innovative premium 3D games.



Ash Gaming

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



Vikings

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



GECO Gaming

Established in 2007 and acquired by Playtech in 2016, GECO is headquartered in Sydney, Australia. GECO's philosophy is one of innovation inspired out of experience and foundation. GECO offers a complete range of game styles, from traditional Australian-style content and bingo slots to story-driven, multi-layered, entertaining and engaging games.



Eyecon

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



Rarestone

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

Academy

Playtech’s award-winning training centre

Playtech honoured with ‘Best Culture of Learning’ Lenny Award for innovative training approach

Established in 2018, Playtech Academy is an accessible, versatile training centre, designed to drive engagement with and an active approach to learning.

Offering both in-house education services and learning support for customers, the Academy team brings Playtech employees a monthly collection of live training events and recorded sessions, to best suit their learning preferences. 2019 also marked the inception of Academy Club, where employees can collect points for their learning efforts. This gamification plan is a revolution in the world of learning, as Playtech Academy are the pioneers in this field, setting an example to many companies, not only in the gaming industry.

Academy is a ground-breaking educational tool for the gambling industry, with an average of 20 new activities each month, focusing on key new products, features and developments. A series of in-person seminars, Academy Live, at this year’s ICE London took the online offering to a newly interactive level.

Shimon Akad, COO at Playtech, comments, ‘A great deal of work and investment has gone into Playtech Academy, so it’s fantastic to see this recognised at the Lenny Awards. Our mission is to deliver the most innovative products and technology; but in many ways, this is only half of the journey. By providing accessible, intuitive support and training, we can help our customers maximise the benefits of that technology and ensure the widest adoption and ongoing usage rates.’

“2020 will see our new education portal launched to partners and customers, strengthening our culture of continuous learning and ongoing development. By combining our internal and external training into a single system via Academy, we can offer the best support and resources to our colleagues and customers alike.”

▶ Discover more about the Lenny Awards at www.litmos.com/lenny-awards.



Our B2C division

B2C overview

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

Operations

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

Snaitech is a leading operator in the Italian betting and gaming market. To find out more about Snaitech, see p.36–37.

Playtech's white label business is predominantly focused on its long-term partnership with media group News UK, through which it operates the Sun Bingo brand. This business generated €51 million of revenue in 2019 and adjusted EBITDA of €10 million.

HPYBET, Playtech's Retail Sport B2C business, operates betting shops in Austria and Germany and generated revenue of €20 million in 2019, growth of 40% versus 2018.

B2C benefits

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

SNAITECH
a Playtech company

Italian market opportunity & online success

The largest overall gambling market in Europe is Italy, which is 90% land-based and only 10% online with potential to grow significantly online. The online market in Italy grew at a CAGR of 12% in the last five years and the Playtech Group is, through Snaitech, perfectly positioned to capitalise on the shift towards online.

Snaitech's online business grew 21% in 2019 (27% after excluding new tax headwinds in the year). Since the introduction of the Italian advertising ban in July 2019, the Group has successfully leveraged Snaitech's brand strength and Playtech's technology expertise to drive Snaitech into becoming the market leader in Online betting and gaming in H2 2019.

Our B2C division continued

Snaitech Outstanding operational performance

In 2019 Snaitech continued to strengthen its market position in Italy

Snaitech had an exceptional operational performance in 2019 against the backdrop of substantial legislative headwinds in the form of taxation increases across the entire Italian gambling industry. Underlying EBITDA grew 24% compared to 2018 when excluding the impact of the taxation increases and the World Cup benefit from 2018 results.

EBITDA growth

24%

Snaitech's total revenues in 2019 decreased by 7% compared to 2018, largely due to the impact of the increased taxation introduced by the government, partially offset by growth in online. The online segment continued to perform very well with growth in online revenue of 21% compared to 2018.

In 2018, the government in Italy approved an advertising ban for all forms of gambling which took effect from 14 July 2019. We expect Snaitech to be relatively better positioned than online-only competitors given the strength of its retail brand and presence. Although the effects and enforcement of the advertising ban remain to be seen and will be monitored closely in the coming months, management believe that it could facilitate market consolidation in the fragmented online market as online-only operators lose their means of advertising.

Snaitech has confirmed its position as the leading player in the market across Retail and Online betting and also reached the number 1 position in overall online betting and gaming across H2 2019. Playtech expects Snaitech to continue to benefit from the advertising ban going forward and further strengthen its market position in online.

Playtech's acquisition of Snaitech has created a fully-integrated gaming company across retail and online and has given Playtech a cornerstone presence in the largest gambling market in Europe.

Snaitech's online betting and gaming position

#1

Combining leading technology and a leading brand

Snai is the foremost brand in terms of brand awareness and recognition

The combination brought together Playtech's technology with Snaitech's powerful brand and local expertise in Europe's largest gambling market. It creates a fully vertically integrated retail and online Italian gambling business that can control its own technology, from land-based to online.

The acquisition significantly enhanced Playtech's revenue mix and reflects the Group's strategy to be the leading supplier in commercially attractive regulated markets. In 2019, the Group reported that 88% of combined revenues stemmed from regulated markets and the acquisition has also improved the diversification of the Group's revenue.



The Snaitech story

- 1990** **Snaitech was founded**
Beginning of the management of Tris betting: start of TV broadcasting of horse races in all connected agencies by using a land-based network with microwave technology.
- 1997** **Listing in Milan**
Snai Servizi acquires – from Montedison Spa – the company Trenno Spa as well as the horse racing tracks of Milan and Montecatini as the parent company of Trenno Spa; the company is listed in the Milan Stock Exchange with the stock name “SNAI”.
- 1998** **Forming the Snai Group**
This is the starting year for sports betting in Italy during the Football World Cup in France; the “horse betting agencies” become Snai Points. In that same year, the Snai Group is created, which participates in the tender for expanding the betting agency network.
- 2004** **Starting of the operations in the New Slots market**
- 2008** **Poker & Skill launched**
- 2010** **Beginning of the operations in VLTs market**
- 2011** **Launch of Online Casino operations**
- 2012** **Launch of Online Slots**
- 2013** **Introduction of the bets on virtual events**
- 2015** **Cogemat/Cotetech merger with Snai Group**
Snai acquired 100% of the share capital of Cogemat, giving rise to the first listed pole in Italy dedicated to entertainment.
- 2015** **New app: Snai Sport New portal: SNAI.it**
- 2016** **Transfer of the legal headquarters to Milan**
- 2016** **New casino page and new casino content**
- 2016** **International certification on responsible online gaming**
This important recognition rewards the approach followed by the Group which is increasingly committed to keeping gambling within the limits of conscious entertainment.
- 2016** **Daily spin** (becoming a key driver loyalty tool)
- 2017** **From Snai to Snaitech**
In continuity with the occurred integration in Snai of the regulated ‘Cogemat/Cogetech’ companies, the corporate name changed from ‘Snai S.p.A.’ to ‘Snaitech S.p.A.’.
- 2017** **Instant roulette** (becoming key driver in cross-sell)
- 2017** **Creation of Snaitech Smart Technology**
The addition to Snaitech is a research and development project with its aim being the unification of Snaitech’s IT solutions.
- 2017** **New gaming apps: Bingo, Sette e mezzo, Black Jack**
- 2018** **Playtech acquires Snaitech** (with the aim of adding online expertise to the leading Snai brand)
- 2019** **Snaitech becomes the number 1 in Online betting & gaming in Italy**

Interview with Fabio Schiavolin, Snaitech CEO



How was 2019 for Snaitech?

I am very proud of our achievements at Snaitech in 2019. The regulatory landscape in Italy continues to change and we have delivered a fantastic operational and financial performance. We have continued to increase our market share in combined retail and online betting and in the total online betting and gaming market. Our online business had incredible growth in 2019 as we leveraged our brand and retail presence to increase market share.

How has the gambling advertising ban in Italy affected Snaitech?

Our online business had a fantastic performance in 2019 growing 27% compared to 2018. In fact, the growth in the online business in H2 following the introduction of the advertising ban in July 2019 was largely unchanged compared to H1 showing minimal impact on our business. This performance illustrates the strength of our brand and retail presence in Italy that we have been able to leverage to drive the online business.

What has the partnership with Playtech brought to Snaitech?

The combination of Playtech’s technology stack and Snaitech’s leading brand and market presence has enabled us to continue increasing our market share and further strengthen our position in the market. Snaitech and Playtech have a long, successful history having worked together since 2006. We have enjoyed extending the relationship since the acquisition and look forward to continuing to work together in the years ahead.

What are you focused on going into 2020 and beyond?

We’re focused on continuing to use our strong brand awareness to continue taking online market share, as well as continuing to work closely with our franchisees and deliver the best technology and retail gaming experience in the market. Snaitech has a history of strong ethical values and a commitment to safer gambling and we remain passionate about our social and charitable initiatives.

Effective financial trading solutions

TradeTech Group, a specialist in next-generation B2C and B2B multi-channel trading software and services, is the financial trading division within Playtech Group

What is TradeTech?

TradeTech's B2C offering, operating the brand Markets.com, is an established online CFDs broker where customers can trade shares, indices, currency and commodity CFDs rapidly and securely using any device on our cutting-edge trading platforms.

The division's comprehensive B2B offering enables a full B2B turnkey solution for retail brokers. By licensing TradeTech's proprietary trading platform, CRM software, back-office and business intelligence systems, and utilising our exclusive liquidity technology, providing retail brokers with multi-asset execution, prime brokerage services, liquidity and risk management tools.

Our vision is to establish TradeTech as the world's leading B2B and B2C financial trading technology and liquidity provider with robust technology that drives sustainable growth.

Our user-intuitive back office systems and front-end trading platform, alongside decades of experience in leading business intelligence technology, means we are the first choice for our B2B partners to grow their businesses.

Our platform provides traders with valuable insights, tools and capabilities and enables safe activity and sustainable growth an ever-evolving regulatory environment.

Ron Hoffman
TradeTech CEO

Our offering

Functionality Multi-Device Functionality	Software Proprietary Software	Data Data-Driven Intelligence
Liquidity CFH Liquidity Solutions	Management Risk Management	Support Dedicated Support Personnel

Our companies



Our products & platform

Liquidity and Risk Management – Powered by CFH Clearing

With our liquidity arm, CFH Clearing, one of the most powerful Straight-Through Processing (STP) venues for Tier 1 liquidity, we offer a comprehensive turnkey solution for CFD products.

Using a gateway to access the whole interbank market through our own sophisticated technology, clients get all the necessary tools and support to run their businesses effectively. Thanks to the strength of our relationships with our liquidity providers and prime brokers (BNP Paribas and Jefferies), CFH Clearing can now offer a wide range of liquidity providers and accommodate multiple third-party platforms.

Key features of the CFH Clearing technology include:

- **Low Latency Execution**
Benefit from fast execution, low rejections and slippage
- **Colocation**
Colocated in Equinix LD4, TY3 and NY4. Cross connected with all liquidity providers
- **Global Connectivity**
Dedicated private fibre lines to enhance execution speed and reliability

Risk management technology

Innovative and cutting-edge ClearVision brokerage technology allows customers to manage liquidity, risk, collateral and reporting in a unified platform with one single dashboard. The solution is flexible and can be customised, allowing customers to connect to multiple liquidity providers and third-party trading platforms.

- **Easy To Use**
Monitor and hedge trade exposure from one risk dashboard
- **Simplify Complex Scenarios**
Consolidate or manage multiple risk books
- **Business Intelligence Functionality**
Search, assess and identify trading patterns
- **One Risk Dashboard**
Monitor real-time client and hedge exposure
- **Liquidity Control**
Aggregate and customise liquidity
- **Web Back Office**
Complete back office solution in the cloud
- **Block Trading**
Trade allocation (PAMM)
- **Back Office API**
Integrate ClearVision to a proprietary back office

Back office systems

Our user-intuitive back office systems and front-end trading platform coupled with decades of experience in leading-edge business intelligence technology include:

- **CRM Back Office (CRMBO)**
Our flagship CRMBO system is secure, customisable, user-friendly and can adapt to multiple regulatory frameworks. It's designed to address every aspect of your operation – sales, retention and back office management
- **Sales Platform Application (SPA)**
Our proprietary SPA platform has been developed specifically to optimise sales workflows for enhanced business performance. It helps sales agents track their leads more efficiently
- **Retention Platform Application (RPA)**
Our RPA platform is tailor-made for enhancing customer engagement. It serves as a foundation for long-term partnerships, allowing retention agents to identify key patterns in their portfolios
- **Client Portfolio Management (PLATON)**
Advanced system delivers large-scale and in-depth views of clients' accounts, enabling you to monitor all activities with a wide range of parameters. Get detailed analysis of trading patterns and investment behaviour

Marketing automation solutions

Our solutions allow brokers to build and maintain personal relationships with customers, resulting in enhanced brand engagement to maximise each client's value. Using behavioural data from a wide variety of sources to generate automated campaigns that guide your clients' online trading journey in real time. Advantages include:

- **Personalised Customer Journey**
Tailor a specific, perfectly charted and impeccably timed journey for each trader
- **Real-time Campaigns**
Utilise the real-time communication centre to respond to your customer's actions on the spot
- **Flexible Customer Clustering**
Collect data from multiple sources and elastically cluster customer bases by more than 100 attributes
- **Multi-channel Communications**
Send messages via social media, email, push notifications, in-app messaging and pop-ups
- **Actionable Insights**
Stay on top of things with our unique analytics suite, complete with bespoke dashboards and reporting

Business Intelligence (BI) reporting

Our state-of-the-art BI reporting system is powered by SAS, one of the world's leading data management software companies. Its reports are designed to help agents and managers monitor and analyse their work accurately, improving results for better business performance. Key reports include:

- **Management**
Allow senior staff to gain clear insights into major KPIs
- **Back Office**
Provide finance, support and verification departments with substantive data
- **Risk and Dealing**
Enable Dealing Desk and Risk managers to identify and limit risk
- **Marketing**
Arm your communication experts with optimisation tools to drive revenue
- **Sales and Retention**
Enable front-line teams to fully engage with their daily duties

TradeTech 360 solution

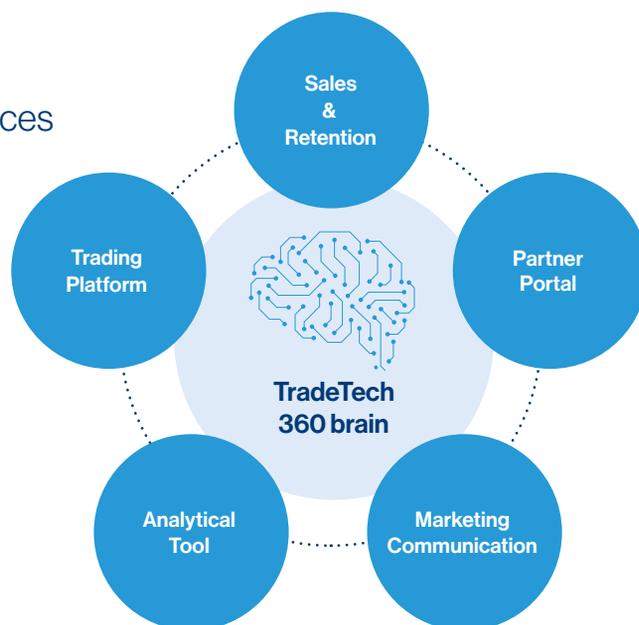
Robust technology

TradeTech believes advanced technology and services in its B2B segment afford it a strategic advantage in the evolving financial trading industry

TradeTech 360 brain

TradeTech 360 enables brokers to efficiently operate a complex multi-brand, multi-licence, multi-channel, and multi-risk model across the globe. The Group has a strong pipeline of brokers looking to improve their business operationally by migrating to TradeTech's systems and infrastructure and the Company believes this will become a significant growth factor of the B2B proposition.

- Gives brokers access to the industry's most powerful management system (CRMBO) and its data-driven BI tools and our unique front-end trading technology
- All the tools and capabilities needed to efficiently manage every aspect of the broker's business
- Systems tailored for each part of the business. Managed centrally by CRMBO
- Simple customisation and solid foundations for future growth



Chief Financial Officer's review

Strong financial performance



Andrew Smith
Chief Financial Officer

“Playtech has delivered a strong financial performance driven by strength in its regulated businesses with Adjusted EBITDA growth of 11%.”

Group Revenue

€1,508m

↑ 23%

(2018: €1,225m)

Overview¹

Playtech has delivered a strong financial performance driven by strength in its regulated B2B Gambling and B2C Gambling businesses. Total reported revenue increased by 23% and Adjusted EBITDA increased by 11%. On a constant currency basis, revenue increased by 22% and Adjusted EBITDA increased by 11%. Reported EBITDA increased by 16% to €335.3 million (2018: €289.9 million).

The growth in revenue and Adjusted EBITDA was driven by the inclusion of Snaitech results for the entire period (only consolidated from 5 June in 2018), in addition to Snai underlying growth, as well as growth from our Core B2B Regulated Gambling revenues. Regulated B2B Gambling revenue grew 16% on a constant currency basis, while Unregulated B2B Gambling declined 27% at constant currency largely driven by a 39% decline in revenues from Asia. 2019 Adjusted EBITDA includes the adoption of IFRS 16, which had the net impact of increasing Adjusted EBITDA by €23.2 million.

Adjusted profit before tax from continuing operations decreased by 49% to €133.0 million (2018: €259.8 million). Reported profit before tax from continuing operations was €13.2 million, a 90% decrease compared to a reported net profit of €128.1 million in 2018 and when including discontinued operations and tax, the Group suffered a net loss of €19.6 million for 2019. The Group's Adjusted profit before tax from continuing operations fell despite Adjusted EBITDA growth, largely due to increased depreciation, amortisation, interest costs and taxation following the Snaitech acquisition as well as increased Group finance costs arising on bond loans in addition to significant gains from dividends and disposal of the equity investments in 2018. Impairment of intangible assets within TradeTech, namely the Markets and Alpha CGUs, amounting to €90.1 million, as well as impairment of the Casual

Gaming CGU amounting to €23.7 million (which has been recognised in the discontinued operations) are the main reasons for the reported net loss in the year. This was more than the offset by the release of contingent consideration of TradeTech Alpha amounting to €72.6 million.

Snaitech's adjusted EBITDA was €162.4 million in the year (2018: €93.0 million), with the increase in part due to the inclusion of a full year of Snai activity, compared to only seven months in 2018 following its acquisition in June 2018. In addition, Snaitech had a very strong performance with significant growth in underlying Net Profit and Adjusted EBITDA, on a pro forma basis², when excluding impact of increased taxation from legislative changes in 2019. Driven by Snaitech and the Core B2B Gambling growth, regulated revenue accounted for 88% of Group revenues in 2019 (2018: 80%).

During 2019, Playtech raised €350 million senior secured notes maturing in 2026. The proceeds from the notes were used to repay the €297 million convertible bond which matured in November 2019, as well as for general corporate purposes. Playtech continues to have a very strong balance sheet with cash and cash equivalents of €671.5 million as at 31 December 2019. Adjusted Gross cash, which excludes the cash held on behalf of clients, progressive jackpot and security deposits, was €333.2 million at the end of 2019 (2018: €312.7 million).

Group summary³

Group revenue	2019 €m	2018 €m	Change	Constant currency change
B2B Gambling	553.9	566.0	-2%	-3%
B2C Gambling	900.5	578.1	56%	56%
Intercompany	(13.9)	(11.7)	19%	18%
Total Gambling	1,440.5	1,132.4	27%	27%
Financials	67.9	92.9	-27%	-30%
Total Group revenue	1,508.4	1,225.3	23%	22%

	2019 €m	2018 €m
Total Group revenue	1,508.4	1,225.3
Adjusted costs	1,125.3	880.2
Adjusted EBITDA	383.1	345.1

Reconciliation from EBITDA to Adjusted EBITDA:

EBITDA	2019 €m	2018 €m
Employee stock option expenses	18.1	13.7
Professional fees on acquisitions	1.9	27.1
Cost of fundamental business reorganisation	—	2.4
Additional consideration payable in respect of redemption liabilities	10.2	(2.4)
Amendment to contingent consideration	6.3	1.7
Effect from the amendment on the terms of Sun contract back dated (Reversal)/provision for other receivables	6.4	—
(Reversal)/provision for other receivables	(0.2)	5.6
Impairment of investment in equity-accounted associates and non-current assets	5.1	8.0
Gain from disposal of equity-accounted associates	—	(0.9)
Adjusted EBITDA	383.1	345.1
Adjusted EBITDA margin	25%	28%
Adjusted EBITDA on a constant currency basis	381.6	345.1
Adjusted EBITDA margin on a constant currency basis	25%	28%
EBITDA related to acquisitions at constant currency	(154.7)	(88.0)
Underlying Adjusted EBITDA on a constant currency basis	226.9	257.1
Underlying Adjusted EBITDA margin on a constant currency basis	15%	21%

Total Group revenue increased by 23% to €1,508.4 million (2018: €1,225.3 million) and by 22% on a constant currency basis, with underlying revenue, after excluding acquisitions made in 2018 and 2019, and at constant currency, decreasing by 6%.

Key adjusting items when arriving at Adjusted EBITDA include the removal of additional consideration payable for the acquisition of BGT and the effect from the amendment of the terms of the Sun contract which relates to our Sun Bingo business, namely the amendment of our contract with News UK and the impact on the statement of comprehensive income, assuming that this had been in effect from the beginning of the year, which is discussed in detail below.

2019 EBITDA and Adjusted EBITDA include the adoption of IFRS 16, which had the impact of increasing EBITDA by €23.2 million and Adjusted EBITDA by €23.2 million. This is the amount of rent expense under IFRS 16, less the amount of capitalised development costs which related to rent in the method used before the adoption of IFRS 16⁴. The table below shows the impact broken down by division:

	2019 €m
B2B Gambling	14.8
B2C Gambling – Snaitech	4.9
B2C Gambling – Other components	1.5
TradeTech	2.0
IFRS 16 impact on Group Adjusted EBITDA	23.2

Chief Financial Officer's review continued

B2B Gambling

	2019 €m	2018 €m	Change	Excluding one-offs	Change
B2B Gambling revenue*	553.9	566.0	-2%	497.7	-12%
Research and development	80.9	80.3	1%	80.9	1%
Operations	181.2	151.1	20%	152.0	1%
Administrative	57.4	62.1	-8%	57.4	-8%
Sales and marketing	19.6	20.0	-2%	19.6	-2%
B2B Gambling costs	339.1	313.5	8%	309.9	-1%
B2B Gambling Adjusted EBITDA	214.8	252.5	-15%	187.8	-26%

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

B2B Gambling revenue

B2B Gambling revenue decreased by 2% largely due to a 38% decline in revenues from Asia, which was offset by strong revenue growth of 17% in regulated revenues, mainly in Sport, which enjoyed an increase in sales of hardware amounting to €56.2 million. Within regulated revenues, revenue from rest of the world increased by 32%, predominantly from Caliente with the UK and the rest of Europe increasing by 17% and 14%, accordingly, mainly from Sport.

B2B Gambling costs

Research and development ("R&D") costs include, among others, employee-related costs, dedicated teams' direct expenses and proportional office expenses. Expensed R&D costs increased in 2019 by 1% to €80.9 million. Capitalised development costs were 37% of total B2B Gambling R&D costs in the period, compared to 37% in 2018. The adoption of IFRS 16 accounting requirements resulted in cost reduction of €2.7 million when compared to 2018, which is the amount of rent expense capitalised under IFRS 16, less the amount of capitalised development costs which related to rent in the method used before the adoption of IFRS 16.⁴

The operations cost line includes employee related costs and their direct expenses, operational marketing cost, hosting, licence fees paid to third parties, branded content, terminal hardware cost & maintenance, feeds, chat moderators and proportional office cost. Operations costs increased by 20% to €181.2 million in 2019. The increase is mainly due to cost of hardware sold in Sports and when excluding this cost, operational costs would have remained flat compared to 2018. When excluding the impact of IFRS 16, which totalled €6.9 million, operations costs increased by 25% versus 2018 mainly due to a rise in employee-related costs and brand and content fees.

Administrative costs decreased by 8% to €57.4 million mainly due to a significant decrease

in employee-related costs through tighter internal cost control. Excluding the impact of IFRS 16, which totalled €4.7 million, administrative costs were flat versus 2018.

Sales and marketing cost mainly include employee-related cost, their direct expenses, marketing and exhibition costs. Sales and marketing cost decreased by 2% to €19.6 million. The decrease is mainly due to a reduction in exhibition costs. Excluding any impact of IFRS 16, which totalled €0.5 million, sales and marketing costs were flat versus 2018.

B2B Gambling Adjusted EBITDA

B2B Gambling Adjusted EBITDA decreased by 15% to €214.8 million (2018: €252.2 million) mainly due to the fall in Casino revenues from Asia flowing through to EBITDA, which was offset by growth in sale of hardware in sport and growth in revenues from Europe (excluding the UK), and the rest of the world (excluding Asia).

B2C Gambling

	2019 €m	2018 €m	Change
B2C Gambling revenue	900.5	578.1	56%
Snaitech	667.3	418.9	59%
White label (incl. Sun Bingo)	41.2	76.0	-46%
Retail Sport B2C	31.6	20.2	56%
B2C Gambling costs	740.1	515.1	44%
B2C Gambling EBITDA	160.4	63.0	155%

Snaitech

On a pro forma basis, when comparing Snaitech numbers as if it were part of the Group for all 12 months in 2018, Snaitech revenues decreased by 7% to €829.7 million (2018: €894.6 million), driven by an 14% decrease in revenues from gaming machines. This decrease was driven by increases in taxation on gambling activities in Italy, introduced in January 2019, which negatively impacted revenue, partially offset by strong growth in online. Total online revenues increased by 21% driven by a 28% increase in online wagers, which is significant given the lack of football World Cup in 2019 when comparing against 2018. Excluding the increase in taxation, total revenues increased by 4%.

Snaitech operating costs for 2019 decreased by 9%, on a pro forma basis², to €667.3 million (2018: €734.9 million). The fall in operating costs was largely due to the decrease in cost of services and the use of third-party assets, which mainly comprises the reduction in distribution costs as a direct result of the reduction in revenues following the gaming taxation increase in Italy. Higher marketing costs related to the football World Cup in 2018 were also not required in 2019. Further, the impact of IFRS 16 totalled €4.9 million.

White label (including Sun Bingo)

Overall white label revenue decreased by 2%. This was driven by strong growth from Sun Bingo, offset by declines from other white label brands which have been significantly reduced as part of a housekeeping exercise where certain brands have been consolidated or ceased operating. When excluding Sun Bingo, white label costs fell by 52% versus 2018, largely due to the reduction in operational and marketing expenditure relating to other white label activity.

Adjusted Operating costs of the Sun Bingo activity decreased by 43% to €30.7 million (2018: €54.1 million) mainly due to the terms of the extended contract signed in 2019, making this the first year in which Adjusted EBITDA was positive with a €9.9 million profit (2018: €20.4 million loss). Details of the extension can be found below.⁵

Other White label costs decreased by 52% with total adjusted EBITDA loss decreasing by 97% to €0.1 million (2018: €3.4 million).

Retail Sport B2C

Retail Sport B2C revenues increased significantly from a low base, growing by 40% to €19.7 million (2018: €14.1 million). This was driven by an increase in HPYBET franchise shops in 2019 and 2019 including a full year of revenues compared to 8 months in 2018.

Retail Sport B2C costs increased by 56% largely driven by an increase in the number of HPYBET shops, increase in marketing costs and also includes a full year of costs compared to last year. The impact of IFRS 16 on B2C Gambling excluding Snaitech was €1.5 million in 2019 and the majority of this relates to Retail Sport B2C.

TradeTech Group

TradeTech's revenue decreased by 27% in 2019. The decrease was driven by a lack of market volatility during the first quarter of 2019, together with some exceptional market-making movements during September and October 2019. Revenue from TradeTech's B2C activity decreased 45% during the year, representing the impact of the aforementioned market conditions and first full year of ESMA's product intervention measures.

TradeTech's cost of operations decreased by 5% in 2019, representing increases in R&D and sales and marketing costs, offset by reductions in operational and general and administrative costs.

Group Adjusted EBITDA

€383m

↑ 11%

(2018: €345m)

Below EBITDA items

Depreciation and amortisation

Depreciation increased in 2019 by 21% to €51.5 million (2018: €42.6 million), mainly due to the acquisition of Snaitech which added a full year depreciation totalling €18.4 million in 2019, compared to only 7 months of depreciation totalling €9.8 million in 2018. Excluding acquisitions, underlying depreciation decreased by 4%.

Amortisation expense increased significantly by 74% to €106.1 million (2018: €60.9 million), largely due to the acquisition of Snaitech and the €19.2 million impact of IFRS 16. Excluding the amortisation within acquisitions and effect of IFRS 16, amortisation increased by 26% to €51.5 million in line with the increase in capitalised development costs.

Finance costs and income

Adjusted finance costs increased by 31% to €52.8 million, driven by a €14.3 million rise in accrued interest relating to bond loans. Within the adjusted finance costs, €21.2 million relates to the interest on the €530 million bond Playtech raised in October 2018 and €12.7 million relates to the €350 million bond raised in February 2019. Additionally, €2.5 million which relates to Playtech's revolving credit facility and there was a €5.0 million rise in bank fees due to the annualisation of Snaitech's bank fees. The impact of IFRS 16 was a €6.2 million increase to finance costs. On a reported basis, finance costs increased by 8% to €64.2 million (2018: €59.4 million).

Reported finance income increased by 79% to €83.3 million (2018: €46.6 million) while adjusted finance income decreased by 91% to €3.2 million (2018: €36.4 million), driven by the 100% fall in dividend income given the disposal of equity investments in Plus500 and GVC in 2018. This was partially offset by a 33% increase in interest income to €3.2 million (2018: €2.4 million).

Tax

The Group's underlying adjusted current effective tax rate of 14% (2018: 10%) is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%.

The total adjusted tax charge in 2019 was €43.9 million (2018: €35.1 million) of which €27.0 million (2018: €25.9 million) relates to income tax expense. The increase is mainly due to the profits being recognised in higher taxing territories increasing Playtech's effective tax rate. Cash taxes paid in the period are lower than the income tax expense mainly due to the tax loss carry forwards available in Italy.

Discontinued operation

On 22 November 2019, the Group announced that it was reviewing its Casual and Social Gaming business. Prior to the year end the Board of Directors made the decision to dispose of the Casual and Social Gaming business. Accordingly, this business was classified as a disposal group held for sale and as a discontinued operation. The Adjusted EBITDA loss, related to Casual and Social Gaming business, has increased by 118% to €4.6 million (2018: €2.1 million). Adjusted net loss increased by 136% to €8.5 million (2018: €3.6 million) and reported net loss increased by 663% to €32.8 million (2018: €4.3 million) due to the recognition of an impairment loss of €23.7 million. The impairment loss has been applied to reduce the carrying amount of the intangible assets within the disposal group.

Cash flow

Playtech continues to be cash generative and delivered operating cash flows of €317.1 million from continuing operations, with adjusted cash conversion of 78%.

Cash conversion

	2019 €m	2018 €m
Adjusted EBITDA	383.1	345.1
Net cash provided by operating activities	317.1	384.9
Cash conversion	83%	112%
Change in jackpot balances	(9.6)	(4.2)
Change in client deposits and client equity	(22.0)	(70.1)
One-off tax payment	28.0	—
Dividends payable	(0.3)	(4.3)
Professional expenses on acquisitions	1.9	27.1
Finance costs on acquisitions	1.5	8.5
ADM security deposit	(17.1)	—
Adjusted net cash provided by operating activities	299.5	341.9
Adjusted cash conversion	78%	99%

Adjusted cash conversion is shown after adjusting for jackpots, security deposits and client equity, payable dividend and professional and finance costs on acquisitions. Adjusting the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits, client equity and payable dividend only impacts the reported operating cash flow and not EBITDA, while professional expenses and finance costs relating to acquisitions are excluded from adjusted EBITDA but impact operating cash flow.

The decrease in net cash provided by operating activities is largely due to the fall in contribution from Asia, as well as the €28.0 million one-off cash payment made to the Israeli government for the settlement of additional tax relating to the Group's activities in Israel for the years 2008 to 2017 inclusive, which was provided for in 2018. This was offset by a decrease in DSO to 51 days (2018: 58). Following the necessary adjustments, adjusted cash conversion is 78% (2018: 99%) which the Group believes is a true representation of cash collection in the period.

Chief Financial Officer's review continued

Cash conversion continued

The adjusted net cash provided by operating activities excluded the security deposit repayment from Italy's online betting and gaming regulator (ADM) for 2019 and 2018. The adjusted net cash provided by operating activities includes certain notable working capital movements: during 2019, the Group received £30.0 million relating to amounts due in respect of the early settlement of the marketing services agreement with Ladbrokes as disclosed in the 2016 Annual Report. This is offset by the payment in the period of amounts accrued as payable under the Sun Bingo contract of £31.5 million.

Net cash outflows used in investing activities totalled €200.9 million in the period compared to a net inflow of €49.2 million in 2018. The net inflow in 2018 was mainly due to €481.1 million from proceeds of disposing the investments in Plus500 and GVC. Out of the net cash outflow in 2019, €47.3 million relates to consideration paid in relation to previous acquisitions of subsidiaries, €61.4 million was used in the acquisition of property, plant and equipment and a further €24.3 million on the acquisition of intangible assets. A further €65.5 million (2018: €58.3 million) was spent on capitalised development costs. €5 million was received during 2019 as part of an agreement for the disposal of real estate located in Milan. An additional €50 million to be received on completion, which is expected to be in H1 2020, subject to certain conditions.

Net cash outflows used in financing activities totalled €69.3 million (2018: €393.6 million) which included €297 million repayment of the convertible bond, €65.1 million buyback of Playtech shares and dividends paid to owners of the parents of €55.5 million totalling in €120.6 million of shareholders return (2018: 113.3 million), payment of lease liability of €27.2 million, which is following the adoption of IFRS 16 interest payments on loans and bank borrowings totalled €29.5 million (2018: €22.1 million), with the increase driven by the full year effect of the bond raised in 2018 and the bond raised during the first half of 2019 as well as through the acquisition of Snaitech in 2018 and dividend paid to minority shareholders of €4.4 million. These outflows were net off by €345.7 million inflow from the issue of a bond net of issue costs and €63.9 million proceeds from bank borrowings.

Adjusted profit and Adjusted EPS

	2019 €m	2018 €m
Profit from continuing operations attributable to the owners of the Parent	13.2	128.1
Amortisation of intangibles on acquisitions	58.1	47.2
Gain from the disposal of equity-accounted associates	—	(0.9)
Impairment of investment in associate and other non-current assets	5.1	8.0
Employee stock option expenses	18.1	13.7
Professional fees on acquisitions	1.9	27.1
Additional consideration payable in respect of redemption liabilities	10.2	(2.4)
Cost of fundamental business reorganisation	—	2.4
Notional interest on convertible bonds	9.9	10.7
Deferred tax on acquisition	(13.7)	(9.7)
Movement in contingent consideration and redemption liability	(80.1)	(1.9)
Finance costs on acquisitions	1.5	8.5
Fair value change of equity investments	0.3	1.7
Tax relating to prior years	4.1	28.4
Gain on the early repayment of the bond	—	(8.4)
Amendment to contingent consideration	6.3	1.7
(Reversal)/provision for other receivables	(0.2)	5.6
Effect from the amendments on the terms of Sun contract back dated	6.4	—
Impairment of right-of-use of asset	0.8	—
Impairment of tangible and intangible assets	91.1	—
Adjusted profit for continuing operations	133.0	259.8
Adjusted basic EPS (in Euro cents)	44.1	82.4
Adjusted diluted EPS (in Euro cents)	43.2	73.9
Constant currency impact	0.2	4.5
Adjusted profit for the year attributable to owners of Parent on a constant currency basis	133.2	264.3
Adjusted net profit on a constant currency basis related to acquisitions	(44.4)	(35.6)
Underlying adjusted profit for the year – attributable to owners of the Parent	88.8	228.7

Reported EPS from continuing activity decreased by 89%, in line with the decrease in net profit. Adjusted diluted EPS decreased by 42% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisitions decreased by 56% compared to 2018. Adjusted diluted EPS is calculated using a weighted average number of shares in issue during 2019 of 308.0 million, which includes a weighted average number of 301.8 million equity shares.

Note: On 19 March 2020 shareholder distributions were suspended until further notice given the widespread impact of Covid-19 on global markets. The share repurchase programme announced at the FY 2019 results was postponed and the 2019 final dividend of €0.12 will not be proposed at the AGM later this year.



Andrew Smith
Chief Financial Officer
8 April 2020

Balance sheet and financing

Cash

As at 31 December 2019, cash and cash equivalents amounted to €671.5 million (31 December 2018: €622.2 million). Cash net of client funds, progressive jackpot and security deposits amounted to €333.2 million (31 December 2018: €312.7 million).

Financing

In March 2019 the Group raised €350 million 7-year senior secured fixed rate notes (4.25% coupon, maturity 2026). The net proceeds of the bond were used to fully repay the €297 million convertible bond which matured in H2 2019, and for general corporate purposes.

In November 2019 the Group signed an amendment to its previous RCF, increasing it to €317 million and extending its term to an additional four years, ending in November 2023, with a one-year extension option. As at 31 December 2019 the facility has a drawn amount of €63.9 million (2018: €Nil).

In October 2018 the Group raised a €530 million bond (3.75% coupon, maturity 2023), mainly to refinance the old Snaitech bonds which had less favourable terms.

Total gross debt at the end of 2019 is €935.6 million (2018: €811.1 million) and €602.4 million (2018: €498.4 million) of net debt, after deducting adjusted gross cash.

Contingent consideration

Contingent consideration and redemption liability decreased by €97.7 million versus 31 December 2019 due to the payments of the CFH, Rarestone and Quickspin liabilities and reduction of the expected final payments relating to the acquisitions of Tradetech Alpha (ACM Group) and HPYbet Austria GmbH offset by movement in Playtech BGT Sports and the addition of contingent consideration resulting from the joint venture with Wplay. The existing liability as at 31 December 2019 comprised the following:

Acquisition	Maximum earnout per acquisition terms €m	Contingent consideration and redemption liability as of 31.12.2019 €m	Payment date
ACM Group	129.2	—	Q3 2020
Playtech BGT Sports Ltd	95.0	36.9	Q2 2020
HPYBet Austria GmbH	15.0	—	Q2 2021
Rarestone Gaming PTY Ltd	4.1	3.8	€1.3 million Q4 2020 €2.5 million Q1 2021
BetBuddy	1.4	1.4	Q4 2020
GenWeb	2.5	2.5	Q1 2020
Eyecon Limited	26.4	—	Q2 2021
Wplay	21.2	16.1	€16.1 million Q3 2020 €5.1 million Q1 2021
Other	0.4	0.4	
Total	295.2	61.1	

- Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangibles, intangibles and right-of-use assets, professional costs on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration, employee stock option scheme charges, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period statement of comprehensive income, non-cash accrued bond interest, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. The Board of Directors believes that the adjusted profit, which includes realised fair value changes recognised in the statement of comprehensive income in the period on equity investments disposed of in the period, represents 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. Given the fluctuations in exchange rates in the period, the underlying results are presented in respect of the above adjustments after excluding acquisitions and on a constant currency basis, to best represent the trading performance and results of the Group.
- 'Pro forma basis' denotes the basis that we are comparing Snaitech's performance in 2019 with its performance for the full period of 2018, which allows for a like-for-like comparison, rather than comparing the year with only the period in 2018 after its consolidation to the Group from 5 June 2018.
- Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
- Refer to Note 4 to the financial statements for details of IFRS 16.
- An amendment to our contract with News UK to run Sun Bingo was agreed and extended for a period of up to 15 years. Minimum guarantee cash payments will continue until mid-2021 under terms of original contract. From a Statement of Comprehensive Income perspective, the minimum guarantee payments will be spread over life of the extended contract. The extended contract is a joint commercial collaboration with no further minimum guarantees from mid-2021.
- Adjusted Net Profit refers to the Profit Attributable to the owners of the Parent.

Shareholder returns

In order to maximise the efficiency of shareholder returns the Board believes returns should be balanced between dividends and share buybacks. It is the Board's intention that the overall level of capital returned to shareholders will continue to be progressive, in line with medium-term earnings and cash flows. The Board has approved a share repurchase programme of €40.0 million and a final dividend declared of 12.0 €c per share. For shareholders wishing to receive their dividends in Sterling, the last date for currency elections is 8 May 2020.

Dividend timetable:

Ex-dividend date: Thursday 30 April 2020
Record date for dividend: Friday 1 May 2020
Currency election date: Friday 8 May 2020
Payment date: Friday 29 May 2020

Playtech has entered into an irrevocable, non-discretionary arrangement with Goodbody Stockbrokers UC ("Goodbody") for Goodbody to repurchase shares on its behalf of up to €40.0 million ("Maximum Repurchase Amount") on the London Stock Exchange. The share repurchase programme will commence on 28 February 2020, subject to market conditions, and will end on the date on which the Maximum Repurchase Amount is reached or the trading day immediately preceding the date of the Company's Annual General Meeting to be held in 2020, whichever is earliest. Goodbody will make their trading decisions in relation to Playtech's ordinary shares independently of, and uninfluenced by, Playtech.

The share buyback programme will be conducted in accordance with Playtech's general authority to repurchase ordinary shares as approved by shareholders at its 2019 Annual General Meeting held on 15 May 2019 ("Buyback Authority"), the parameters prescribed by the Market Abuse Regulation 596/2014/EU and the applicable laws and regulations of the London Stock Exchange.

The maximum number of ordinary shares permitted to be repurchased by the Company pursuant to the existing Buyback Authority is 25,683,102 ordinary shares. Ordinary shares acquired by the Company will be held in treasury. The purpose of the share repurchase programme is to reduce the Company's share capital.

Details of any ordinary shares repurchased will be announced by Playtech via a Regulatory Information Service following any repurchase.

Andrew Smith
Chief Financial Officer
26 February 2020

Regulation

Committed to raising industry standards

Regulation continued to be a major influence on the gambling industry throughout 2019, with new markets opening and regulation in existing markets evolving

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

Regulated markets in UK, Europe, Latin America and the US remain key to our continued growth. The increase in regulated revenue is a result of the continued progress Playtech has made on its strategic goals as well as the continuing success of Snaitech in Italy. Further, expanding the relationship with GVC has given Playtech access to additional global markets. The Company intends to increase its scale and distribution in these markets by leveraging its range of products and services across the gambling value chain and its global expertise to sign new licensees and expand its relationship with existing licensees into further regulated and newly regulating markets.

UK

The UK remains a key regulated market for Playtech, where the strength of Playtech ONE provides it with a strategic advantage and a cornerstone presence. Playtech's commitment to safer gambling and its use of technology and data to support its licensees in this area will see it remain the go-to platform for regulated markets. Playtech's ongoing relationship with Tier 1 operators in the UK continues to deliver strong results for the Group.

Significant regulatory developments in the UK during 2019 included the cut to maximum stakes allowed at fixed-odds betting terminals (FOBTs) from £100 to £2 and an increase in Remote Gaming Duty to 21% from 15% with both measures in effect since 1 April 2019. The UK Gambling Commission also announced a ban, effective from April 2020, on operators allowing consumers in the UK to use credit cards to gamble. There is also an expectation that affordability checks will be introduced in the near future.

Playtech continued to make strong progress in regulated markets with regulated revenue increasing to 88% (FY2018: 80%) of total Group revenue.



Europe

Regulated markets in Europe represent significant growth opportunities. The Swedish market launched on 1 January 2019, followed by the Swiss market in July. Playtech entered both markets and is well positioned to drive revenue growth through 2020 and beyond.

In Italy, one of the Group's largest markets due to the presence of Snaitech, the Government introduced significant restrictions effective since July 2019 on the online advertising of gambling products. Although smaller operators, particularly those who operate online only, will likely find it difficult to compete in the market, Snaitech's retail presence and the strength of its brand saw it benefit from the advertising ban in relative terms. Further, the Government increased taxes across retail and online sports betting as well as online gaming.

Looking forward, further markets will continue to regulate. For example, the Netherlands is expected to issue licences ahead of regulating in 2020, Ukraine is expected to regulate in 2020, while Germany is expected to clarify its regulatory picture in the near future. Playtech is well positioned to enter each of these markets.

Latin America

Latin America represents a great opportunity and growth territory for online gaming. Playtech continues to explore deals across Latin America and will look to leverage the success of its relationship with Caliente in Mexico where possible, having already done so in 2019 in signing a major new agreement with Wplay, the leading operator in Colombia.

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

US

Following the US Supreme Court's decision in 2018 to repeal PASPA, many states have moved to legalise and regulate sports betting. Online casino, which was not subject to PASPA and is allowed at the discretion of individual states, continues to only be regulated in a few states.

Since the repeal of PASPA, numerous states including New Jersey, Colorado, North Carolina, Michigan, Mississippi, Pennsylvania, Iowa and Indiana have approved legislation to legalise sports betting. Many of these markets have already launched, with others expected to launch in 2020. In total, 21



states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in 2020 and beyond.

Google opened its platform to betting advertisers targeting New Jersey, West Virginia and Nevada in June 2019 and added Pennsylvania, Rhode Island, Montana, Iowa and Indiana in October, also announcing that its policy would be updated to accommodate most US jurisdictions where sports betting is regulated, as well as allowing certain states to promote online casino products.

Such developments reiterate the fact that the US market promises to be an exciting one as, while it is still in its formative period, growth is expected to ramp up in the next three to five years.

Playtech's application for a licence to operate in New Jersey is likely to be confirmed in 2020, with further licence applications on the way.

Asia

Playtech's business in Asia is predominantly in China and Malaysia, which are both unregulated markets. Our business in Asia continues to be materially lower than previous years following a significant increase in competition in China in 2018 from new market entrants, while Malaysia also remains significantly lower than its previous highs.

Increased competition in China is likely to remain and has resulted in a highly competitive pricing environment. Playtech has taken several actions to secure its position in the market. Playtech has focused on underlining the premium position of its offering in the region. The Company has also launched multiple new games, focusing on

branded content. Playtech began implementing an incentivisation scheme to reward sub-licensees for promoting Playtech content and generating higher volumes of business.

Playtech continues to monitor developments in Asia closely and while operating at a lower run rate than before, Playtech's Asia business remains high margin and highly cash generative.

Regulated markets we operate in

>30

Responsible Business

2019 was a watershed year for responsible business in the betting and gaming sector, and the industry in general. As we begin a new decade, growing regulatory requirements across our countries of operation, alongside heightened societal concerns around the role of business in society, means that business as usual is no longer business as usual.

Our licensees, current and future talent, regulators and consumers expect to engage with businesses that operate with the utmost integrity on topics core to our sector such as safer gambling, customer experience, data privacy, transparency, and online safety and security. To keep pace with changing expectations and maintain trust with our stakeholders, we recognise that we must mitigate our negative social and environmental impact and collaborate to generate positive, scalable solutions for safer gambling and responsible business issues, more broadly. For Playtech, this is not just the right thing to do, it is critical for achieving a sustainable and viable business for the long term.

In 2019, Playtech developed a new, five-year Safer Gambling and Sustainability strategy that underpins our commitment and aspiration to be an industry leader.

This section outlines key responsible business developments in 2019 and Playtech's plans for the future, including both narrative updates and performance figures. Our approach to doing business responsibly is multifaceted and ever evolving, but it remains anchored in the issues that are most material for our stakeholders and the continued success of the business.

Our sustainability pillars

Powering safer gambling solutions

▶ Read more about this pillar on [page 51](#)

Promoting integrity and an inclusive culture

▶ Read more about this pillar on [page 54](#)

Partnering on shared social challenges

▶ Read more about this pillar on [page 60](#)

Playtech's Sustainability Strategy

In 2019, Playtech defined a new, five-year strategy that underpins our commitment and aspiration to sustainable business. The approach was developed through a 12-month process of research, analysis and engagement with stakeholders, including colleagues, licensees, investors, gambling charities and third-party experts. Building on the Company's position as a technology leader in our industries and a force for innovation and collaboration, we aim to deliver a

positive, safer experience and sustainable business that people can trust.

As part of this strategy, we will focus our efforts in three key areas:

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

Following Board approval of the five-year strategy, Playtech began engaging its commercial and

operational units on plans and implementation and will continue this process throughout 2020.

As part of the implementation efforts, we are developing a new scorecard to enable consistent progress reporting against the Strategy. The following sections describe our commitments and progress in each of the three pillars of the strategy.

2025 Sustainability strategy

Purpose We create technology that changes the way people experience gambling to build a sustainable and safe entertainment industry

Values



Integrity



Innovation



Excellence



Performance

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

Commitments

Powering safer gambling solutions

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

Promoting integrity and an inclusive culture

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

Partnering on shared societal challenges

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

Responsible business & sustainability continued

Playtech's most important environmental, social and governance (ESG) issues

As part of a regular programme of risk and materiality assessments, Playtech reviewed the ESG issues facing the Group in 2019. The assessment, conducted throughout the year, was informed by ongoing stakeholder engagement with academics, charities and thought leaders in the gambling sector, an independent compliance review conducted by external legal counsel, industry regulatory and compliance monitoring, as well as internal surveys and assessments.

As of the end of 2019, the most material ESG issues for the Group include the following:

- Corporate Governance
- Gambling and Financial Industry Regulatory Changes and Developments
- Safer Gambling
- Data Protection, Privacy and Information Security
- Anti-Money Laundering (AML)
- Anti-Bribery and Corruption
- Diversity and Inclusion

The following sections summarise Playtech's strategy and actions to address these material topics. The priority issues are subject to regular reviews and discussion within the Risk Management Committee and Risk & Compliance Committee of the Board.

► Read more about our risks on **pages 62 to 66**

Responsible business governance

The Risk & Compliance Board Committee continues to set the agenda and monitor the implementation of strategy and progress related to responsible business, ethics, regulatory affairs and compliance. Non-Executive Director, Claire Milne, has been Chair of the Committee since 2018, and also serves as the Board-level champion on these topics.

The Regulatory Affairs and Compliance function holds the day-to-day responsibility and oversight of regulatory, compliance and responsible business. The Chief Compliance Officer is a member of the Executive Committee, attending Board meetings and sitting on the Risk & Compliance Board Committee. In addition, the Chief Compliance Officer is a member of the Group Risk Management Committee, which is the main executive forum for reviewing risks and informing the Board Risk & Compliance Committee.

The Regulatory Affairs and Compliance Risk Management process provides the Group Risk Management Committee and Board Risk & Compliance Committee with updates on responsible business issues, alongside regulatory and compliance issues.

In 2019, Playtech established a Compliance Council, a cross-company forum with the aim of strengthening the commercial and operational understanding, as well as the impact, of regulatory affairs and compliance topics. In addition, this forum supports the Company's coordination on projects and initiatives related to regulatory and compliance developments. Regulatory Affairs and Compliance topics, including safer gambling, are a more prominent part of the quarterly business and roadmap review process.

Within the Tradetech Group, each regulated company has a Risk & Compliance Committee

comprised of Non-Executive Directors of the Board. The responsibility for Risk & Compliance sits with the Chief Risk Officers in each company.

Internal Audit provides assurance to the Board and Executive Management Team that effective systems and controls are in place to manage all significant risks within the business. The Regulatory Affairs and Compliance function is subject to recurring annual reviews, the scope of which is dynamic and varies from year to year. Internal Audit also ensures that compliance-related areas are integrated into other operational audits as and when applicable.

In 2019, Playtech commenced an extensive compliance health-check and review, conducted by DLA Piper LLP, our external advisers. The purpose of the health-check is to examine the culture of compliance and responsible business across Playtech's operations globally and deliver recommendations for how it can be improved.

In 2019, Playtech established a forum and delivery framework to support its diversity and inclusion commitments. During the year, the Company appointed a new global diversity lead to oversee and embed the diversity and inclusion agenda across the business. In addition, ten of our major markets developed country diversity plans aligned with the global framework, with local diversity champions leading on delivery.

Lastly, Playtech has a Global Community Investment Committee which oversees the policies, programmes and budget for charitable and volunteering activities.

► Read more about our governance and regulation on **pages 46 and 47**

Responsible business governance structure



Powering safer gambling solutions

This section outlines our actions to deliver safer gambling solutions, raise industry standards and reduce gambling-related harm

Five-year commitments:

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

Promoting safer gambling

As a leading, global technology supplier to the sector, we recognise that we have an important role to play in developing technology solutions to address safer gambling challenges and raise standards across the industry. We believe that innovation in safer gambling is critical for keeping pace with regulatory, consumer and societal expectations to deliver a positive, safer online customer experience that people can trust. Innovation is crucial as we need to keep pace with expectations, reduce risk, maintain trust with our stakeholders and continue to be a viable business in the long term.

During 2019, Playtech updated its safer gambling governance, framework, policy and commitments to align with evolving societal expectations, regulation, licensing requirements as well as the expansion of the B2C business in retail operations, following the acquisition of Snaitech. In addition, the Company joined with our industry peers in signing up to the new industry Safer Gambling Commitments which have been developed to advance and accelerate a safer gambling environment. <https://safergamblingcommitments.co.uk/>

Innovating safer gambling solutions

One of the most important challenges facing our sector is how companies can more effectively identify, engage and intervene with individuals who could be at risk of gambling-related harm earlier in the journey. With the acquisition of BetBuddy in 2017, Playtech has pioneered the use of data analytics and artificial intelligence to enable

operators to identify and assess player risk. The BetBuddy capabilities are integrated into Playtech's core Information Management Solution (IMS) platform. Playtech has invested considerable effort into making safer gambling technology and tools accessible and affordable for our licensees; breaking down barriers to adoption by not charging any upfront integration, model development, training, or deployment fees for Playtech platform users. To date, five of our licensees use the BetBuddy data analytics platform and our aim is to increase this number year-on-year.

In 2019, Playtech began to combine its safer gambling data analytics capability with a real-time player engagement and messaging platform. This will help operators use data and insights to deliver highly personalised messaging that empowers consumers to make safer choices. This effort will extend to additional features so that we can offer licensees and their consumers more tools to reduce gambling-related harm. For more information on BetBuddy and our Playtech Protect products/services, see pages 12 and 13.

Sustainable game design

As a leading technology supplier, we recognise our responsibility towards understanding and addressing product risk. Playtech has been investing its data analytics capability, expertise and research into creating a responsible game design and labelling scheme. In 2018, Playtech established a sustainable game design expert group, consisting of internal experts from technology, game studios, head of business units and compliance businesses. The Group serves as the internal coordination body for defining and implementing a framework for responsible game design. The resulting framework and programme have been independently evaluated by a leading academic in safer gambling and game design. In 2019, Playtech began working with several of its licensees to trial and evaluate product labelling for online slots. The results will inform a game design framework and labelling scheme for the industry in the future. Playtech is also undertaking data-driven research to build an empirical evidence base examining the relationships between game features, player behaviours and at-risk play.

Playtech has also been sharing its research and insights on game design with the industry through the new UK industry body, the Betting and Gaming Council, and via its contribution to the new industry Safer Gambling Commitments (reference case study box – page 52). Finally, we are co-leading the UK Gambling Commission's workstream to develop an industry code of conduct on safer game design, to be published in 2020.

Building a responsible culture

Our commitment to safer gambling extends far beyond technological innovation. Over the course of 2019, we initiated multiple projects to embed a culture of safer gambling and player protection across the Group, including:

- Surveying employees' perceptions of Playtech's Safer Gambling Commitments and how they link with pride in the workplace. This work has been supported by the Safer Gambling Council of Canada who in turn will help us crystallise these insights into actions in 2020.
- Strengthening internal coordination and strategic investments in safer gambling and compliance through a new Compliance Forum.
- Making compliance training a prerequisite for eligibility for an annual bonus and pay increase.
- Enhancing safer gambling awareness and training, incorporating lessons from Playtech and the industry, for the Board, senior leaders, Personal Management Licence holders (PMLs) and all customer-facing employees.

In developing our approach and activities, we are co-leading the UK Gambling Commission's workstream to develop an industry code of conduct on safer game design, including our customers, and leading charitable organisations with expertise in this area.

▶ Read more about building a responsible culture on **pages 60 and 61**

Responsible business & sustainability continued

Safer gambling – B2B

iPoker

Within the poker network, iPoker employs its analytical skills to identify possible money laundering, problem gambling and collusion issues. The team identifies potential issues and escalates these to licensees to review and assess whether further action should be taken.

Since 2016, iPoker has escalated and informed poker licensees of players whose behaviour fits a pattern of sustained losses and thus could indicate that the player is at-risk. Due to the limited information available to iPoker, the team can only assist licensees by escalating potential at-risk behaviour related to collusion, anti-money laundering and safer gambling.

This information is used in conjunction with the detailed player information held only by the licensee to decide the most appropriate action.

The table below summarises the percentage of unique cases escalated to licensees on Anti-Money Laundering (AML), collusion and safer gambling over the past four years. In 2019, the numbers relating to collusion escalations were influenced by a promotional abuse case involving a significant number of players in the network.

Escalations to Licensees – B2B iPoker

AML (%)	
2019	0.05
2018	0.04
2017	0.07

Collusion (%)	
2019	5.93
2018	2.13
2017	1.51

Safer Gambling (%)	
2019	0.14
2018	0.14
2017	0.13

Eurolive

Playtech's Live casino operations continued to provide licensees with information about player behaviour that could indicate players at-risk and/or displaying behaviour that could be harmful. Similar to the iPoker team, the Live operation does not have access to player accounts, money or personal information. The Live team uses a machine learning application, which analyses chat for words and phrases indicating potential at-risk behaviour. In 2019, 5,211 players were identified as exhibiting at-risk behaviour as compared with 2,958 escalations in 2018.

“As a technology specialist Playtech focuses on harnessing its capabilities in innovation and data-driven intelligence to place consumer protection and sustainable business practices at the centre of every stage of the player experience from game design to real time engagement and messaging.”

Commitment 1
Preventing underage gambling and protecting young people



Commitment 2
Increasing support for treatment of gambling harm



Commitment 3
Strengthening and expanding codes of practices for advertising and marketing



Commitment 4
Protecting and empowering customers (through product design and customer engagement)



Commitment 5
Creating a culture of safer gambling



Safer gambling commitments

We are proud signatories to the new Safer Gambling Commitments. Playtech, working in collaboration with other leading gambling businesses, helped to shape and launch the commitments which aim to deliver long-term and fundamental changes in how gambling companies operate and to empower, protect and support customers. The commitments will accelerate the safer gambling initiatives currently in place in the industry and commit to do more to protect customers, and the wider public. The commitments cover 22 actions across five core areas:

- Prevent underage gambling and protect young people
- Increase support for treatment of gambling harm
- Strengthen and expand codes of practices for advertising and marketing
- Protect and empower customers (through product design and customer engagement)
- Promote a culture of safer gambling

The comprehensive set of measures marks a new era of collaboration for the sector. Helping the industry to achieve the highest standards of safer gambling is a key pillar of our strategy to be the leading technology company in global regulated markets. As the industry continues to grow and develop, our licensees will increasingly look to Playtech to lead on the highest standards of safer gambling and compliance. Achieving these standards is not only essential for building a sustainable industry, but is also commercially critical.

▶ Discover more about safer gambling at www.safergamblingcommitments.co.uk

B2C

Playtech's B2C operations include a partnership in the UK with News UK through the Sun as well as Snaitech, one of Italy's leading retail and online gambling operators.

UK

In the UK, B2C business compliance, AML and safer gambling are overseen by a multi-disciplinary senior management committee, established to improve the effectiveness of the compliance programme, including management of higher risk customers. The Customer Risk Management Process takes a holistic view of the risks posed by a customer. The decisions regarding AML and safer gambling risks posed by a customer are made in the same forum and by the same senior managers.

Operational staff receive annual safer gambling training and processes are in place to ensure that safer gambling interactions are completed at appropriate times. The importance of safer gambling is highlighted in operational staff induction training, which is then reinforced by face-to-face training delivered by specialist providers.

In 2019, the committee refreshed its operational compliance and safer gambling framework and made enhancements in line with regulatory guidance. Improvements include:

- A new safer gambling interaction and process scorecard to enhance safer gambling risk assessments, as well as the number and quality of interactions.
- A strengthened approach for affordability assessments of customers.
- Piloted new and different approaches to customer interaction, in-play messaging on safer gambling and assessing the effectiveness of those interactions.
- New partnerships with technology providers including Rightlander, which enables close monitoring of affiliate networks. Another partnership with Gamban will offer free use of gambling blocking software tool for consumers.

In 2020, the operation will continue to take steps to make the customer journey safer, including:

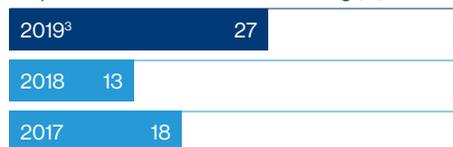
- Strengthen its risk control framework.
- Develop, in partnership with various technology partners, a suite of tools that will assist in the management of customer affordability and safer gambling journey.
- Trial and evaluate a range of different safer gambling messages sent at different stages of the customer journey.

Safer gambling metrics – UK

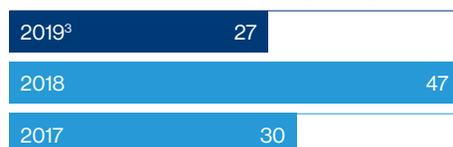
The following chart provides an overview of self-exclusion and use of safer gambling tools within the UK B2C operations. In 2019, the number of self-excluded customers has increased due to the number of customers registering with GAMSTOP, the online self-exclusion scheme in the UK. In 2019, there have been improvements in the methodology utilised to identify unique customers using safer gambling tools across all of the brands we operate. The change in methodology, combined with an increase in use of self-exclusion and the closure of a B2C brand (PTES) during the year, has affected the numbers of customers utilising safer gambling tools in 2019 as compared to 2018.

Safer gambling performance – B2C¹

Proportion of customers self-excluding (%)²



Proportion of customers using safer gambling tools (%)⁴

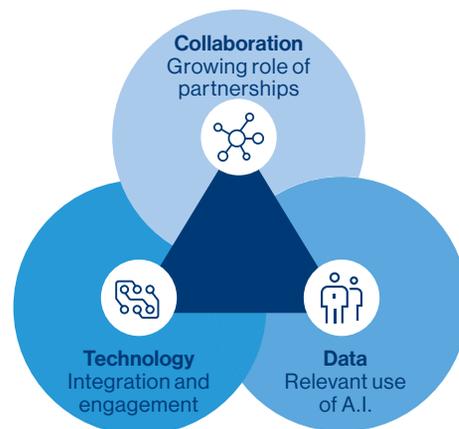


1. UK B2C operations only.
2. Number of self-exclusions and registrations with GAMSTOP as a percentage of total unique customers within Playtech's B2C operations in the UK.
3. Amended methodology, with broadened definitions of customers self-excluding (including registration with GAMSTOP).
4. Safer gambling tools comprise reality checks, time-outs and deposit limits and include customers that may use more than one safer gambling tool on more than one brand.

Italy

Snaitech is regulated in Italy by Agenzia delle Dogane e dei Monopoli (ADM) and is committed to safeguarding players, by promoting and maintaining a safer environment. The operation has been awarded the international G4 Certification on Responsible Gaming/Gambling in an online environment. The G4 – Global Gaming/Gambling Guidance Group <https://www.gx4.com/> programme is run by a body of international experts. In addition, the business is committed to adhering to the highest standards of safer gambling and player protection practices covering fairness, privacy, fair trading practices, and advertising and promotional codes of conduct. More information about Snaitech's safer gambling and player protection programme can be found in the Snaitech Sustainability Report at <https://snaitech.it/en/sustainability/sustainability-report>.

Our approach to safer gambling



Promoting integrity and an inclusive culture

This section sets out our efforts to uphold the highest ethical standards, comply with the letter and spirit of the law and regulatory requirements, minimise risks to integrity, safeguard data protection and privacy, and foster an inclusive and diverse culture across our operations

Five-year commitments:

- Promote integrity and reduce compliance risk across our operations and supply chain.
- Strengthen data security and privacy practices across the business.
- Reduce our carbon footprint by 40% by 2025 against a 2018 baseline.
- Reduce the gender pay gap and achieve year-on-year improvements in diversity and inclusion.

Anti-Money Laundering, Anti-Bribery and Corruption

Playtech's ethics policy contains our overarching standards around business conduct, corporate governance, commitments to employees and responsible business. Together with our Anti-Bribery and Corruption (ABC), Anti-Money Laundering (AML) and Anti-Facilitation of Tax Evasion policies, it forms the backbone of our compliance control framework. This is complemented by the 'The Way We Do Business' booklet used across the Group to promote awareness of our compliance policies and provide safer gambling guidance.

Our policies have been communicated to employees and contractors through new employee inductions, newsletters, our intranet sites, direct employee communications and training. During 2019, 676 senior managers (as compared to 581 in 2018) received face-to-face compliance training, which covered safer gambling, AML, ABC, speak up/whistleblowing, Anti-Facilitation of Tax Evasion and data protection topics. In addition, Playtech delivered online and test-based training modules to 3,380 employees in 2019, with more colleagues set to receive training in the first half of 2020. Within Snaitech, relevant employees were assigned and completed compliance training modules. Also within Snaitech, a two-year compliance training programme was launched. As part of this programme, in 2019, 58 employees completed a safer gambling module,

194 completed a privacy module, 439 completed an AML module and 412 completed a Law 231/2001 module.

Speaking Up

Since 2017, Playtech has offered an independent, speak up hotline to enable employees to raise concerns confidentially and anonymously. The Speak Up policy and hotline have been promoted to Playtech offices through induction sessions, formal communications, posters and within the compliance training programme. In 2019, Playtech received zero incident reports through the independent Speak Up line as compared to one incident in 2018. In 2020, we will explore how to strengthen understanding, use and confidence in the Speak Up hotline and system.

Cybersecurity and data protection

Data remains crucial to Playtech's business model. Our customers and clients trust us with their personal data every day. Consequently, the safe and secure handling of data and protection of personal data are essential to our success. All Playtech employees and partners are required to comply with confidentiality requirements and legal and regulatory obligations, with contractual terms such as data processing agreements and EU Model Clause agreements governing the use and disclosure of information.

We use the following four principles to guide our efforts in safeguarding personal data:

- Process all personal information fairly and lawfully.
- Only process personal information for specified and lawful purposes.
- Keep personal information up to date.
- Not keep personal information for longer than is necessary.

Following the implementation of the EU General Data Protection Regulation (GDPR) in May 2018, we have embedded a robust and consistent approach to data protection in the UK, Europe and all regulatory environments where we operate.

As part of our internal organisation, we have appointed a Chief Privacy Officer to cover global privacy aspects and an additional Data Protection Officer to manage aspects of UK and EU-specific

GDPR compliance. In the current phase of GDPR compliance, the focus is on enhancement, continued compliance and absorbing the new data practices and standards so they become business as usual. The Chief Data Privacy Officer is also involved in the Markets business to monitor progress of GDPR implementation and advising on data access questions.

Towards the end of 2019, we commissioned a deep dive cybersecurity and GDPR review by an external body. The review also included a benchmarking of our capabilities against a wider population of companies. The findings show that Playtech scored above average for the vast majority of data protection domains under GDPR.

Environment

Playtech's most material environmental impact remains the greenhouse gas (GHG) emissions stemming from the electricity used across its operations. These emissions contribute to climate change, one of the defining societal risk of our time. We recognise the need for businesses to play their part in keeping global warming below 1.5 °C. We also recognise that urgent action is required to substantially reduce the risks and impacts of climate change globally and in the countries, cities and communities where we have operations.

In 2020, we are introducing a Group-wide GHG emissions target to guide our environmental efforts over the next five years. We aim to reduce our absolute scope 1 and 2 GHG emissions by 40% by 2025, using 2018 as the baseline year. 2018 was the year when Playtech acquired Snaitech, which accounts for a significant part of our environmental impact.

To achieve our environmental commitments, Playtech is in the process of setting up an internal working group that will provide investment support to projects and operations, to limit and reduce energy usage and address other environmental impacts. In addition, the GHG reduction target will be added to the non-financial performance metrics for executive and Board review.

In 2020, Playtech will also participate in the CDP (formerly the Climate Disclosure Project) in order to increase transparency about its climate reduction performance. CDP provides investors and other stakeholders with detailed and consistent information about how companies manage their environmental risks and opportunities. In return, CDP offers participating companies the chance to benchmark their efforts and performance against peers.

Since last year, Playtech's GHG emissions, on a per capita-basis, have decreased from 1.9 to 1.7 tonnes CO₂ – equivalent (CO₂e), a reduction of 12%. Absolute emissions decreased from 11,543 to 10,914 tonnes CO₂e, a 5% reduction. The overall reduction in energy consumption was one factor contributing to the decrease. Decreasing emissions factors, particularly due to the greening of the electricity grid, was another factor. The total energy consumption decreased by approximately 2.5% in 2019 with Estonia, Philippines, Ukraine and the UK reducing energy consumption. In these markets, a combination of factors influenced a reduction of energy consumption, including changes to our use of office space. While scope 1 emission factors remained stable, the average scope 2 emission factor decreased from 0.47 (2018) to 0.44 (2019) kg CO₂e per kWh, a decrease of 6.4%. We are pleased with these reductions against a backdrop of significantly more employees. The increase in absolute and relative GHG emissions between 2017 and 2018 was due to the acquisition of Snaitech, which includes physical points of sale and three racetracks in Italy.

Starting in 2018, following the Snaitech acquisition, we have expanded the number of environmental KPIs that we report on. The KPIs were expanded to include waste and water for Snaitech in 2018. This year, we are reporting on water consumption for the Group for the first time. This explains the increase in total water consumption reported. We have identified some hotspots for water consumption due to water used for cooling and will be exploring ways to reduce this consumption going forward.

Playtech will continue to monitor and manage its environmental impacts, with a focus on operational efficiency. In addition, we will continue to explore opportunities to reduce our footprint more widely. In 2019, a number of offices launched interventions to reduce single-use plastics, and we are considering how best to apply the lessons learned across our other markets.

Environmental protection and climate change is a concern for us as a company, society at large, the communities where we operate as well as our colleagues around the world. In 2019, Playtech employees across the world launched several initiatives and partnerships with local environmental organisations to raise employee and community awareness as well as reduce negative impacts.

“Environmental protection and climate change is a concern for us as a company, society at large, the communities where we operate as well as our colleagues around the world.”



Turning the tide on plastic and waste

Estonia

A number of Playtech offices initiated efforts to reduce single-use plastics and waste. For example, Playtech Estonia is cooperating with several large environmental projects in the country, including Let's Do It community activities day and World Cleanup Day to raise awareness about the role that innovation and entrepreneurs can play in tackling environmental challenges.

UK

In the UK, Recycling Week was used to raise awareness and take action on single-use plastics across our office estate. This UK campaign was supplemented with an awareness session and Plastic Fishing initiative, held in partnership with social enterprise, Hubbub. Hubbub shared insights on the role of innovation and behaviour change and hosted employees for a Plastic Fishing event to help clear rubbish from London's River Thames.



Zero waste marathon

Bulgaria

Playtech Bulgaria was the lead sponsor of the Zero Waste Marathon 2019, a project inspired by our employees. Many of our employees had raised concerns about waste generated from major sporting events. This concern led colleagues to sponsor the first local marathon that aims to be Zero Waste, involving over 100 runners and cyclists. The event was held as one of the first sustainable sporting events in the country, with several innovative features, including no packaged foods and finisher medals made from wood waste coming from the furniture industry.

Responsible business & sustainability continued

Environment metrics

Greenhouse gas emissions

Total energy consumption (kWh)¹

2019	30,932,101
2018 ^{2,3}	31,715,777
2017	14,757,420

Scope 1 energy emission – gas (Tonnes CO₂e)⁴

2019	1,421
2018 ^{2,3}	1,650
2017	300

Scope 2 emissions – electricity⁵ and district heating⁴ (Tonnes CO₂e)

2019	9,493
2018 ^{2,3}	9,893
2017	6,646

Total GHG emissions (Tonnes CO₂e)

2019	10,914
2018 ^{2,3}	11,543
2017	6,947

GHG intensity (Tonnes CO₂e/employee)

2019	1.7
2018 ^{2,3}	1.9
2017	1.4

- 2019 absolute data is an estimate based on 95% actual data coverage by headcount.
- 2018 onwards includes Snaitech data.
- Restated.
- Using the latest Department for Environment, Food & Rural Affairs (DEFRA) gas and district heating conversion factors (CO₂e).
- Using the latest DEFRA electricity conversion factor (CO₂e) for all UK locations and the latest International Energy Agency (IEA) conversion factors for all non-UK sites (CO₂e).

Water consumption

	2019 ¹	2018 ²	2017 ²
Total water consumption (m³)³	840,065	502,511	504,437
Water consumption for watering racetracks (m³)	175,259	232,615	232,087
Water consumption for watering racetracks (% of total)	20.9%	46.3%	46.0%

- Data covering all of Playtech's operations.
- Data covering Snaitech operations only.
- 2019 estimate based on 82% actual data coverage by headcount.

Waste and effluent¹

	2019	2018	2017
Total waste production (Tonnes)	8,850²	7,829	8,265
Of which:			
– Sent to landfill (Tonnes)	52	180	63
– Reused or recycled (Tonnes)	8,798 ³	7,650	8,202
Hazardous waste (Tonnes)	96	127 ⁴	2

- Data covering Snaitech operations only.
- Of this, 8,660 tonnes are produced by racetracks. This constitutes 97.8% of total waste.
- 99.4% of total waste is reused or recycled.
- The increase in hazardous waste was due to recovery and reclamation activities of hay barns at the Ippodromi (racetracks), disposal of unused equipment and batteries and clean-up of the area.

Responsible supply chain management

Playtech extends its values and commitments to responsibility and transparency towards its dealing with third parties, including business partners and suppliers. We are committed to upholding high standards for procuring goods and services. For Playtech, the three major areas of procurement spend are:

- Technology (cloud services, hardware and mobile services).
- Marketing.
- Property services (leasing, facilities and cleaning).

Between them, these three categories account for a significant part of global procurement spend and as such, we focus our efforts on sustainability issues related to these activities.

In 2019, Playtech created a new global and centralised procurement function, and appointed a new global head of procurement. As part of this new structure, a new operating model has been introduced with the objectives of:

- Strengthening governance, compliance and responsible business standards.
- Delivering consistent and high-quality services.
- Delivering financial sustainability and operational excellence.
- Driving process and service improvements.

Playtech also adopted a new global compliance procurement policy, with training on the new policy provided for 56 procurement employees in key markets. In addition, the procurement function – working with country management, audit and compliance – initiated an assessment of supply chain management to review organisational, operational, compliance and human rights risks and processes. In 2020, the procurement function will focus on implementing the newly established organisational model, the introduction of new systems to support operational, compliance and process improvements as well as capability-building for procurement colleagues in these areas.

Partnering with suppliers to produce green energy

Estonia

In Estonia, Playtech colleagues consume a large amount of coffee in our offices – on average 4.5 kilos of coffee beans per employee per year. As part of a pilot project, all leftover coffee grounds will be converted into biogas that will provide electricity to Haiba orphanage in Harjumaa. The project was started by the international coffee house Paulig and has already spread to many big companies in Estonia.



“To attract and retain top talent, it is imperative to create a workplace and culture that recognises the value of diversity.”

Human rights

Playtech supports and adheres to the principles embodied in the Universal Declaration of Human Rights, as well as the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. We are committed to upholding these principles and ensuring we are not complicit in the violation of human rights, including slavery and human trafficking.

Playtech’s most salient human and labour rights issues relate to employment, data protection, procurement of goods and services, and AML, specifically ensuring that individuals involved in human trafficking and slavery are not laundering their money through Playtech’s operations.

In 2019, Playtech published its third Modern Slavery Act statement, outlining the initiatives to understand and assess potential risks of modern slavery and human trafficking. We also conducted an in-depth review of our human rights and modern slavery risks. The content for this assessment included interviews and surveys involving senior and functional management as well as colleagues in procurement and human resources. The aim of the review was to surface and prioritise risks across our business and value chains, and we are now executing action plans to minimise and mitigate those risks. Playtech also provided human rights training for human resources, technology, procurement and country leadership responsibilities. The training was deployed to 40 people across the globe in 2019 alongside training on a new procurement compliance policy.

In addition, Playtech’s compliance team continues to monitor human rights flags as part of our risk monitoring of third parties. We review any cases involving human rights flags on a case by case basis to assess risk and actions required.

Diversity & Inclusion (D&I)

Operating in a technical, innovation-driven and highly competitive industry, we recognise that to attract and retain top talent, it is imperative to provide a workplace and culture that recognises the value of diversity. Playtech is proud that its workforce comprises people from all different backgrounds, cultures and ethnicities.

Our industry has a major gender diversity challenge. Indicatively, less than 10% of engineering professionals in the UK are women, while in the best performing countries in Europe – Latvia, Bulgaria and Cyprus – that number is nearly 30%. We have set ourselves four objectives to address this imbalance within the Group while pushing for change in the wider industry:

- Improve the gender balance at Board, executive and senior management levels.



Supporting TechSisters

Estonia

Diversity in IT is a key focus area. We continued our support of the TechSisters community by sponsoring and hosting two networking events in April and November. Both events were sold out, attracting over 130 participants in total.

- Invest in and retain the next generation of leaders and talent by increasing access to networking, mentoring and training initiatives.
- Futureproof workplace policies and training to support the progression of talent.
- Expand investment in and support for cross-industry partnerships and initiatives to build a more inclusive sector.

Given the demographics of the industry in which we operate, we recognise that it will take time to make meaningful progress on diversity and inclusion.

In 2019, we took important steps to improve workplace policies, processes, accountability and training to progress actions. Highlights include:

- Appointed new HR roles within the business to strengthen the rigour in performance management processes, including efforts to ensure that remuneration and promotion processes are fair, consistent and equitable.
- Conducted a salary review and benchmarking exercise with an external firm to review pay gaps for both gender and age bias across our key markets, the findings of which will be actioned by business unit leaders and human resource business partners.
- Reduced the UK median and mean gender pay gap significantly by achieving a better-balanced workforce in the lowest pay quartile.

Responsible business & sustainability continued

Diversity & Inclusion (D&I) continued

- Provided unconscious bias training through a new global programme for human resource, commercial and operational managers. Over 50 leaders in Bulgaria, UK, Ukraine and Estonia were trained, and the programme will continue in 2020 in the rest of Playtech's major markets.
- Delivered five workshops in Estonia – with 70 managers participating – on creating and supporting flexibility in the workplace.
- Launched a virtual diversity platform for sharing ideas, resources and D&I related campaigns, including the celebration of events such as International Inclusion Week and International Women's Day.

In 2020, with a stronger D&I governance now in place, Playtech will pursue D&I objectives, including decreasing the gender pay gap, through three workstreams:

- Expanding Diversity Training and Awareness Programmes for line managers and establishing a formal internship programme.
- Refreshing and centralising a number of human resource policies to ensure globally consistent approach to D&I covering recruitment, safeguarding and harassment, bullying and respect.
- Improving the use of data to create transparency around our internal D&I performance.



Women's mentorship

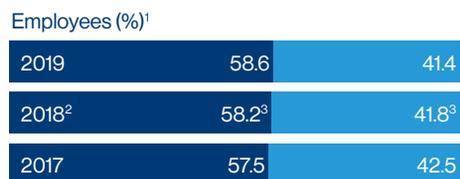
Gibraltar

The Gibraltar office participated in the Ministry of Equality (HMGoG) Women's Mentorship Programme. This programme aims to empower women and maximise their contribution to their respective organisations within the private sector. The programme includes a platform where mentees are given the chance to observe, interact with, and learn from established professionals at all levels, to help women advance in the workplace. Playtech is contributing to this initiative through mentors, who volunteer their time, knowledge and expertise to the community over a period of five months.

Diversity metrics

The following charts illustrate the global and UK diversity data and trends from 2017 to 2019. With respect to global Diversity and Inclusion metrics, there has been a slight improvement since 2018 in a number of areas. In the UK, the gender pay gap has reduced due to a strengthened approach and focus on diversity; supported by the creation of a new human resource business partners role. This individual has a specific remit to strengthen diversity as part of annual salary reviews, promotions and recruitment. Whilst there has been a reduction in the gender pay gap, the median gender bonus pay gap is affected due to the number of key male individuals holding senior executive, sales and senior management roles where higher bonuses are paid.

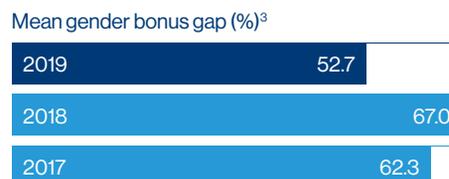
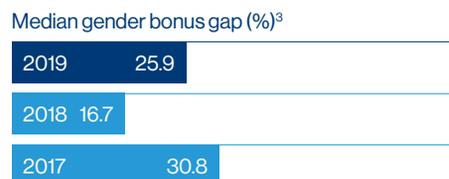
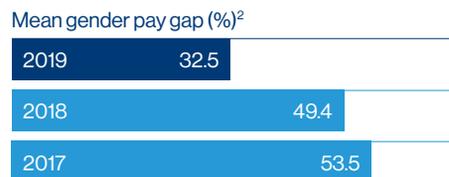
Gender splits



■ Male ■ Female

1. Employees are defined as the total number of employees on the payroll on 31 December.
2. From 2018 onwards, numbers include Snaitech employees.
3. Restated.
4. Senior Managers are defined as the top 500 highest earning employees at Playtech (2018 and 2019), with the exception of 2017 where it was defined as the top 100 highest earning employees.
5. Directors are defined as Board Directors on 31 December.

UK gender pay gap¹



1. Based on UK employees only. The numbers were calculated in line the UK Government's requirements for reporting Gender Pay Figures and covers payroll and bonuses paid up to April 2017, April 2018 and April 2019 respectively.
2. Based on hourly rate of pay.
3. Based on total bonuses received.

Health, safety and wellbeing

The physical and mental health and wellbeing of our employees is of paramount importance to us. In most of our locations, raising awareness and breaking down stigmas about mental health is a particular focus and priority. In October, Playtech took action on World Mental Health Day to raise awareness about the importance of positive mental health. In 2020, Playtech will explore what more it can do to support colleagues, remove the barriers to people reaching out for help and encourage conversations about mental health challenges. Below are some examples of employee engagement and awareness programmes throughout the year.



Know Your Mind pilot programme

UK

In 2019, Playtech launched a new pilot employee wellbeing and safer gambling programme called Know Your Mind. The programme was designed in partnership with charities Mind BWW (Brent, Wandsworth & Westminster) and Betknowmore UK. It aims to support our colleagues with awareness and practical tips to help them identify, manage and improve mental health and wellbeing. It also equips them to understand and support colleagues who may be affected by mental health and gambling-related harm issues. The programme is multifaceted and includes a Mental Health First Aid training accreditation programme. Playtech launched this initiative as a pilot in its London office in 2019. We will evaluate the programme in the first half of 2020 to understand the opportunities for scaling across the globe and share insights with industry peers.

Snaitech occupational health and safety data¹

	2019	2018	2017
Total number of accidents	11	13	18
Accident ratio			
Total number of accidents/working hours x 200,000 ²	1.63	2.1	2.4
Number of days lost to accidents	310	248	523
Severity of accident index			
Total days lost for accidents/working hours x 200,000 ²	45.9	39.2	70.9
Number of days of absence³	7,949	7,144	9,381

1. Covers Snaitech operations only.
2. 200,000 is a fixed coefficient (50 working weeks x 40 hours x 100).
3. Number of days of absence is defined as total hours of absence/8 (hours of work per day).

Workplace health and safety

Within the Snaitech Operations, physical health and safety is a material issue as its operations extend beyond offices to retail operations and horse tracks. Snaitech is constantly committed to developing and promoting a culture of worker health and safety and implementing a management system to ensure full compliance with local Italian legislation.

Economic footprint

Playtech is the leading technology partner to the gambling and financial trading sectors, with offices and commercial activities in multiple jurisdictions, with the majority of its development and technical operations in Ukraine, Estonia, Latvia, Bulgaria and Gibraltar. These locations are well known as technology hubs with a large population of highly skilled experts. The Group's presence in some markets, such as Austria, Australia, Denmark and Italy, is a result of acquisitions.

Playtech engages in tax planning that supports its business and reflects commercial and economic activity. Playtech selects the location of its operations based on commercial and operational factors that extend well beyond tax, including: the prevailing regulatory environment available, a widely available pool of technical talent, the linguistic capabilities in these jurisdictions, the location of the Group's licensees, labour and operational cost factors. The Group is committed to complying with all tax regulations in jurisdictions in which it operates and seeks to minimise the risk of uncertainty and disputes.

Given the international environment in which the Group operates, the business is subject to continuously evolving rules and practices governing the taxation of the digital economy in various jurisdictions. As such, it is imperative to ensure compliance with all relevant tax regulations

and requirements in each jurisdiction that Playtech operates in. The Head of Tax is responsible for monitoring and responding to developments in tax law and practice. The Head of Tax keeps the Board and Executive Management fully informed of developments in domestic and international tax laws within jurisdictions where the Group has a local presence.

During the year, the Board reviewed and adopted the Group's UK Tax strategy statement (available at <https://www.playtech.com/> and <https://www.playtech.com/responsibility-regulation/tax-strategy>).

The total adjusted tax charge in 2019 was €43.9 million (2018: €35.1 million) and the effective tax rate was 14% in 2019 (2018: 10%).

► Read more about tax on **pages 43 and 137**

“The physical and mental health and wellbeing of our employees is of paramount importance to us.”

Partnering on shared social challenges

Playtech believes engagement, partnership and collaboration with our stakeholders is a critical way in which we build and maintain trust with our stakeholders and can contribute to solutions that address some of the pressing issues of concerns to our stakeholders – whether in the communities where we operate or on critical issues facing the industry, such as safer gambling

Five-year commitments:

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

Safer gambling

Harnessing academic partnerships to reduce gambling-related harm and money laundering risk

Alongside our own technology and expertise, Playtech is also leveraging partnerships with external experts including with City, University of London's Research Centre for Machine Learning. Through a five-year partnership, Playtech is exploring the use of AI to improve AML detection. In addition, the partnership is examining correlations between game features and proxies for harm. As part of our research, we are exploring and developing new techniques that can explain how harm models are constructed and make decisions.

Partnering to promote healthy online lives, digital resilience and reduce gambling-related harm

Playtech recognises that the public health concerns associated with gambling-related harm, particularly mental health impacts, have risen up the public agenda. In 2018 and continuing in 2019, Playtech commissioned independent research to better understand how digital technology, data and analytics can make a positive difference at the intersection of gambling, online life, and mental health. As part of this work, we are engaging with a wide range of organisations to explore opportunities for collaboration, research and interventions. We also outlined an intent to contribute expertise, research and an investment of £5 million in five key areas over the next five years:

- Offering preventative education.
- Supporting capability-building of frontline staff and support organisations.
- Building skills of frontline workers in the gambling sector and in healthcare.
- Catalysing innovative digital solutions.
- Leveraging research, data & AI to deliver insights and solutions.

This initiative represents an investment above and beyond our annual contributions to research, education and treatment (RET).

Reducing gambling-related financial harm

Playtech is supporting a new initiative, led by GamCare, called the Gambling Related Financial Harm (GRFH) project. This initiative has been developed to foster cross sector understanding and action to reduce gambling-related financial harm. The initiative brings together organisations from financial services, money advice, gambling and gambling treatment sectors to share knowledge and establish best practices, as well as deliver consistent support, training and advice. More information can be found at: <https://www.gamcare.org.uk/our-work/our-programmes/gambling-related-financial-harm/>

The intersection of gambling, online life, and mental health



The role of Digital Technology, Data and Analytics in helping people live healthier online lives and adopt digital resilience and safer gambling behaviours.

Contributing to research and knowledge sharing

Playtech remains committed to contributing and sharing safer gambling thought leadership and knowledge across industry and academic events. In 2019, we presented our work and views at the KnowNow Keeping Crime out of Gambling Conference, ICE Consumer Protection Zone Conference, IMGL Autumn Conference, RGC Discovery 2019 Conference, UNLV International Risk-Taking Conference, Responsibility in Gaming Conference and the GSA AI Summit.

Fostering diversity and inclusion

In 2019, Playtech continued its sponsorship and active involvement with Girls in Tech and the All-In Diversity initiative; industry initiatives to foster inclusion in the technology and gambling sectors, respectively. Further to this, Playtech participated in external benchmarking exercises led by the Hampton-Alexander Review and All-In Diversity Benchmark.

Charity and volunteering

Playtech employees around the world remain highly engaged with their communities, volunteering their time, skills and resources to support some of the most pressing social and environmental challenges. Playtech supports employees with a day to volunteer each year, as well as support for charitable fundraising through our matched giving programme.

Many of Playtech’s key markets have established and formalised charity committees to oversee and direct local community investment activities. In 2019, Playtech offices and staff around the world supported over 50 charitable and community organisations dedicated to addressing important social causes through fundraising events, donations and skills-based volunteering. The causes most supported include health and wellbeing, environment, poverty alleviation, homelessness, education and humanitarian causes.

“Playtech employees are contributing their time and skills to make a positive impact in their local communities.”

Hacking for humanity

Gibraltar

In 2019, Playtech sponsored Girls in Tech’s second Hack for Humanity event. This two-day event brought together 27 participants in seven teams with the aim of solving issues around improved mental health, streamlining donations for charities, reducing pollution and others.



Levelling the playing field

India

In 2019 Snaitech contributed to the renovation of the Panasapalli Primary school and the Anganwadi Centre in the village of Panasapalli in India. The buildings, built in collaboration with the NGO Care & Share Italia, were inaugurated in November, with the participation of Snaitech’s CEO Fabio Schiavolin, and will support vulnerable and marginalised children to reach their full potential. The initiative was funded by iZilove Foundation, Snaitech’s charitable foundation. During the Snaitech Sustainability Week, the Company initiated a new opportunity for Snaitech employees to become an Employee Ambassador to participate in the opening ceremony and attend the inauguration day with the CEO.



Emerging risks, principal risks and uncertainties

Effectively managing our risks



Gambling risk



Financials risk

1

Regulation – licensing requirements



Description

Playtech holds several licences for its activities from regulators. The review and/or loss of all or any of these licences may adversely impact on the operations, revenues and/or reputation of the Group.

Mitigation

Playtech has a fully resourced Compliance team, which advises and supports the Board and Executive Management to ensure implementation of the policies, procedures and controls in place to protect its licence to operate.

The Compliance team advises, approves and monitors Group activities to ensure that the organisation is compliant with regulatory and licensing requirements. In 2018, Playtech acquired Snaitech, which increased the Group's presence in regulated markets and its vertically integrated operations. The compliance functions of Playtech and Snaitech are working to align compliance and regulatory processes.

Likelihood: Low
Impact: High

Static

2

Regulation – local technical regulatory requirements



Description

Local regulators have their own specific requirements, which often vary on a country-to-country basis. In addition, new requirements may be imposed. For example, a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products.

Mitigation

Playtech works closely with regulators to understand specific local requirements along with any new requirements when operating and/or entering into a market. The Compliance team advises the business on these local requirements to ensure Playtech is compliant with existing requirements, whilst anticipating new requirements and engaging with local regulators on a frequent basis.

Likelihood: Low
Impact: Medium

Static

3

Taxation



Description

Given the dynamic nature of tax rules, guidance and tax authority practice, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions.

Such taxes may include corporate income tax, withholding taxes and indirect taxes. As such, it is imperative to ensure compliance with all relevant tax regulations and requirements in each jurisdiction that Playtech operates.

Mitigation

The Group aims to comply with all tax regulations in all countries in which it operates and monitors and responds to developments in tax law and practice. The Head of Tax keeps the Board and Executive Management fully informed of developments in domestic and international tax laws within jurisdictions where the Group has a local presence.

During the year, the Board reviewed and adopted the Group's UK Tax strategy statement (available at <https://www.playtech.com/responsibility-regulation/tax-strategy>) and a new Anti-Facilitation of Tax Evasion Policy in line with the changing tax environment.

Likelihood: Medium
Impact: Medium

Static

4

Regulatory – capital adequacy



Description

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

Mitigation

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

Likelihood: Low
Impact: Medium

Static

5

Regulatory – data protection



Description

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

Mitigation

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

Likelihood: Medium
Impact: High

Static

6

Regulatory – preventing financial crime



Description

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

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

Mitigation

The Group takes a zero-tolerance approach to bribery and corruption. Playtech's Ethics Policy sets out the overarching standards around business conduct, corporate governance, commitments to employees and corporate citizenship. In 2018, this policy was updated along with ABC and AML policies to include changes in legislation, regulations and industry good practice. In addition, the Company approved a new Anti-Facilitation of Tax Evasion policy. Policies, risk assessments and operational procedures are refreshed to ensure alignment with evolving regulatory frameworks.

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

Likelihood: Medium
Impact: Medium

Static

Emerging risks, principal risks and uncertainties continued

<h1>7</h1> <h3>Regulation – safer gambling</h3> 	<h1>8</h1> <h3>Mergers and acquisitions</h3> 	<h1>9</h1> <h3>Key employees</h3> 	<h1>10</h1> <h3>Cyber crime and IT security</h3> 
<p>Description Regulators, industry, charities and the public at large continue to challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. In addition, licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers.</p> <p>Mitigation Playtech reviews its operational policies and procedures on safer gambling to align with changes to the regulatory landscape, changes in business model, evolving industry standards and best practices as well as technological developments. Playtech has been investing in a range of safer gambling initiatives that cover data analytics as well as game design, customer interaction and cross-sector collaboration, including the acquisition of BetBuddy in 2017. Playtech's long-term strategic objective is to develop and offer best-in-class tools and data that can help raise standards in operations and across the industry.</p>	<p>Description Playtech has made a number of acquisitions in the past. Such acquisitions may not deliver the expected synergies and/or benefits and may diminish shareholder value if not integrated effectively or the opportunity executed successfully.</p> <p>Mitigation Playtech has an established process in place and experienced staff to conduct thorough due diligence before completing any transaction. There is an integration team in place that works to integrate each acquisition as smoothly as possible.</p>	<p>Description The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees, along with the attraction and integration of new talent, cannot be guaranteed.</p> <p>Mitigation The Group provides a stimulating professional environment and has a performance evaluation system to identify key talent and to ensure that key personnel are appropriately rewarded and incentivised through a mixture of salary, annual bonuses, training opportunities and long-term incentives linked to the attainment of business objectives and revenue growth.</p>	<p>Description System downtime or a security breach, whether through cyber and distributed denial-of-service attacks or technology failure, could significantly affect the services offered to our licensees.</p> <p>Mitigation The Group has a strong Security team along with industry standards to detect and protect from cyber crime activities. The Security unit also partnered with external companies to provide security services and security products to help the team protect against sabotage, hacking, viruses and cyber crime. The Group works continuously to improve the robustness and security of the Group's information technology systems.</p> <p>As well as working with a range of specialist cyber security companies to enhance, review and test our defences against these threats, we have also continued to invest in our in-house capabilities (such as Security Operations Centre, Infrastructure and Application Security experts and strong GRC team).</p>
<p>Likelihood: High Impact: Medium Static</p>	<p>Likelihood: Low Impact: Low Decreased</p>	<p>Likelihood: Medium Impact: Medium Static</p>	<p>Likelihood: Medium Impact: High Static</p>

11

Market exposure



Description
The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.

Mitigation
Market exposure is monitored 24 hours a day on a real-time basis, using our proprietary automated reporting systems to measure client exposure on all open positions. Where exposure levels and client behaviour, whether in total or on specific instruments, reaches certain levels, our risk management policy requires that mitigating actions, such as reducing exposure through hedging or liquidity arrangements, are considered.

Likelihood: Medium
Impact: Medium
Static

12

Counterparty risk



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

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

Likelihood: Medium
Impact: Medium
New

13

Global diversification




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

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

Likelihood: High
Impact: High
Static



Gambling risk



Financials risk

Emerging risks, principal risks and uncertainties continued

<h2>14</h2> <h3>Failure or disruption of supply chain</h3> 	<h2>15</h2> <h3>Disruption affecting business</h3> 	<h2>16</h2> <h3>Business continuity planning</h3> 
<p>Description Inability to supply services due to failure or disruption in global supply chains following large scale global events such as pandemics, political unrest, climate control etc. The current coronavirus (COVID-19) may present potential risks to our supply chains should the situation worsen.</p> <p>Mitigation Whilst Playtech understands the need for full and comprehensive Business Continuity and IT Disaster Recovery Plans, the Company is engaging with key suppliers and assessing the potential risks to ensure the provision of services to its licensees and customers is not affected.</p>	<p>Description Large scale global events such as pandemics, political unrest, climate control etc, have the potential to affect Playtech's key business markets particularly at live sporting events. The current coronavirus (COVID-19) may present potential risks to our key business generating markets such as Asia and Italy.</p> <p>Mitigation Playtech's diverse offering across our on line channels provides our customers with a continuation of our business services.</p>	<p>Description Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.</p> <p>Mitigation Business continuity plans are now in place for all key Playtech sites including our offices in Kiev, Tartu, the Philippines, Gibraltar, Riga, Italy and London. The remaining sites will be provided with a fully functioning business continuity plan in line with the project roadmap on a risk-based approach. Completed plans will be tested to ensure effectiveness and training will be provided to key staff members as part of the business continuity programme. In view of the current coronavirus (COVID-19) outbreak our Business Continuity and Human Resources teams have been providing advice to employees on all aspects of employee travel, remote working and ensuring adequate information in relation to the employees is past on as and when available.</p>
<p>Likelihood: High Impact: Medium New</p>	<p>Likelihood: High Impact: Medium New</p>	<p>Likelihood: Low Impact: High Increased</p>

 Gambling risk

 Financials risk

The Strategic Report on pages 2 to 66 was approved by the Board and signed on its behalf by Mor Weizer and Andrew Smith.


Mor Weizer
Chief Executive Officer


Andrew Smith
Chief Financial Officer
26 February 2020

Governance

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Progress driven by constructive & continued dialogue



Alan Jackson
Chairman

Dear Shareholder

In my capacity as Chairman of the Board, I am pleased to present the Corporate Governance Report for 2019.

This has been an extremely important year in the growth and development of Playtech. The year has produced many challenges for Playtech and our industries, and the Board continues to evolve to ensure that we have the necessary skills and strategic leadership in order to continue to successfully shepherd the Company. I would like to pass on my gratitude for the enthusiasm and dedication which the Directors and senior management have demonstrated throughout 2019.

Central to Playtech's progress and growth has been a track record of open and constructive dialogue with its shareholders and 2019 has seen the Board continue high levels of engagement to continue important progress on Corporate Governance. Since the voting results at our Annual General Meeting in May 2019, we continued with our extensive Shareholder Engagement Programme and following requests from some of the Company's largest institutional shareholders, we convened a General Meeting in December 2019 seeking shareholder approval for the grant of a Long Term Incentive Award to our Chief Executive Officer.

The proposed award was passed with votes in favour at 54.76% and votes against at 45.24%. While pleased with the support for the award, we recognise the level of votes against and will continue to engage with our shareholders to ensure that the Company's interests are aligned to the interests of all shareholders in the next period of our evolution.

The Board is cognisant of the need to strike a careful balance to ensure that shareholders and other stakeholders are appropriately protected by robust processes and procedures while providing an environment that fosters an entrepreneurial spirit that allows our senior management team and employees to continue to deliver the year-on-year growth that we have achieved in recent years. This balance enables us to clearly focus on the key risks facing the Group but to be flexible enough in our approach to accommodate changes resulting from developments in our strategy or changes in the regulatory environment.

Playtech has grown rapidly since its inception and is now a company with c. 6,000 employees in 21 countries. To meet the changing demands of the Company, the Board has also evolved significantly in that time and has played an important role in shepherding the Company through its rapid change. As part of this ongoing progress, it was announced in April 2019, that Anna Massion and John Krumins would join the Board. Anna's deep sector knowledge coupled with John's extensive Board-level experience, will allow the Board to support Playtech's role as the leading gambling technology company in regulated markets. Following Andrew Thomas's decision not to seek re-election and the Annual General Meeting in May 2019, John Jackson was appointed as Senior Independent Director. Susan Ball stepped down from the Board in July 2019.

I joined the Board in 2006 and subsequently became Chairman in 2013. Under provision 19 of the UK Corporate Governance Code 2018 (the "Code"), the Chairman should not remain in post beyond nine years from date of first appointment to the Board. To facilitate effective succession planning and the development of a diverse board, and considering that I was an existing Non-executive Director on appointment, this period was extended. At our Annual General Meeting in May 2019, I indicated that I do not intend to stand for re-election at our Annual General Meeting scheduled for May 2020. I can confirm that a thorough succession planning process is ongoing, and we expect to make an announcement in the near future. We have appointed an external research consultancy to manage this process and details are set out in the Nominations Committee Report on pages 76 and 77.

The Board has confidence in the future of the Group and sees significant growth opportunities ahead. The operational progress reported in 2019 in new and existing regulated markets is a testament to Playtech's leadership in regulation and compliance in the gambling industry, as well as our commercial capabilities. The Board plays an essential role in upholding the highest levels of regulations, compliance and responsibility and we

continue to work closely with regulators in various markets to ensure our compliance with local laws and regulations. The Board continues to strive to ensure that the Group's governance structure protects the sustainability of its businesses and the communities in which it operates, while maximising shareholder value and treating all shareholders fairly. The Board also sets the tone for the Company. The way in which it conducts itself, its attitude to ethical matters, its definitions of success and the assessment of appropriate risk, all define the atmosphere within which the executive team works.

In keeping with our commitment to have a dedicated in-house function, we continued to strengthen our Internal Audit Team in 2019, and this underlines our focus on the increasing levels of complexity in relation to internal controls and processes. The historical Internal Audit Relationship with PricewaterhouseCoopers LLP (PwC) remains in place and Playtech is therefore a co-sourced arrangement, with PwC continuing to provide support to the Internal Audit Team given their experience of the Group and the specialist services they offer.

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

The Annual General Meeting (AGM) is an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior management. Our AGM is scheduled to be held at 10.00 am on 20 May 2020 at The Sefton Hotel, Douglas, Isle of Man and we look forward to seeing you there.

Alan Jackson
Chairman
26 February 2020

“Central to Playtech’s progress and growth has been a track record of open and constructive dialogue with its shareholders and 2019 has seen the Board continue high levels of engagement to continue important progress on Corporate Governance.”

Board of Directors



Alan Jackson

**Non-executive Chairman
Appointment to the Board**

Alan was appointed to the Board in 2006 on the Company's flotation on the Alternative Investment Market and became Chairman in October 2013.

Career

Alan has over 40 years' experience in the leisure industry. From 1973 to 1991, he occupied a number of positions at Whitbread, both in the UK and internationally, principally as Managing Director of Beefeater Steak Houses and also the Whitbread restaurant division where he was responsible for the creation and development of the Beefeater, Travel Inn and TGI Friday brands and was responsible for Whitbread's international restaurant development. In 1991, he founded Inn Business Group plc, which was acquired by Punch Taverns plc in 1999. He was Chairman of The Restaurant Group plc from 2001 until he retired from this position in 2016. He stepped down from his role as Deputy Chairman and Senior Non-executive Director at Redrow plc in September 2014.

Skills, competences and experience

Having held several Board positions in both an executive and non-executive capacity in a variety of listed companies in the UK, he brings substantial experience of working in public and private companies, along with strategic and leadership experience.

Board Committees

He is Chairman of the Nominations Committee and a member of the Remuneration and Risk & Compliance Committees.



Mor Weizer

**Chief Executive Officer
Appointment to the Board**

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

Career

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

Skills, competences and experience

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

Board Committees

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



Andrew Smith

**Chief Financial Officer
Appointment to the Board**

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

Career

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

Skills, competences and experience

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

Board Committees

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



John Jackson

**Senior Non-executive Director
Appointment to the Board**

John was appointed to the Board in January 2016.

Career

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

Skills, competences and experience

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

Board Committees

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



Claire Milne

Non-executive Director Appointment to the Board

Claire was appointed to the Board in July 2016.

Career

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

Skills, competences and experience

Claire is a recognised industry expert in eGaming and technology law and regulation, with over 20 years' experience advising gaming and financial services clients as an in-house and private practice lawyer.

Board Committees

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



Ian Penrose

Non-executive Director Appointment to the Board

Ian was appointed to the Board in September 2018.

Career

Prior to his appointment, Ian was CEO of Sportech plc from 2005 to 2017 and served as CEO of Arena Leisure plc from 2001 to 2005. Ian is currently Non-executive Chairman of the National Football Museum, Non-executive Chairman of DataPOWA, and a strategic adviser to Weatherbys Limited and the UK Tote Group.

Skills, competences and experience

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

Board Committees

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



Anna Massion

Non-executive Director Appointment to the Board

Anna was appointed to the Board in April 2019.

Career

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

Skills, competences and experience

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

Board Committees

Anna is a member of the Remuneration Committee.



John Krumins

Non-executive Director Appointment to the Board

John was appointed to the Board in April 2019.

Career

John spent nearly 15 years at Morgan Stanley as a Managing Director and subsequently worked at both Deutsche Bank and Societe Generale. John's significant non-executive experience includes his current role as an Independent Non-Executive Director of OrganOx Ltd, his role as a Trustee at Big Education Trust and acting as Finance Committee Chairman & Trustee of the Royal Institution of Great Britain.

Skills, competences and experience

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

Board Committees

It is expected that John will become a member of the Audit Committee in the first half of 2020.

Directors' governance report

Introduction

Responsibility for corporate governance lies with the Board, which is committed to maintaining high standards of corporate governance and is ultimately accountable to shareholders. The report which follows explains our most important governance processes and how they support the Group's business. In particular, we have applied the principles of good governance advocated by the UK Corporate Governance Code 2018 (the "Code") as published on 16 July 2018. The Code applied to Playtech throughout the financial year ended 31 December 2019. A copy of the Code is available at www.frc.org.uk. The Code places an emphasis on directors and the companies they lead needing to build and maintain successful relationships with a wide range of stakeholders. It also notes the importance of a company establishing a culture that promotes integrity and openness, values diversity and is responsive to the views of shareholders and wider stakeholders.

UK Corporate Governance Code

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

Section 1: Board Leadership and Company Purpose

A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. See pages 70 and 71.

The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity and promote the desired culture. Please refer to our Strategic Report as set out on pages 2 to 66.

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should establish a framework of prudent and effective and effective controls, which enable risk to be assessed and managed. Details of our principal risks are set out in our Strategic Report on pages 62 to 66.

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from these parties. Please refer to details of our relationships with stakeholders on pages 78 and 79.

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable

success. The workforce should be able to raise any matters of concern. Our Strategic Report on pages 2 to 66 gives detail of our values and how we integrate these into our corporate culture which, in turn, leads to engagement with the wider workforce.

Section 2: Division of Responsibilities

The Chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. See pages 73 to 79.

The Board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business. See pages 73 to 79.

Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. See pages 73 and 79.

The board, supported by the secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. See pages 73 to 79.

Section 3: Composition, Succession and Evaluation

Appointments to the board should be subject to a formal rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. See pages 73 to 79.

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. See pages 73 to 79.

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. See page 78.

Section 4: Audit, Risk and Internal Control

The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself as to the integrity of financial and narrative statements. See pages 73 to 79.

The board should present a fair, balanced and understandable assessment of the company's position and prospects. Our Strategic Report is on pages 2 to 66.

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. Details of our principal risks are set out on pages 62 to 66. In addition, our Risk & Compliance Committee Report is set out on page 76.

Section 5: Remuneration

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

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

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

Details of our Remuneration Policy and how it is applied are set out in the Governance Section on pages 83 to 95.

Compliance statement

We continued to make improvements during the year both to our Board structure and our governance procedures in accordance with the provisions of the Code. Save for provision 4, being a requirement to present an update on the views of shareholders and actions taken following voting on resolutions at our Annual General Meeting held in May 2019, which has now been rectified and provision 19 dealing with the tenure of the Chair, which is referred to in the Chairman's Introduction to Governance on pages 68 and 69, I am delighted to be able to report that it is the view of the Board that the Company has been fully compliant with the principles of the Code during 2019.

Claire Milne was appointed as a Non-executive Director on 8 July 2016. Claire is a recognised expert in eGaming and technology law and

regulation, with 20 years' experience advising gaming and financial services clients as an in-house and private practice lawyer and was, at the time of her appointment, and continues to be, a Partner and Team Leader within the Intellectual Property and Science and Technology teams for Appleby (Isle of Man) LLC (the "Firm"). The Firm has provided, and continues to provide, regulatory and legal advice to the Company from time to time; however, given the overall size of the Firm and the relatively small scale of fees received, this relationship was not considered to impact on her independence. In addition, in order to reinforce her independence, it was agreed that following her appointment, Claire would not be involved in the provision of advice by the Firm to the Group, her remuneration from the Firm would not be linked, directly or indirectly, to the receipt of fees from the Group, and that any potential residual conflicts will be managed carefully.

Ian Penrose was appointed as Chair of the Remuneration Committee on 1 November 2018, having been appointed as a member of the Committee on 1 September 2018. Notwithstanding that he had not been a member of the Committee for at least 12 months prior to his appointment as Chair, his extensive experience in the plc environment made him the most appropriate person for the role. Ian has now served as Chair for 15 months.

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

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

The Board

Composition

As at 31 December 2019, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and five independent Non-executive Directors. The list of Directors holding office during the year to 31 December 2019 and their responsibilities are set out on pages 70 and 71.

With the exception of Susan Ball, who stepped down as a Non-executive Director on 31 July 2019, Andrew Thomas, who did not stand for re-election at the Company's Annual General Meeting on 15 May 2019, Anna Massion, who was appointed as a Non-executive Director on 2 April 2019 and John Krumins, who was appointed as a Non-executive Director on 2 April 2019, the Directors served throughout the financial year.

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

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

Director's name	Title
Alan Jackson	Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Andrew Smith	Executive Director, Chief Financial Officer
John Jackson	Non-executive Senior Independent Director (Appointed as Senior Independent Director on 16 May 2019)
Claire Milne	Non-executive Director
Ian Penrose	Non-executive Director
Anna Massion	Non-executive Director (from 2 April 2019)
John Krumins	Non-executive Director (from 2 April 2019)
Andrew Thomas	Non-executive Director (1 January 2019–15 May 2019)
Susan Ball	Non-executive Director (1 January 2019–31 July 2019)

Board operation

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

Chairman

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

Chief Executive Officer

- Executive leadership of the Company's business on a day-to-day basis
- Developing the overall commercial objectives of the Group and proposing and developing the strategy of the Group in conjunction with the Board as a whole
- Responsibility, together with his senior management team, for the execution of the Group's strategy and implementation of Board decisions
- Recommendations on senior appointments and development of the management team
- Ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance

Directors' governance report continued

Matters considered by the Board in 2019

Month	Material matters considered
January	<ul style="list-style-type: none"> • Review of US Markets • Review of Tax Matters • Review of Sun Bingo
February	<ul style="list-style-type: none"> • Review of the 2018 financial results and approval of the Annual Report and Accounts for 2018 • Consideration of a final dividend • Budget FY 2019 • Share Buyback • Issue of Senior Secured Notes
May	<ul style="list-style-type: none"> • Prepare for AGM • Review of TradeTech • Review of new markets
June	<ul style="list-style-type: none"> • Review of current trading • Review of Operations • Review of Regulatory & Compliance
August	<ul style="list-style-type: none"> • Review of interim results • Consideration of interim dividend • Share Buyback • Sustainability Strategy
October	<ul style="list-style-type: none"> • Review of Convertible Bond • Review of RCF
November	<ul style="list-style-type: none"> • Strategy Review • Review of Remuneration • Prepare for GM • Budget Review 2020 • Board Evaluation

How the Board functions

In accordance with the Code, the Board is collectively responsible for the long-term success of the Company. The Board provides entrepreneurial leadership for the Company within a framework of prudent and effective controls that enable risk to be assessed and managed. The Board sets the Company's strategic aims and ensures that the necessary resources are in place for the Company to meet its objectives and reviews management performance.

The Board meets regularly and frequently, with ten meetings scheduled and held in 2019.

During the year, the Chairman met the other Non-executive Directors, in the absence of the Executive Directors, to re-confirm and take account of their views. All Non-executive Directors have sufficient time to fulfil their commitments to the Company.

In addition to receiving reports from the Board's Committees, reviewing the financial and operational performance of the Group and receiving regular reports on M&A, legal, regulatory and investor relations matters at the Board meetings, the other key matters considered by the Board during 2019 are set out in the table to the left.

Board meetings are generally held at the registered office of the Company on the Isle of Man.

Directors are provided with comprehensive background information for each meeting and all Directors were available to participate fully and on an informed basis in Board decisions. In addition, certain members of the senior management team including the Chief Operating Officer, the General Counsel, the Head of Regulatory and Compliance and the Head of Investor Relations are invited to attend the whole or parts of the meetings to deliver their reports on the business. Any specific actions arising during meetings are agreed by the Board and a comprehensive follow-up procedure ensures their completion.

Details of the attendance of the Directors at meetings of the Board and its Committees are set out in the table on page 75.

Responsibility and delegation

The Chairman is primarily responsible for the efficient functioning of the Board. He ensures that all Directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Chief Executive Officer's responsibilities focus on coordinating the Group's business and implementing Group strategy. Regular interaction between the Chairman and Chief Executive Officer between meetings ensures the Board remains fully informed of developments in the business at all times.

There remains in place a formal schedule of matters specifically reserved for Board consideration and approval, which includes the matters set out below:

- Approval of the Group's long-term objectives and commercial strategy
- Approval of the annual operating and capital expenditure budgets and any changes to them
- Major investments or capital projects
- The extension of the Group's activities into any new business or geographic areas, or to cease any material operations
- Changes in the Company's capital structure or management and control structure
- Approval of the Annual Report and Accounts, preliminary and half-yearly financial statements and announcements regarding dividends

- Approval of treasury policies, including foreign currency exposures and use of financial derivatives
- Ensuring the maintenance of a sound system of internal control and risk management
- Entering into agreements that are not in the ordinary course of business or material strategically or by reason of their size
- Changes to the size, composition or structure of the Board and its Committees
- Corporate governance matters

In addition, the Board has adopted a formal delegation of authorities' memorandum which sets out levels of authority for employees in the business.

The Board has delegated certain of its responsibilities to a number of Committees of the Board to assist in the discharge of its duties. The principal Committees currently are the Audit Committee, the Remuneration Committee, the Risk & Compliance Committee and the Nominations Committee. The minutes of each of these Committees are circulated to and reviewed by their members. The Company Secretary is secretary to each of these Committees. The terms of reference for each of the Committees are available to view on the Company's website www.playtech.com.

Audit Committee

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of internal control, business risks and related compliance activities.

The Audit Committee's Report is set out on pages 80 to 82 and details the Audit Committee's membership, activities during the year, significant issues that it considered in relation to the financial statements and how those issues were addressed. The report also contains an explanation of how the Committee assessed the effectiveness of the external audit process and the approach taken in relation to the appointment or reappointment of the auditors.

The Audit Committee comprises John Jackson (Chairman), Claire Milne and Ian Penrose. It is expected that John Krumins will join the Committee during the first half of 2020.

Remuneration Committee

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

The Directors' Remuneration Report is set out on pages 83 to 95 and contains details of the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any questions that shareholders might raise on the Remuneration Committee's activities.

The Remuneration Committee comprises Ian Penrose (Chairman), Alan Jackson, Claire Milne and Anna Massion.

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Alan Jackson	10 of 10	—	7 of 7	3 of 3	4 of 4
Mor Weizer	10 of 10	—	—	—	—
Andrew Smith	10 of 10	—	—	—	—
Claire Milne	10 of 10	4 of 4	7 of 7	3 of 3	4 of 4
John Jackson	10 of 10	4 of 4	7 of 7	3 of 3	4 of 4
Andrew Thomas	4 of 4	—	3 of 4	1 of 1	1 of 1
Ian Penrose	10 of 10	3 of 4	7 of 7	3 of 3	4 of 4
Anna Massion	6 of 6	—	1 of 1	—	—
John Krumins	6 of 6	—	—	—	—
Susan Ball	6 of 6	2 of 2	4 of 5	—	2 of 2

Note:

Anna Massion was appointed as a Director on 2 April 2019. John Krumins was appointed as a Director on 2 April 2019. Andrew Thomas did not stand for re-election at the Annual General Meeting held on 15 May 2019. Susan Ball stepped down as a Director on 31 July 2019.

Directors' governance report continued

Risk & Compliance Committee

Under the Code, the Board is responsible for determining the nature and extent of the significant risks it is willing to accept in achieving its long-term strategic objectives. Through its role in monitoring the ongoing risks across the business, to include the Group Risk Register, the Committee advises the Board on current and future risk strategies.

The Risk & Compliance Committee is chaired by Claire Milne. The other members of the Committee are Alan Jackson (Non-executive Chairman), John Jackson (Senior Independent Non-executive Director), and Ian Penrose (Non-executive Director). Ian Ince (Head of Regulatory and Compliance), Alex Latner (General Counsel), Steffen Latussek (Data Protection Officer) and Robert Penfold (Head of Internal Audit) attend the Committee. The Company Secretary, Brian Moore, is secretary to the Committee.

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

In addition, PwC LLP, in their capacity as providers of co-sourced internal audit services, and members of the Group's senior management including the Chief Security Officer, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer may be invited to attend meetings to present matters or for the Committee to have the benefit of their experience.

The primary responsibilities delegated to, and discharged by, the Committee include:

- Review management's identification and mitigation of key risks to the achievement of the Company's objectives
- Monitor incidents and remedial activity
- Agree and monitor the risk assessment programme including, in particular, changes to the regulation of online gambling and the assessment of licensees' suitability
- Agree on behalf of the Board and continually review a risk management strategy and relevant policies for the Group, including the employee code of conduct, anti-bribery policy, anti-money laundering policy, anti-slavery policy, safer gambling and wider social responsibility issues
- Satisfy itself and report to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate
- Monitor and procure ongoing compliance with the conditions of the regulatory licences held by the Group

The Risk & Compliance Committee met formally four times during the year, and a summary of the key matters considered by the Committee during 2019 are set out below:

- Monitor the regulatory position in a number of jurisdictions including those which are of relative importance to the Group financially and those where changes may represent a risk or opportunity for the Group
- Consider the costs and regulatory requirements for the Group to seek relevant licences in newly regulating markets
- Applications by or on behalf of the Group for licences in existing or newly regulated markets
- Monitor developments in relation to changes in the regulatory regimes in all jurisdictions in which the Group operates and receiving reports in relation to the likely impact on the Group and the need for entities within the Group to apply for licences
- Consider the overall effectiveness of the compliance strategy and the regulatory risks to the Group's operations and revenues
- Receive and consider reports on discussions with, and the results of, audits by regulators
- Monitor compliance with regulatory licences held in all jurisdictions and adapting procedures, products and technology as appropriate
- Review reports by PwC as external advisers on risk management; consideration of the risks identified from the Group's risk register and of the effectiveness of actions taken to mitigate such risks
- Consideration of the key risks associated with the Financials division
- Consideration of the key risks associated with Snaitech
- Consideration of the key risks associated with our B2C business
- Monitoring the GDPR programme across the Group and reviewing this programme, as appropriate
- Working with Internal Audit and IT Security
- Implementing compliance training for Board members and senior management

The Committee has been kept informed of any changes to the regulatory position in any significant jurisdiction where the Group, through its licensees, and Financials division, may be exposed and updated on progress in relation to agreed action items on a regular basis. The Committee can also convene meetings on a more frequent basis or as or when matters arise, if it is determined that enhanced monitoring of a specific risk is warranted.

A table setting out the principal significant risks identified by the Group (including with the oversight and input of the Risk & Compliance Committee) and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 62 to 66 of this report.

Nominations Committee

The Board is required by the Code to establish a Nominations Committee which should lead the process for Board appointments, the process for appointments, ensure plans are in place for orderly succession to both Board and senior management positions and oversee the development of a diverse pipeline for succession. A majority of members of the Nominations Committee should be independent Non-executive Directors. The Nominations Committee's key objective is to ensure that there shall be a rigorous and transparent process for the appointment and removal of Directors from the Board, the committees and other senior management roles, to ensure that these roles are filled by individuals with the necessary skills, knowledge and experience to ensure that they are effective in discharging their responsibilities.

The Nominations Committee comprises Alan Jackson (Chairman), John Jackson, Claire Milne and Ian Penrose.

The Nominations Committee reviews the structure, size and composition of the Board and its Committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and appointment of members to the Board's Committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The Nominations Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nominations Committee also advises the Board on succession planning for Executive Director appointments although the Board itself is responsible for succession generally.

The Nominations Committee believes that appointments should be based on merit, compared against objective criteria, with the ultimate aim of ensuring the Board has the right skills, knowledge and experience that enable it to discharge its responsibilities properly.

Diversity and inclusion are part of our corporate culture and we have set ourselves objectives around improving the gender balance at board, executive and senior management levels. We recognise that it will take time to make meaningful progress but with increasing commitment in this

area, we will pursue diversity and inclusion objectives as set out in our Strategic Report on pages 2 to 66.

The Nominations Committee meets on an as-needed basis. Three formal meetings were held in 2019. Matters considered at these meetings included the consideration of candidates for the appointment of Non-executive Directors. This led, after a process involving a review of several potential candidates, to the appointment of Anna Massion and John Krumins on 2 April 2019. No external research consultancy was used in these appointments; however, a list of candidates from a range of backgrounds was prepared. In addition, the Committee considered the recruitment process for the appointment of a new Non-executive Chairman of the Company. An external research consultancy, Sam Allen & Associates, has been appointed to manage this process. Sam Allen & Associates have no other connection to the Company or any individual Director.

Disclosure Committee

The Disclosure Committee ensures accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA. Meetings are held as required. At the date of this report the Disclosure Committee comprises John Jackson (Chairman of the Audit Committee), Andrew Smith (Chief Financial Officer), Alex Latner (General Counsel) and Brian Moore (Company Secretary).

Management Committee

The senior management committee is the key management committee for the Group. The standing members of the Committee are Mor Weizer (Chief Executive Officer), Andrew Smith (Chief Financial Officer), Shimon Akad (Chief Operating Officer), Uri Levy (VP Business Development), Alex Latner (General Counsel), Jeremy Schlachter (VP Finance) and Brian Moore (Company Secretary). Other members of senior management are invited to the Committee as and when required. The Committee considers and discusses plans and recommendations coming from the operational side of the business and from the various product verticals, in the light of the Group's strategy and capital expenditure and investment budgets, including the implications of those plans (in areas such as resources, budget, legal and compliance). The Committee either approves the plans or as necessary refers the proposal for formal Board review and approval in accordance with the Company's formal matters reserved for the Board.

Board tenure

In accordance with the Company's articles of association, every new Director appointed in the year is required to stand for re-election by shareholders at the Annual General Meeting (AGM) following their appointment. Also, under the articles of association, at each AGM one-third of the Directors (excluding any Director who has been appointed by the Board since the previous AGM) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third, shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under the articles one shall retire).

Notwithstanding the provisions of the articles of association, the Board has decided to comply with the Code requirements that Directors submit themselves for re-election annually. Therefore, with the exception of Alan Jackson, all Directors are seeking their reappointment at this year's AGM.

The Board has collectively agreed that the Directors proposed for re-election at this year's AGM have made significant contributions to the business since their last re-election and each has a key role to play in the formulation of the Group's future strategy and its long-term sustainable success.

In certain circumstances, Directors are entitled to seek independent professional advice under an agreed Board procedure, which would then be organised by the Company Secretary, and in this regard the Company would meet their reasonable legal expenses.

Service contracts and exit payments

Executive Directors

Set out in the table below are the key terms of the Executive Directors' terms and conditions of employment.

A bonus is not ordinarily payable unless the individual is employed and not under notice on the payment date. However, the Remuneration Committee may exercise its discretion to award a bonus payment pro-rata for the notice period served in active employment (and not on garden leave).

The LTIP rules provide that other than in certain 'good leaver' circumstances awards lapse on cessation of employment. Where an individual is a 'good leaver' the award would vest on the normal vesting date (or cessation of employment in the event of death) following the application of performance targets and a pro-rata reduction to take account of the proportion of the vesting period that has elapsed. The Committee has discretion to partly or completely dis-apply pro-rating or to permit awards to vest on cessation of employment.

Provision	Detail
Remuneration	Salary, bonus, LTIP, benefits and pension entitlements in line with the above Directors' Remuneration Policy Table
Change of control	No special contractual provisions apply in the event of a change of control
Notice period	12 months' notice from Company or employee for the CEO and six months' notice for the CFO <ul style="list-style-type: none"> • CEO contract signed on 1 January 2013 • CFO contract signed on 10 January 2017
Termination payment	The Company may make a payment in lieu of notice equal to basic salary plus benefits for the period of notice served subject to mitigation and phase payments where appropriate
Restrictive covenants	During employment and for 12 months thereafter

Directors' governance report continued

Service contracts and exit payments continued

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Their remuneration is determined by the Board within limits set by the articles of association and is set taking into account market data as obtained from independent Non-executive Director fee surveys and their responsibilities. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the Annual General Meeting as required.

On his appointment as Chairman of the Board being announced, Alan Jackson entered into a new letter of appointment (effective from 9 October 2013) when Roger Withers announced his decision to retire as Chairman of the Board in August 2013.

The table below is a summary of the key terms of the letters of appointment for the Non-executive Directors.

The letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office and will be available before and after the forthcoming AGM.

Balance of the Board

The Board comprises individuals with wide business experience gained in various industry sectors related to the Group's current business and it is the intention of the Board to ensure that the balance of the Directors reflects the changing needs of the business.

The Board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for the Group's current business. While not having a specific policy regarding the constitution and balance of the Board, potential new Directors are considered on their own merits with regard to their skills, knowledge, experience and credentials.

The Non-executive Directors continue to contribute their considerable collective experience and wide-ranging skills to the Board and provide a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of Executive Management. In addition, they help formulate the Group's strategy.

Name	Date	Term	Termination
Alan Jackson	29 August 2013	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
John Jackson	1 January 2016	Until third AGM after appointment unless not re-elected	
Claire Milne	8 July 2016	Until third AGM after appointment unless not re-elected	
Ian Penrose	1 September 2018	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Anna Massion	2 April 2019	Until third AGM after appointment unless not re-elected	
John Krumins	2 April 2019	Until third AGM after appointment unless not re-elected	

Evaluation

The Board is committed to an ongoing formal and rigorous evaluation process of itself and its Committees to assess their performance and identify areas in which their effectiveness, policies and processes might be enhanced. Alan Jackson, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual Directors. John Jackson, as Senior Non-executive Director, considered the performance of Mr Jackson taking into account the views of the Executive Directors. There were no material areas of concern highlighted and the main outcome of the evaluation this year was to shape and define the Board's objectives for the coming year, continuing the focus on Group strategy and ensuring the structures, capabilities and reporting are in place to achieve the Board's goals.

A review of the Board's effectiveness commenced in late 2019. This review was facilitated by Independent Audit Limited, using their Thinking Board online assessment service. Independent Audit Limited have no other connection to the Company or any individual Director and are considered by the Board to be independent. The Company Secretary is in the process of finalising this review, following which, the Board members will discuss the findings and will continue to adopt and implement plans to further develop the effectiveness of the Board during 2020.

Newly appointed Directors can expect a detailed and systematic induction on joining the Board. They meet various members of senior management and familiarise themselves with all core aspects of the Group's operations. On request, meetings can be arranged with major shareholders. Members of senior management are invited to attend Board meetings from time to time to present on specific areas of the Group's business.

Relationship with stakeholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all the Company's Directors are available to meet with shareholders throughout the year. Alan Jackson, Mor Weizer, Andrew Smith, John Jackson and Ian Penrose met with a number of shareholders to discuss the Company's business and remuneration strategies throughout the year. The Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and full-year announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions. Regular meetings with shareholders and potential

shareholders are also held by the Head of Investor Relations and the Director of Corporate Affairs and in conjunction with either the Chief Executive Officer or the Chief Financial Officer.

The Company endeavours to answer all queries raised by shareholders promptly.

Shareholders are encouraged to participate in the Company's AGM, at which the Chairman will present the key highlights of the Group's performance. The Board will be available at the AGM to answer questions from shareholders.

Playtech regularly engages with a wide range of stakeholders throughout the year with the objective of understanding current and evolving issues of interest, engaging constructively with our stakeholders, and ensuring that the Company takes stakeholder perspectives into account when taking short- and long-term decisions.

The Board uses several mechanisms and fora to achieve this including:

- Direct engagement with stakeholders – including investor roadshows and regulatory meetings
- Regular Board updates from key functional leaders responsible for engaging with key external stakeholders including the Chief Operations Officer (COO), Investor Relations, Data Protection, Corporate Affairs and Regulatory and Compliance
- Relevant functional reports and updates to the Remuneration, Audit and Risk & Compliance Board Committees
- Regular Board updates from the COO and HR on employee issues
- Briefings with functional leaders about emerging and/or live stakeholder issues
- Briefings on issues raised through the Speak Up/Whistleblowing hotline
- Direct participation of the Risk & Compliance Committee Chair in the Company's Global Community Investment Committee

The Head of Investor Relations, Chief Operating Officer, and the Chief Compliance and Regulatory Affairs officer are standing attendees at Board Meetings and regularly update the Board on investor, regulatory, policy, employee and commercial stakeholder views and perspectives.

In addition, the Risk & Compliance Committee of the Board is specifically tasked with reviewing and considering developments on wider social responsibility issues and expectations along with evolving political, regulatory and compliance developments.

With respect to employee engagement, the Board

engages with the COO and Global Head of human resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline and diversity and inclusion. The COO is a standing attendee at the Board meetings. In addition, the Company has established a Speak Up hotline, which enables employees to raise concerns confidentially and independently of management. Any concerns raised are reported into the Head of Legal and Head of Compliance for discussion and consideration by the Risk Committee. The Board considers the current mechanisms appropriate for understanding and factoring in stakeholder concerns into plc level decision making. However, the Board will assess whether additional mechanisms can strengthen its understanding and engagement of stakeholder concerns in the future.

During 2019, the Board discussed, reviewed and engaged on a number of stakeholder issues. The following material stakeholder topics discussed by the Board in 2019 included Executive Compensation and Pay, corporate governance, diversity, inclusion and gender pay gap; regulatory and compliance developments, safer gambling, data protection, environment, anti-money laundering and antibribery and corruption, human rights and modern slavery, responsible supply chain and procurement, commercial developments with B2B licensees and third parties.

In 2019, the Board's engagement and understanding of stakeholder interests and perspectives was taken into account as part of the following decisions:

- New and Updated Policies covering: Compliance Procurement Policy, Human rights and modern slavery statement
- Approval of five-year safer gambling and sustainability blueprint
- Approval of firm wide remuneration plan
- Monitoring developments on the human resources function and strategy

Investor relations and communications

The Company has well-established investor relations (IR) processes, which support a structured programme of communications with existing and potential investors and analysts. Executive Directors and members of the IR team participated in a number of investor events, attending industry conferences and regularly meet or are in contact with existing and potential institutional investors from around the world, ensuring that Group performance and strategy is effectively communicated, within regulatory constraints. Other representatives of the Board and senior management meet with investors from time to time. The Head of IR provides regular reports to

the Board on related matters, issues of concern to investors, and analysts' views and opinions.

Whenever required, the Executive Directors and the Chairman communicate with the Company's brokers, Goodbody and Jefferies, to confirm shareholder sentiment and to consult on governance issues.

During 2019, 144 regulatory announcements were released informing the market of corporate actions, important customer contracts, financial results, the results of the Annual General Meeting, the General Meeting and Board changes. Copies of these announcements, together with other IR information and documents, are available on the Group website www.playtech.com.

Summary

An internal team consisting of members drawn from Group Finance, Corporate Affairs, Investor Relations and Group Secretariat have led the process on this Annual Report, to include the Strategic Report, Governance Report and Financial Statements contained therein. When considering the contents of the Report, the Board considered if the information by business unit in the Strategic Report was consistent with that used for reporting in the financial statements and is there an appropriate level of consistency between the front and back sections of the report. In addition, the Board considered if the report is presented in a user-friendly and easy to understand manner. Following its review, the Board is of the opinion that the annual report and financial statements for 31 December 2019 are representative of the year and is confident that taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Alan Jackson

Chairman

26 February 2020

Maintaining accountability



John Jackson
Chairman of the Audit Committee

Dear Shareholder

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

During 2019, the Committee has continued to support the Board in fulfilling its corporate governance responsibilities, including matters relating to financial reporting, risk management and internal control, internal audit process, the preparation and compliance of the Company's Annual Report and Accounts and the external audit process. The key activities of the Committee during 2019 are set out below.

Composition

The Audit Committee comprises three independent Non-executive Directors. Susan Ball stepped down as Chair of the Committee and as a Director of the Company in July 2019 and was succeeded by John Jackson as Chair of the Committee. John is a qualified Chartered Certified Accountant. Therefore, John has recent relevant financial experience, in compliance with provision 24 of the Code. The other members are Claire Milne and Ian Penrose, both Non-executive Directors. It is expected that John Krumins will become a member of the Committee in the first half of 2020. The Committee is authorised to obtain independent advice if considered necessary.

The Chief Financial Officer attended all meetings of the Audit Committee by invitation, and the Vice President of Finance was invited to attend the meetings of the Committee that considered the audited accounts and the interim financial statements, as was the external auditor, BDO LLP ("BDO"). The members of the Committee were also able to meet the auditor without any Executive Directors being present in order to receive feedback from them on matters such as the quality of interaction with management. Both Susan Ball and John Jackson met with BDO separately on several occasions during the year to discuss matters involving the audit process.

During the year, Susan Ball and John Jackson met, individually and in private, with members of the management team in order to understand more fully the context and challenges of Playtech's

business operations and thereby ensure the Committee's time was used most effectively. The activities of the Committee members during the last year have enabled it to continue to understand the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the actions being taken to address them.

Responsibilities

The Audit Committee's primary function is to assist the Board in fulfilling its financial oversight responsibilities. The Board is required by the Code to establish formal and transparent arrangements for considering how it should apply required financial reporting standards and internal control principles and also for maintaining appropriate relationships with the Company's external auditor, BDO. The Committee's terms of reference can be viewed on the Company's website www.playtech.com.

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of external control, business risks and related compliance activities.

In particular, the Code calls for the description of the work of the Audit Committee to include its activities during the year, the significant issues considered in relation to the financial statements and how they were addressed, how the Committee assessed the effectiveness of the external audit process, the approach of the Committee in relation to the appointment or reappointment of the auditor and how objectivity and independence are safeguarded relative to non-audit services.

The primary roles and responsibilities delegated to, and discharged by, the Committee included:

- Monitoring and challenging the effectiveness of internal control and associated functions
- Approving and amending Group accounting policies
- Reviewing, monitoring and ensuring the integrity of interim and annual financial statements, and any formal announcements relating to the Company's financial performance, in particular the actions and judgements of management in relation thereto before submission to the Board
- Providing advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance business model and strategy

- Reviewing and monitoring the implementation of the Company's Code of Business Ethics ("Code of Ethics") and compliance with their provisions as well as reviewing the Company's internal financial controls and internal controls and risk management systems
- Reviewing the Company's arrangements for its employees to raise concerns, anonymously or in confidence and without fear of retaliation, about possible wrongdoing in financial reporting or other matters arising under the Code of Ethics
- Reviewing promptly all reports on the Company from the internal auditors and reviewing and assessing the annual internal audit plan
- Reviewing and monitoring the external auditor's independence and objectivity, including the effectiveness of the audit services
- Monitoring and approving the scope and costs of audit
- Ensuring audit independence, implementing policy on the engagement of the external auditor to supply non-audit services, pre-approving any non-audit services to be provided by the auditor, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required
- Reporting to the Board on how it has discharged its responsibilities

Audit Committee's activities

In 2019, the Audit Committee met formally four times.

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

- Consideration of the Group's Risk Register
- Effectiveness of the Group's system of internal controls and risk management
- Updates on people risk, and cybersecurity risks
- Review of internal audit plan
- Results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution
- Post-acquisition reviews
- Review of Committee terms of reference

Its work also included reviewing the final and interim financial statements and matters raised by management and BDO. After discussions with both management and the external auditor, including the consideration of acquisition accounting relating to business combinations, and related contingent consideration and impairments, made in the current and prior years, the Committee determined

that the key risks of misstatement of the Group's financial statements related to the following areas (which are described in the relevant accounting policies and detailed in the Notes to the financial statements on pages 102 to 175).

Revenue recognition

The Audit Committee reviewed the judgements made in respect of revenue recognition, in particular to assess the recognition of revenue from arrangements with customers and partners where the Group is to be remunerated other than by way of a simple revenue share arrangement and undertook a review of key contracts. Following this review, the Committee concluded that the timing of revenue recognition continues to be in line with IFRS requirements. BDO performed detailed audit procedures on revenue recognition and reported their findings to the Committee, which was satisfied as a result of the review process that the approach taken by the Group in the financial statements was appropriate.

Business combinations

The Audit Committee reviewed the judgements made in connection with the accounting treatment for business combinations during the year, together with the assessment of related liabilities in connection with deferred and contingent consideration, and any impairment of the underlying investments of previous years' acquisitions. The Committee reviewed the purchase price allocations (prepared by professional advisers) together with the underlying judgements and forecasts used to determine the fair value of intangible assets, put and call options, and contingent consideration, and satisfied itself that the approach to the accounting treatment taken by the Group was appropriate and in accordance with IFRS requirements and accounting practice.

Contingent Consideration and Put/Call Liabilities

The Audit Committee reviewed the judgements, assessments and calculations made in connection with the accounting treatment for Contingent Consideration and Put/Call Liabilities. The Committee reviewed the basis for the calculating the Contingent Consideration and Put/Call Liabilities in accordance with the relevant agreements together with the underlying judgements and forecasts used to determine the fair value of put and call options, and contingent consideration, and satisfied itself that the approach to the accounting treatment taken by the Group was appropriate and in accordance with IFRS requirements and accounting practice.

Goodwill and intangible assets

During the year, the Audit Committee also considered the judgements made in relation to the

valuation methodology adopted by management to support the carrying value of goodwill and other intangible assets to determine whether there was a risk of material misstatement in the carrying value of these assets and whether an impairment should be recognised. The Committee considered the assumptions, estimates and judgements made by management to support the models that underpin the valuation of intangible assets in the balance sheet. Business plans and cash flow forecasts prepared by management supporting the future performance expectations used in the calculations were reviewed. The Committee considered the outcome of the impairment reviews performed by management. The impairment reviews were also an area of focus for the external auditor, who reported their findings to the Committee. The Committee satisfied itself that no material impairments were required to the carrying value of goodwill or other intangible assets.

Legal, regulatory and taxation

Given the developing nature of the gambling sector in many countries across the world, and evolving regulation in the financial trading sector, there is a risk that potential material legal or regulatory matters are not disclosed or provided for in the financial statements and therefore the Committee considered with the Group's compliance and legal departments whether there were any known instances of material breaches in regulatory and licence compliance that needed to be disclosed or other claims that required provisions to be made in the financial statements. In particular, the Committee considered forthcoming changes in the regulatory environment in a number of jurisdictions in which the Group's licensees operate, together with the implementation of revised financial services regulations. The Committee considered the control systems adopted to identify potential regulatory issues and the compliance control systems operating in the Group. Discussions were held with the Head of Regulatory and Compliance. Following this review, the Committee was satisfied that adequate provisions and disclosures were being made for any potential contingent liabilities.

The Audit Committee reviewed and approved the overall tax management and strategy of the Group during the year in light of external and internal advice sought by management and reviewed how the Group considers tax as part of its overall business planning. Consideration was given to transfer pricing studies carried out on behalf of the Group in the current period and previous periods, and assessed, in respect of earlier studies, whether there had been any change in the basis of operations in the relevant territories.

Audit Committee Report continued

Legal, regulatory and taxation continued

Furthermore, given that the tax rules and practices governing the e-commerce environment in which the Group operates continue to evolve, based on the aforementioned external and internal advice received, the Audit Committee considered developments and pending changes in domestic and international tax laws and was satisfied that adequate tax provisions and disclosures were being made for any potential liabilities.

Related party transactions

The Audit Committee examined the practices and procedures adopted by the Group to ensure that related party transactions are conducted on arm's length terms. The Committee considered the processes followed in relation to such transactions that were entered into during 2019 and concluded that these processes had worked effectively and that the related party transactions with entities that are related by virtue of a common significant shareholder had been properly conducted on an arm's length basis and appropriately disclosed in the financial statements.

Viability Statement

The Committee reviewed management's work on assessing risks and potential risks to the Company's business and following this review, the Committee was satisfied that management had conducted a strong and thorough assessment and recommended to the Board that it could approve and make the Viability Statement on page 97.

Financial statements

The Board has responsibility under the provisions of the Code, for preparing the Company's Annual Report and Accounts and ensuring that they are fair, balanced and understandable, and that the information provided is sufficient to allow shareholders to assess the Company's position, performance, business model and strategy.

The review of the Company's Annual Report and Accounts was carried out by the Finance Department, Investor Relations and Group Secretariat together with input from other relevant departments across the Group. This ensures consistency of presentation across the main sections of the Annual Report and Accounts, being the Strategic Report, the Governance Report and the Financial Statements.

As part of this review process, the Committee considered whether the Annual Report and Accounts was fair, balanced and understandable.

The Group's financial statements are reviewed by the Audit Committee in advance of their consideration by the Board. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professionalism.

Having undertaken the processes described above, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

Based on the above, the Committee considers that the Annual Report and Accounts, taken as a whole, is fair, balanced, understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Internal control

In recognition of the increasing levels of complexity in relation to internal controls and a desired commitment to have a dedicated in-house function, our Internal Audit Team was further strengthened during 2019. The historical Internal Audit relationship between PricewaterhouseCoopers LLP (PwC) and Playtech continues and is therefore a co-sourced arrangement, with PwC continuing to provide support to the Internal Audit Team given their experience of the Group and the specialist services they offer.

During the year, the Internal Audit Team performed a number of reviews over both individual entities and central functions across the Group. The results of these audits were reported to the Audit Committee on a regular basis, with recommendations made by Internal Audit and corresponding management actions being reviewed and challenged, where appropriate. In addition to regular feedback of audit results, the Internal Audit Team monitor completion of management actions and provide updates of these to the Audit Committee on a quarterly basis.

An Internal Audit Plan for 2020 was developed by the Internal Audit Team and agreed with the Audit Committee at the November 2019 Audit Committee meeting. Internal Audit will carry out audits in accordance with this plan using a risk-based approach and continue to maintain effective lines of communication with the Audit Committee and key management. The Internal Audit Team will also be utilised to provide assurance over corporate governance matters and for ad hoc projects, where necessary.

The Committee confirms that any necessary action will be taken to remedy any significant failings or weaknesses identified from any Internal Audit reviews. The system of internal controls and audit is designed to ensure local legal and regulatory compliance and manage, rather than eliminate, the risk of failure to achieve business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Auditor's independence

The Audit Committee, on behalf of the Board, undertakes a formal assessment of the auditor's independence each year, which includes:

- A review of non-audit-related services provided by BDO and related fees
- A discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence
- A review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the periodic rotation of the audit partner
- Obtaining written confirmation from the auditor that they are independent
- A review of fees paid to the auditor in respect of audit and non-audit services

During the year the auditor undertook certain specific pieces of non-audit work, (including work in relation to tax matters and, the evaluation of potential acquisition targets). In order to maintain BDO's independence and objectivity, BDO undertook its standard independence procedures in relation to those engagements. Further details of the non-audit fees are included in Note 11 to the financial statements on page 136.

The Audit Committee continually assesses the effectiveness and independence of the external auditor and fully recognises and supports the importance of the independence of auditor. Its review of the auditor's performance during 2019 included non-audit services. The Committee is satisfied that the carrying out of the above work did not and will not impair the independence of the external auditor.

During the year, the Committee conducted a formal tender process in accordance with the provisions of the Code, and in compliance with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies. At present, the Committee continues to believe that BDO remains the optimal provider of audit services and should remain as auditor for 2020. This matter will continue to be monitored throughout the year.

John Jackson
Chairman of Audit Committee
26 February 2020

Maintaining transparency



Ian Penrose
Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's Report on Directors' remuneration for the year to 31 December 2019.

This report describes how the Board has applied the principles of the UK Corporate Governance Code to Directors' remuneration. Although Playtech is an Isle of Man incorporated entity and, as such, is not required to comply with the UK regulations on Directors' remuneration, we recognise the importance of shareholder transparency. Accordingly, we can confirm that the Company adheres to the UK regulations and the report below is divided into: (i) this Annual Statement; (ii) a summary of the Directors' Remuneration Policy (the "Policy"), as approved by shareholders at the 2019 AGM, and (iii) the Annual Report on Remuneration that reports on the implementation of the Company's stated Remuneration Policy for the year to 31 December 2019.

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

Remuneration philosophy

Our Remuneration Policy is designed to reward the contributions of senior management as well as incentivise them to maintain and enhance Playtech's position as the software and services provider of choice to the gambling sector and deliver in line with Playtech's M&A strategy.

Remuneration is delivered via fixed remuneration and simple and transparent incentive-based plans enabling the Executive Directors to be rewarded for delivering strong financial performance and sustainable returns to shareholders. In fast-moving sectors such as ours we need to apply the policy flexibly in order to deliver the right level of overall pay to Directors.

How we operated our policy in 2019

In our 2018 Annual Report on Remuneration we set out a statement of how we intended to operate the Policy in 2019. The Policy was operated in line with these intentions, with the exception of an additional LTIP award which was granted to the CEO in December 2019 following shareholder approval at a General Meeting.

Following approval of the Policy at the 2019 AGM a number of our largest shareholders initiated conversations with us regarding the implementation of a performance-based share award for the CEO, solely linked to share price performance. This, they felt directly aligned to the interests of all shareholders, creating long-term increases in shareholder value by driving share price growth in the next period of the Company's evolution and supporting the retention of one of the industry's leading CEOs. The Committee undertook an extensive shareholder engagement exercise to design the award, consult with shareholders and make additional changes following this consultation. At the end of this long process, the award was approved by shareholders in December 2019. Further details on the terms of the award are provided in the Annual Report on Remuneration.

The Committee is comfortable that the remuneration paid to the Executive Directors for 2019 is appropriate based on both internal measures and external market benchmarking. As set out in last year's report, the CEO did not receive a salary increase in 2019 and the CFO received a final phased increase to attain the desired market positioning for the role. The CEO's salary will be frozen again for 2020 and the CFO will receive an inflationary 2.5% increase. In line with the approved Policy, it is the Committee's intention going forward that salary increases for the Executive Directors will not exceed the general level of increases for the Group's employees.

Statement by the Committee Chairman continued

Performance and pay outcome for 2019

The final EBITDA outcome for the year was positioned between the on-target and maximum performance target levels, formulaically resulting in 40.5% of the maximum opportunity of 50% paying out under this element of the bonus. The cash flow performance of the business fell below the minimum threshold and therefore no bonus is payable in respect of the 20% of the bonus attributable to cash flow performance.

Good progress was made in challenging market conditions against a number of key strategic priorities, including further development, integration and growth of the Snaitech business, signing of a large number of new brands and licences, renegotiating key customer contracts and the successful bond issue. On this basis the Committee determined that 24.5% and 28.5% (out of the maximum of 30%) of the bonus based on strategic measures should be paid for the CEO and CFO respectively.

In all, the bonuses are payable at 65% and 69% of the maximum for the CEO and CFO respectively. Of the bonuses paid, 25% will be payable in deferred shares in line with the Remuneration Policy.

The 2017–2019 LTIP award will lapse in full since the thresholds for TSR were not met.

No discretion was exercised in determining the bonus and LTIP outcomes for 2019.

How we will operate the policy in 2020

Base salary

The Committee reviewed the Executive Directors' salaries with effect from 1 January 2020.

There will be no change to Mor Weizer's salary for FY 2020. The salary for Andrew Smith, our Chief Financial Officer, will increase by 2.5% to £430,500 with effect from 1 January 2020.

Annual bonus

The annual bonus opportunity will remain unchanged at 200% and 150% of salary for the CEO and CFO respectively. Financial performance will drive 70% of the bonus and will continue to be split 50% EBITDA and 20% cash flow. We will again set stretching targets for both. The remaining 30% of the bonus will be based on key strategic targets. The targets will have a graduated approach to differentiating between good and excellent performance, with full disclosure in next year's Annual Report.

LTIP award

Awards in 2020 will be made at the normal levels of 200% and 150% of base salary for the CEO and CFO respectively and will be subject to challenging performance targets. At the date of this report the precise performance target criteria have not yet been determined, however these will be disclosed at the time the awards are made.

Following shareholder engagement in 2019 and as notified in our Circular to shareholders in November 2019, performance targets will include a financial element in addition to the TSR targets.

Any vesting will also be dependent on the Committee ensuring that the level of performance achieved is consistent with the underlying financial performance of Playtech over the performance period. Any shares which vest after the end of the three-year performance period must be held for a further two years (subject to any sales required to meet tax due on vesting).

Concluding remarks

On behalf of the Remuneration Committee I would like to thank shareholders for their extensive and open engagement over the last year. We are committed to a continued focus on good corporate governance and will continue to seek to normalise remuneration practices over the coming year. As part of this we are developing a strategy to align the Executive pension provision with that of the wider workforce by 2022.

The Committee and I hope that you find the information in this report helpful and informative, and we welcome any comments or questions ahead of the 2020 AGM.

Ian Penrose

On behalf of the Remuneration Committee
26 February 2020

Summary of Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the AGM on 15 May 2019 (59.05% of votes cast being in favour) and became effective from that date. There are no proposals to amend the Directors' Remuneration Policy at the 2020 AGM.

A summary of the policy is set out below for reference to assist with the understanding of the contents of this report. The full policy is detailed in our 2018 Annual Report, which can be found in the 'Investors' section under 'Annual reports' on the Company's corporate website (www.playtech.com).

Element	Purpose	Operation	Maximum	Framework to assess performance
Salary	<p>To attract, retain and motivate high calibre individuals for the role and duties required</p> <p>To provide market competitive salary relative to the external market</p> <p>To reflect appropriate skills, development and experience over time</p>	<p>Normally reviewed annually, typically effective in January</p> <p>Takes account of the external market and other relevant factors including internal relativities, individual performance and the effect of any exceptional exchange rate fluctuations in the previous year</p> <p>Executive Directors decide the currency of payment once every three years (which can be in Pound Sterling, US Dollars or Euros) with the exchange rate being fixed at that time</p>	<p>Other than when an Executive Director changes roles or responsibilities, or when there are changes to the size and complexity of the business, annual increases will not exceed the general level of increases for the Group's employees, taking into account the country where the executive ordinarily works</p> <p>If a particularly large adjustment is required, this may be spread over a period of time</p>	N/A
Bonus	<p>Clear and direct incentive linked to annual performance targets</p> <p>Incentivise annual delivery of financial measures and personal performance</p> <p>Corporate measures selected consistent with and complement the budget and strategic plan</p>	<p>Paid in cash and shares</p> <p>Clawback and malus provisions apply</p>	<p>200% of salary for the CEO and 150% of salary for other Executive Directors</p> <p>25% of any payment is normally deferred into shares for two years which is subject to recovery provisions</p>	<p>Performance measured over one year</p> <p>Based on a mixture of financial performance and performance against strategic objectives with normally no less than 70% of the bonus being dependent on financial performance</p> <p>Bonus is paid on a sliding scale of 0% for threshold increasing to 100% for maximum performance</p>
LTIP	<p>Aligned to key strategic objective of delivering strong returns to shareholders and earnings performance</p>	<p>Grant of performance shares, restricted shares or options</p> <p>Two-year holding period will be applied to vested shares (from 2019 awards), subject to any sales required to satisfy tax obligations on vesting</p> <p>Clawback and malus provisions apply</p>	<p>Maximum opportunity of 250% of salary with normal grants of 200% and 150% of salary in performance shares for the CEO and CFO respectively</p>	<p>Performance measured over three years</p> <p>Performance targets aligned with the Group's strategy of delivering strong returns to shareholders and earnings performance</p> <p>25% of the awards vest for threshold performance</p>
Pension	<p>Provide retirement benefits</p>	<p>Provision of cash allowance</p>	<p>Up to 20% of salary</p> <p>Pension for new Executive Directors will be in line with the pension plan operated for the majority of the workforce in the jurisdiction where the Director is based</p>	N/A

Summary of Remuneration Policy continued

Element	Purpose	Operation	Maximum	Framework to assess performance
Other benefits	To help attract and retain high calibre individuals	<p>Benefits may include private medical insurance, permanent health insurance, life insurance, rental and accommodation expenses on relocation and other benefits such as long service awards</p> <p>Other additional benefits may be offered that the Remuneration Committee considers appropriate based on the Executive Director's circumstances</p> <p>Non-pensionable</p>	N/A	N/A
Share ownership guidelines	To encourage Directors to build a shareholding in the Company	<p>Executive Directors are expected to accumulate a shareholding in the Company's shares to the value of at least 200% of their base salary</p> <p>Executive Directors are required to retain at least 50% of the net of tax out-turn from the vesting of awards under deferred bonus plan and the LTIP until the minimum shareholding guideline has been achieved</p> <p>Shares must be held for two years after cessation of employment (at lower of the 200% of salary guideline level, or the actual shareholding on departure)</p>	N/A	N/A
Non-executive Directors	To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role	<p>Fees are set in conjunction with the duties undertaken</p> <p>Additional fees may be paid on a pro-rata basis if there is a material increase in time commitment and the Board wishes to recognise this additional workload</p> <p>Any reasonable business-related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed</p> <p>The Chairman is entitled to be provided with a fully expensed Company car</p>	Other than when an individual changes roles or where benchmarking indicates fees require realignment, annual increases will not exceed the general level of increases for the Group's employees	N/A

Annual report on remuneration

The sections of this report subject to audit have been highlighted.

Directors' emoluments (in €) (Audited)

Executive Director	Mor Weizer		Andrew Smith	
	2019	2018	2019	2018
Salary ¹	1,143,427	1,128,460	480,280	432,294
Bonus ²	1,528,580	556,506	511,134	159,995
Long-term incentives ^{3,4,5}	—	104,211	40,258	56,823
Benefits ⁶	29,895	40,640	36,242	22,431
Pension	228,686	225,620	96,045	92,986
Total fixed pay	1,402,008	1,394,720	612,567	547,711
Total variable pay	1,528,580	660,717	551,392	216,818
Total emoluments	2,930,588	2,055,437	1,163,959	764,529

- Basic salary of the Executive Directors is determined in Pounds Sterling and then converted into Euros at the average exchange rate applicable during the relevant financial year for the purpose of this report. Mor Weizer's salary was set at £1,000,000 in June 2017 and there was no further increase during 2019. As noted on page 90, the salary for Andrew Smith was increased from £400,000 to £420,000 with effect from 1 January 2019. This was part of a phased approach to deliver the required market positioning and in recognition of the CFO's continued growth in the role.
- The figures for bonuses represent payments as determined by the Remuneration Committee for the Executive Directors based on the Company's performance during each financial year and by reference to their actual salary earned during the respective period. The bonuses were determined in Pounds Sterling and then converted into Euros at the exchange rates applicable as at 31 December 2018 and 31 December 2019 respectively. Details of (a) how the annual performance bonus for the Executive Directors was determined; and (b) the timing of bonus payments, is set out below.
- The value of the LTIP for 2019 relates to the 2017 awards, which had a three-year performance period ending 31 December 2019. Based on performance over this period, the Remuneration Committee determined that the 2017 awards will lapse in full. For Andrew Smith, this also includes the value of the portion of his 2016 award which vested in 2019, since this was granted prior to his appointment to the Board and was therefore not subject to performance targets. This award vested in two tranches, the first on 1 September 2017 and the second (which is included in the table above) on 1 March 2019. The tranche which vested during 2019 was over 7,979 shares and had a value of €40,258 based on the closing share price of 429.1 pence at the vesting date and the average exchange rate applicable during the 2019 financial year for the purpose of this report. Share price depreciation over the period to the vesting date (based on the original share price of 788.5 pence used to determine the original number of awards granted) is equivalent to €33,718.77.
- For Mor Weizer, the value of the LTIP for 2018 relates to 2016 award, which had a three-year performance period ending 31 December 2018. Based on performance over this period, the Remuneration Committee determined that 19.83% of the maximum award vested on 1 March 2019, equivalent to 21,820 nil cost options. The value of the award included above is therefore €104,210.66 based on the closing share price of 429.1 pence at the vesting date and the average exchange rate applicable during the 2018 financial year for the purpose of this report. Share price depreciation over the period to the vesting date (based on the original share price of 788.5 pence used to determine the original number of awards granted) is equivalent to €87,283.41. For Andrew Smith, the LTIP for 2018 includes the value of the portion of his 2015 award which vested in 2018, since this was granted prior to his appointment to the Board and was therefore not subject to performance targets. This award vested in two tranches, the first on 1 September 2016 and the second (which is included in the table above) on 1 March 2018. The tranche which vested during 2018 was over 6,542 shares and had a value of €56,823 based on the closing share price of 780.4 pence at the vesting date and the average exchange rate applicable during the 2018 financial year for the purpose of this report. Share price depreciation over the period to the vesting date (based on the original share price of 847 pence used to determine the original number of awards granted) is equivalent to €4,849.
- The figures provided above for 2018 differ from those set out in last year's Directors' Remuneration Report due to a calculation error in that report, and since these have been updated to reflect the share price as at the vesting date which was unknown as at the date of the last Directors' Remuneration Report.
- Benefits include private medical insurance, permanent health insurance, car and life assurance.

No discretion was exercised in determining the remuneration outcomes set out in the single total figure table above.

Non-executive Directors' emoluments (in €) (Audited)

There were no increases in the fees paid to the Non-executive Directors in 2019. Fees are paid in Sterling (which is unchanged from 2018) and are translated into Euros in the table below:

Director	Fees		Annual bonus		Benefits		Pension		Total emoluments	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Alan Jackson	439,085	433,867	—	—	4,536	9,022	—	—	443,621	442,889
Andrew Thomas	45,308	118,563	—	—	—	—	—	—	45,308	118,563
John Jackson	120,134	118,563	—	—	—	—	—	—	120,134	118,563
Claire Milne	120,134	118,563	—	—	—	—	—	—	120,134	118,563
Susan Ball	92,323	49,031	—	—	—	—	—	—	92,323	49,031
Ian Penrose	120,134	39,261	—	—	—	—	—	—	120,134	39,261
Anna Massion	89,718	—	—	—	—	—	—	—	89,718	—
John Krumins	89,718	—	—	—	—	—	—	—	89,718	—

Note:

Alan Jackson was provided with a Company car during the year. Susan Ball joined the Board on 1 August 2018 and subsequently stepped down on 31 July 2019. Ian Penrose joined the Board on 1 September 2018. Anna Massion and John Krumins joined the Board on 2 April 2019. Andrew Thomas stepped down from the Board on 15 May 2019.

Annual report on remuneration continued

Determination of 2019 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a bonus in respect of 2019 of 200% and 150% of salary respectively. 2019 performance was assessed against a mixture of financial and non-financial targets as set out below. The bonus was payable on a sliding scale of 0% for threshold to 100% for maximum performance.

Performance metric	Weighting	Threshold	Maximum	Actual	CEO payout level (% of maximum)	CFO payout level (% of maximum)
Adjusted EBITDA (€m)	50%	335.88	391.86	383.1	40.5%	40.5%
Cash flow (€m)	20%	173.2	211.6	169.7	0.0%	0.0%
Strategic targets	30%		See below		24.5%	28.5%
Total	100%				65.0%	69.0%

As set out in the 2018 Directors' Remuneration Report, the financial performance targets were divided this year between Adjusted EBITDA and Cash flow, with 50% and 20% weightings respectively.

Adjusted EBITDA and cash generation are the key financial performance metrics of the Company, most closely representing the underlying trading performance of the business. When setting the EBITDA targets for 2019, the Committee and Board took into consideration the structural imperative of generating additional EBITDA in each of the core B2B Gaming and Snaitech businesses to offset the declining non-core Asian business, and thereby improve the quality of the Group's overall earnings.

As a consequence, on target performance level (60% payout) was set at EBITDA of €373 million. The Committee noted that the Adjusted EBITDA for the financial year ended 31 December was €383 million, €38 million (11%) higher than 2018, with the strong EBITDA performance of the core businesses significantly offsetting the €69 million (43%) year-on-year reduction in the non-core Asian business. As a result, this improvement in the quality of the Group's earnings delivered a resulting 40.5% of the Adjusted EBITDA element of the bonus being payable (out of a maximum of 50%).

Cash flow was introduced as a metric for the annual bonus this year and was measured based on the level of cash generated during the financial year. The Committee noted that the net cash generated from operating activities was €169.7 million, resulting in 0% of the cash flow element of the bonus being payable.

The non-financial performance targets were selected to underpin key strategic objectives of the Group aligned with the business strategy. Specific non-financial performance measures included further development, integration and growth of the Snaitech business, the signing of new brands and licences and completion of the bond issue and new RCF. Relative weightings for each of the non-financial performance measures varied between the CEO and CFO to reflect the responsibilities of each of their roles.

The operational highlights set out in the Strategic Report on page 3 demonstrate that the majority of the key strategic objectives set for executives were successfully achieved. In particular, the Committee took account of the progress made against a number of key strategic objectives, including further development, integration and growth of the Snaitech business, signing a large number of new brands and licences, renegotiating key customer contracts and the successful bond issue. The Committee considered that the targets for the strategic objectives element of the bonus had been met in part and resolved to pay a bonus at a level of 24.5% and 28.5% (out of a maximum of 30%) to the CEO and CFO respectively.

This resulted in a total bonus payment of €1,528,580 for the CEO (130% of salary earned in 2019) and €511,134 for the CFO (103.5% of salary earned in 2019). 25% of this amount will be deferred in shares for two years.

The Committee is satisfied that the annual bonus payments to Executive Directors are a fair reflection of corporate and individual performance during the year and did not use any discretion in determining the outcomes above.

LTIP awards (Audited)

On 28 February 2019 the following awards were made to the Executive Directors under the LTIP:

	Type of award	Total number of awards	Aggregate market value (€)	% of award vesting for threshold performance	Performance period
Mor Weizer	Nil cost option	471,809	2,351,661.04	25%	01.01.2019 – 31.12.2021
Andrew Smith	Nil cost option	148,620	738,152.77	25%	01.01.2019 – 31.12.2021

Awards represent 200% of salary for Mor Weizer and 150% of salary for Andrew Smith based on a share price on grant of 423.9 pence.

No award was made in 2018 as a result of the deterioration in the share price in the year.

In the normal course of events these awards will vest on 1 March 2022, subject to the satisfaction of the performance conditions based on relative TSR performance.

50% of the award will be measured against the companies comprising the FTSE 250 Index (excluding investment trusts) as at grant. The other 50% will measure Playtech's TSR against a bespoke comparator group of 11 listed sector peers as follows:

- GVC Holdings
- Sportech
- Paddy Power Betfair (since renamed Flutter Entertainment)
- William Hill
- 888 Holdings
- JPJ (since renamed Gamesys Group)
- Rank Group
- Betsson
- International Game Tech
- Kindred Group
- OPAP

For both groups, median performance will result in a vesting level of 25%, rising to full vesting for upper quartile performance, with straight-line vesting between these points. Any vesting will further be dependent on the Committee ensuring that the level of TSR performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

As approved by shareholders at a General Meeting held on 19 December 2019, an additional LTIP award was granted to Mor Weizer during 2019 as set out below:

	Type of award	Total number of awards	% of award vesting for threshold performance	Performance period
Mor Weizer	Nil cost option	1,900,000	25%	03.12.2019 – 19.12.2024

The additional LTIP award will vest subject to the achievement of share price targets as set out below:

Tranche	Number of shares	Share price target	Performance period (years)
A	300,000	£6.00	3
B	400,000	£7.00	3
C	500,000	£8.00	3
D	700,000	£12.00	5

Each tranche will vest and become immediately exercisable upon the Company satisfying the relevant share price target during the relevant performance period. A post-vesting holding period will apply such that shares acquired following the vesting of any tranche may not be sold or transferred for a period of at least two years following such vesting and, in any event, until at least the third anniversary of the General Meeting at which the award was approved by shareholders.

LTIP awards from 2019 will be subject to a two-year retention period post-vesting.

LTIP awards granted from 2019 will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions apply for a period of three years post-vesting.

The LTIP awards granted in December 2017 vested subject to performance conditions measured over a three-year period from 1 January 2017 to 31 December 2019. As a result of the performance conditions not being met, the 2017 LTIP award will lapse in full. The Committee did not exercise any discretion in determining this outcome. The outcome was calculated as follows:

Measure	Weighting	Performance condition	Performance achieved	% of this element of the award vesting
EPS	70%	Compound growth in EPS between 6% p.a. (for 25% vesting) and 15% p.a. (for 100% vesting)	-5.81%	0%
Relative TSR	30%	TSR performance between median (for 25% vesting) and upper quartile (for 100% vesting) of FTSE 250 (excluding investment trusts)	Below median	0%

Termination payments (Audited)

Susan Ball stepped down from the Board on 31 July 2019 and was paid €22,458 in accordance with her letter of appointment.

Annual report on remuneration continued

**Payments to past Directors (Audited)**

There were no payments made to past Directors in 2019.

Implementation of policy for 2020**Salary review**

As stated last year, salary reviews for the Executive Directors take place at the beginning of the calendar year as this will result in the alignment of salary reviews with the Company's financial year.

Accordingly, the Committee reviewed the salaries for both Mr Weizer and Mr Smith in January 2020. It was decided that Mr Weizer's salary would remain unchanged for 2019. In Mr Smith's case, the Committee resolved to increase his salary from £420,000 to £430,500 with effect from 1 January 2020. In percentage terms, this increase of 2.5% is below the average increase awarded across the UK workforce 5.7%.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £1,000,000 (equivalent to €1,175,831 at 31 December 2019 exchange rate between Sterling and Euro used in the accounts)
- A. Smith: £430,500 (equivalent to €506,195 at 31 December 2019 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2020

Fees currently payable to Non-executive Directors are:

- Chairman: £393,600 (equivalent to €462,807 at 31 December 2019 exchange rate between Sterling and Euro used in the accounts)
- Non-executive Director base fee: £107,625 (equivalent to €126,549 at 31 December 2019 exchange rate between Sterling and Euro used in the accounts)

Non-executive Director fees have been increased by 2.5% from 1 January 2020. This is in line with the increase made to the CFO's base salary, reflects the inflationary environment and is below the average increase awarded across the UK workforce.

The Non-executive Director fees recognise core responsibilities and additional duties as Chair of a Board Committee.

Benefits and pension

Benefit and pension provision will continue to be set in line with the approved policy.

Annual bonus

The annual bonus opportunity will remain unchanged at 200% of salary for the CEO and 150% of salary for the CFO.

For 2020, bonuses for the Executive Directors will be based on the following:

	Performance target	Weighting
Adjusted EBITDA	Commercially confidential	50%
Cash flow	Commercially confidential	20%
Non-financial and strategic objectives	Commercially confidential	30%

The Adjusted EBITDA and cash flow targets will be set in line with the business plan and the targets will be very challenging. For 2020, the Adjusted EBITDA element of the bonus will be divided between Group, core and non-core divisions.

The level of bonus payable by reference to the financial performance of the Company will be determined on a sliding scale. There will be retrospective disclosure of the targets and performance in next year's report.

The annual bonus will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years after payment.

In line with the policy, 25% of any bonus earned will be payable in deferred shares.

Long Term Incentive Plan (LTIP)

The Remuneration Committee is expected to grant LTIP awards later this year at 200% of salary and 150% of salary for the CEO and CFO respectively.

Awards made to Executive Directors will vest on the third anniversary of grant subject to (i) participants remaining in employment (other than in certain 'good leaver' circumstances) and (ii) achievement of challenging performance targets. At the date of this report the precise performance target criteria have not yet been determined, however these will be disclosed at the time the awards are made and will be in line with the current Remuneration Policy. Following shareholder engagement in 2019, and as notified in our Circular to shareholders in November 2019, the LTIP performance targets will include a financial element in addition to the TSR targets.

Any vesting will also be dependent on the Committee ensuring that the level of performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

LTIP awards will be subject to a two-year retention period post-vesting.

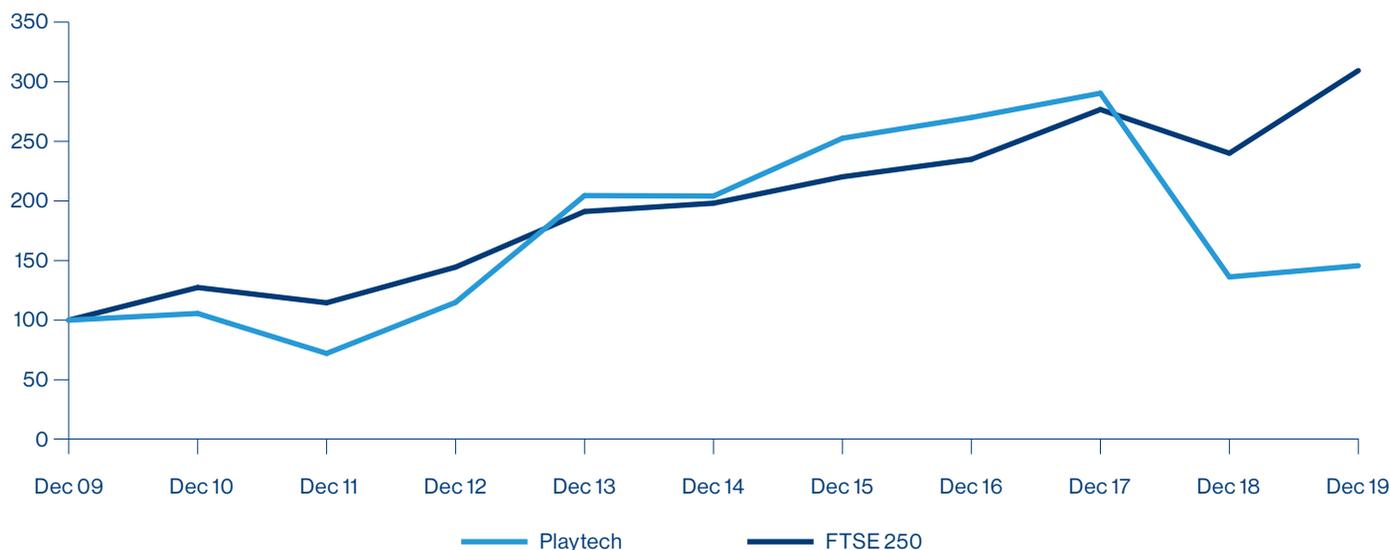
LTIP awards will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years post-vesting.

Dilution limits

All of the Company's equity-based incentive plans (other than the Option Plan which was established before the Company's admission to AIM in 2006) incorporate the current Investment Association Guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a ten-year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any ten-year period for executive plans. The Committee monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. On 31 December 2019, the Company held 5,502,550 treasury shares.

Review of performance

The following graph shows the Company's total shareholder return (TSR) performance over the past ten years; the Company's TSR is compared with a broad equity market index. The index chosen here is the FTSE 250, which is considered the most appropriate published index.



The Remuneration Committee believes that the new Remuneration Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Remuneration Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows the total remuneration of Mor Weizer over the last ten years and his achieved annual variable and long-term incentive pay awards as a percentage of the plan maxima.

	Year ending 31 December									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total remuneration (€'000)	826	808	800	1,381	1,740	2,449	2,346	4,192	2,055	2,931
Annual bonus (%)	48%	34%	150%	150%	200%	175%	200%	186%	50%	130%
LTIP vesting (%)	—	—	—	—	—	—	—	70%	20%	—

Percentage change in remuneration of Chief Executive Officer

In the financial year ended 31 December 2019, Mr Weizer's salary wasn't increased. He was awarded an annual bonus of 130% of salary compared with 50% of salary in the year ended 31 December 2018. On a value basis the increase in Mr Weizer's total remuneration was 42.6%.

The average percentage changes for all UK-based full-time employees were a 5.7%, 9% and 22% increase in salary, benefits and bonus payments respectively. The UK workforce was chosen as a comparator group as the Remuneration Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities, and remuneration packages across the Group vary widely depending on local market practices and conditions).

Annual report on remuneration continued



Pay ratio information in relation to the total remuneration of the Director undertaking the role of Chief Executive Officer

The table below compares the 2019 single total figure of remuneration for the Chief Executive Officer with that of the Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK employee population.

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Method A	73:1	52:1	35:1

The employees included are those employed on 31 December 2019 and remuneration figures are determined with reference to the financial year to 31 December 2019. The CEO is paid in GBP Sterling and the ratios have been calculated using the CEO's 2019 total single figure of remuneration expressed in GBP Sterling (£2,526,192).

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2019 as we believe that that is the most robust methodology for calculating these figures.

The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO, with the exception of annual bonuses where the amount paid during the year was used (i.e. in respect of the 2018 financial year) as 2019 employee annual bonuses had not yet been determined at the time this report was produced. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's contracted hours and the proportion of the year they were employed.

The table below sets out the salary and total pay and benefits for the three quartile point employees:

	25th percentile (P25)	Median (P50)	75th percentile (P75)
Salary	£30,240	£40,000	£62,710
Total pay and benefits	£34,761	£48,441	£71,696

The Committee considers that the median CEO pay ratio is consistent with the relative roles and responsibilities of the CEO and the identified employee. Base salaries of all employees, including our Executive Directors, are set with reference to a range of factors including market practice, experience and performance in role. The CEO's remuneration package is weighted towards variable pay (including the annual bonus and LTIP) due to the nature of the role, and this means the ratio is likely to fluctuate depending on the outcomes of incentive plans in each year.

The Committee also recognises that, due to the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for employees, as well as differences in employment and remuneration models between companies, the ratios reported above may not be comparable to those reported by other companies.

Relative importance of spend on pay

The following table sets out the amounts paid in share buybacks, dividends, and total remuneration paid to all employees:

Payouts (€m)	2019 €m	2018 €m	Change %
Dividends ¹	55.6	75.9	-27%
Share buybacks	65.1	—	N/A
Total employee remuneration ²	347.2	302.8	15%

1. The total dividend in respect of the year ended 31 December 2019 is calculated on the basis that the shareholders approve the proposed final dividend of 12 €cents per share.

2. Total employee remuneration for continuing and discontinued operations includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors. The average number of employees, including Executive Directors and part-time employees in continuing and discontinued operations, was c. 6,048 during the financial year to 31 December 2019.

Directors' interests in ordinary shares (Audited)

Director	Ordinary shares		Share awards and share options 31 December		Total interests at December 2019
	2019	2018	2019	2018	
Executive Directors^{1,2,3,4,5}					
Mor Weizer	105,570	91,000	2,465,685	389,796	2,571,255
Andrew Smith	33,675	17,500	148,620	77,046	182,295
Non-executive Directors					
Alan Jackson	25,000	25,000	—	—	25,000
John Jackson	5,000	—	—	—	5,000
Claire Milne	—	—	—	—	—
Ian Penrose	17,500	17,500	—	—	17,500
Anna Massion	10,000	—	—	—	10,000
John Krumins	10,000	—	—	—	10,000

1. Mor Weizer and Andrew Smith currently hold shares to the value of 41.9% and 31.8% of salary (based on salaries as of 31 December 2019 respectively and based on the closing share price of 397 pence on 31 December 2019). The Committee will continue to monitor progress towards the share ownership guidelines of 200% of salary.
2. Share options are granted for Nil consideration.
3. These options were granted in accordance with the rules of the Playtech Long Term Incentive Plan 2012 (the "Option Plan"). Options under the Option Plan are granted as Nil cost options and in the case of Executive Directors exclusively, the options vest and become exercisable on the third anniversary of the notional grant date. Unexercised options expire ten years after the date of grant, unless the relevant employee leaves the Group's employment, in which case the unvested options lapse and any vested options lapse three months after the date that the employment ends.
4. Mr Weizer received an award in 2016 over 110,038 shares. Performance conditions were based over the three years 2016, 2017 and 2018 with normal vesting scheduled for 1 March 2019. As disclosed in last year's report, 78.18% (88,218 shares) of the award did not meet the performance conditions and lapsed.
5. Mr Weizer and Mr Smith were each granted an award in 2019 over 471,809 shares and 148,620 shares respectively. Performance conditions are based on the three years 2019, 2020 and 2021 with normal vesting scheduled for 1 March 2022.

Role and membership

The Remuneration Committee is currently comprised entirely of four independent Non-executive Directors as defined in the Code. Ian Penrose chairs the Committee, and the other members are Alan Jackson, Claire Milne and Anna Massion.

Details of attendance at the Remuneration Committee meetings are set out on page 75 and their biographies and experience on pages 70 and 71.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference are available for inspection on the Company's website www.playtech.com and include:

- Determining and agreeing the policy for the remuneration of the CEO, CFO, the Chairman and other members of the senior management team
- Review of the broad policy framework for remuneration to ensure it remains appropriate and relevant
- Review of the design of and determine targets for any performance-related pay and the annual level of payments under such plans
- Review of the design of and approve any changes to long-term incentive or option plans
- Ensuring that contractual terms on termination and payments made are fair to the individual and the Company and that failure is not rewarded

The Remuneration Committee also considers the terms and conditions of employment and overall remuneration of Executive Directors, the Company Secretary and members of the senior management team and has regard to the Company's overall approach to the remuneration of all employees. Within this context the Committee determines the overall level of salaries, incentive payments and performance-related pay due to Executive Directors and senior management. The Committee also determines the performance targets and the extent of their achievement for both annual and long-term incentive awards operated by the Company and affecting the senior management. No Director is involved in any decisions as to his/her own remuneration.

The Remuneration Committee takes advice from both inside and outside the Group on a range of matters, including the scale and composition of the total remuneration package payable to people with similar responsibilities, skills and experience in comparable companies that have extensive operations inside and outside the UK.

During the year the Remuneration Committee received material assistance and advice from the Company Secretary (who is also secretary to the Committee).

Annual report on remuneration continued

**Role and membership continued**

The Remuneration Committee has a planned schedule of at least four meetings throughout the year, with additional meetings and calls held when necessary. During 2019, the Committee met in person seven times and these meetings addressed a wide variety of issues, including:

Month	Principal activity
January	<ul style="list-style-type: none"> Review of bonus and other incentivisation arrangements in relation to Executive Directors and members of senior management
February	<ul style="list-style-type: none"> Finalise bonus payments for Executive Directors Approval of LTIP awards to Executive Directors Review of Remuneration Policy for Executive Directors
March	<ul style="list-style-type: none"> Engagement with shareholders on proposals for revised Remuneration Policy
April	<ul style="list-style-type: none"> Finalise proposals for revised Remuneration Policy
July	<ul style="list-style-type: none"> Review of AGM voting results Approval of LTIP awards to members of senior management
October	<ul style="list-style-type: none"> Engagement with shareholders in relation to the one-off LTIP award for the CEO
November	<ul style="list-style-type: none"> Approval of one-off LTIP award for the CEO

External advisers

During year the Committee initially took advice from Korn Ferry, before PricewaterhouseCoopers LLP (PwC) were appointed as the Committee's new external independent remuneration advisers in October 2019.

The Remuneration Committee is satisfied that the advice received from both Korn Ferry and PwC was objective and independent. Both Korn Ferry and PwC are members of the Remuneration Consultants Group and comply with the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Korn Ferry do not provide any other services to the Company. In addition to advising the Committee, PwC provided unrelated Internal Audit services to the Company. The Committee will continue to monitor such engagements in order to be satisfied that they do not affect PwC's independence as an adviser to the Committee.

Korn Ferry received fees of £37,128 and PwC received fees of £57,690 for their advice during the year to 31 December 2019.

Engagement with shareholders and shareholder voting

The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration. Following the 2018 AGM result and in advance of the AGM in May 2019, the Company conducted an in-depth shareholder engagement programme in order to better understand shareholders' views in order that these could be taken into account in shaping the revised Remuneration Policy as well as its implementation in 2019.

The Directors' Remuneration Policy and the Directors' Annual Report on Remuneration were each subject to a shareholder vote at the AGM on 15 May 2019, the results of which were as follows:

	For	Against	Withheld
Approval of Remuneration Report	114,928,838 (58.20%)	82,541,555 (41.80%)	3,222,817
Approval of Remuneration Policy	118,149,127 (59.05%)	81,937,009 (40.95%)	607,074

Following an extensive shareholder consultation exercise, the resolutions for the approval of the Directors' Remuneration Policy and the Directors' Remuneration Report for the period ended 31 December 2018 were passed at the Annual General Meeting in May 2019 with 59.05% and 58.20% respectively. With the majority of shareholders voting in support, we believe the results reflect significant progress, however we recognise that a significant minority of shareholders voted against the proposals and the Remuneration Committee has therefore continued to engage with shareholders on remuneration related issues since that time.

The Board and the Remuneration Committee are committed to keeping the Remuneration Policy under review and continuing their engagement and dialogue with the Company's shareholders and their advisory bodies on these and other matters and welcome their ongoing feedback.

A further extensive shareholder engagement exercise was carried out over the latter part of the financial year, driven by some of the Company's largest institutional shareholders who worked with the Company to formulate an additional one-off LTIP award for the CEO. Ahead of the General Meeting to approve this award on 19 December 2019, the Company received a non-binding letter of support to vote in favour from a number of its largest shareholders. The final result of the binding vote to approve this award was as follows:

	For	Against	Withheld
Approval of LTIP grant to Mor Weizer	127,179,674 (54.76%)	105,080,918 (45.24%)	1,667

Engagement with the wider workforce

With respect to employee engagement, the Board engages with the COO and Global Head of Human Resources on strategic and operational issues affecting and of interest to the workforce; including remuneration, talent pipeline and diversity and inclusion. The COO is a standing attendee at the Board meetings. In addition, the Company has established a Speak Up hotline, which enables employees to raise concerns confidentially and independently of management. Any concerns raised are reported into the Head of Legal and Head of Compliance for discussion and consideration by the Risk Committee. The Board considers the current mechanisms appropriate for understanding and factoring in stakeholder concerns into plc level decision making. However, the Board will assess whether additional mechanisms can strengthen its understanding and engagement of stakeholder concerns in the future.

During 2019, the Board discussed, reviewed and engaged on a number of stakeholder issues. The following material stakeholder topics discussed by the Board in 2019 including:

- Executive Compensation and Pay.
- Corporate governance.
- Diversity.
- Inclusion and gender pay gap; regulatory and compliance developments.
- Safer gambling.
- Data protection.
- Environment.
- Anti-money laundering and antibribery and corruption.
- Human rights and modern slavery.
- Responsible supply chain and procurement.
- Commercial developments with B2B licensees and third parties.

In 2019, the Board's engagement and understanding of stakeholder interests and perspectives was taken into account as part of the following decisions:

- New and Updated Policies covering: Compliance Procurement Policy, Human rights and modern slavery statement.
- Approval of five-year safer gambling and sustainability blueprint.
- Approval of firm wide remuneration plan.
- Monitoring developments on the human resources function and strategy.

By order of the Board

Ian Penrose

Chair of the Remuneration Committee

26 February 2020

Directors' Report

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2019.

The Directors' Report should be read in conjunction with the other sections of this Annual Report: the Strategic Report, Corporate Responsibility Report and the Remuneration Report, all of which are incorporated into this Directors' Report by reference.

The following also form part of this report:

- The reports on corporate governance set out on pages 68 to 101
- Information relating to financial instruments, as provided in the Notes to the financial statements
- Related party transactions as set out in Note 36 to the financial statements

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Statement of Directors' Responsibilities appears on page 101.

Principal activities and business review

The Group is the gambling industry's leading technology company delivering business intelligence driven gambling software, services, content and platform technology across the industry's most popular product verticals, including, casino, live casino, sports betting, virtual sports, bingo and poker. It is the pioneer of omni-channel gambling technology through its integrated platform technology. As of June 2018, through the acquisition of Snaitech, the Group directly owns and operates a leading sports betting and gaming brand in online and retail in Italy.

The Group's Financials division, named TradeTech Group, is a specialist in next-generation B2C and B2B multi-channel trading software and services.

Playtech plc is a public listed company, with a premium listing on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the Isle of Man.

The information that fulfils the requirement for a management report as required by Rule 4.1.5 of the Disclosure Guidance and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 2 to 66 which also includes an analysis, the development, performance and position of the Group's business. A statement

of the key risks and uncertainties facing the business of the Group at the end of the year is found on pages 62 to 66 of this Annual Report and details of the policies and the use of financial instruments is set out in Note 5 to the financial statements.

Directors and Directors' indemnity

The Directors of the Company who held office during 2019 and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	—
Mor Weizer	02.05.2007	—
Andrew Thomas	19.06.2012	15.05.2019
Andrew Smith	10.01.2017	
John Jackson	01.01.2016	
Claire Milne	08.07.2016	
Susan Ball	01.08.2018	31.07.2019
Ian Penrose	01.09.2018	
Anna Massion	02.04.2019	
John Krumins	02.04.2019	

Except for Alan Jackson, who will not stand for re-election at the forthcoming Annual General Meeting, all of the current Directors will stand for re-election at the forthcoming Annual General Meeting to be held on 20 May 2020.

Save as set out in Note 36 to the financial statements, no Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

As at the date of this report, an indemnity is in place under which the Company has agreed to indemnify Alan Jackson, who held office during the year ended 31 December 2019, to the extent permitted by law and by the Company's articles of association, in respect of all liabilities incurred in connection with the performance of his duties as a Director of the Company or its subsidiaries. A copy of the indemnity is available for review at the Company's registered office. The Company also purchased, and maintained throughout 2019, Directors' and Officers' Liability Insurance in respect of itself and its Directors.

Corporate governance statement

The Disclosure Guidance and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 68 to 101 and is incorporated into this report by reference.

Disclaimer

The purpose of these financial statements (including this report) is to provide information to the members of the Company. The financial statements have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The financial statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of these financial statements and the Company undertakes no obligation to update these forward-looking statements. Nothing in this document should be construed as a profit forecast.

Results and dividend

The results of the Group for the year ended 31 December 2019 are set out on pages 102 to 162. On 25 February 2020, the Board recommended the payment of a final dividend for the year ended 31 December 2019 of 12.0 €cents per share which will be paid to shareholders on the register as at 1 May 2020. The payment of the final dividend requires shareholder approval, which will be sought at the Company's Annual General Meeting to be held at the Sefton Hotel, Douglas, Isle of Man on 20 May 2020. If approved, the final dividend will be paid on 29 May 2020 and together with the interim dividend of 6.1 €cents per share paid on 22 October 2019 makes a total dividend (expressed in €) of 18.1 €cents per share for the year.

Shareholders who wish to receive their final dividend in Sterling rather than Euros will be required to return currency election forms to the Company's registrars by 8 May 2020. Currency election forms are contained with the notice of Annual General Meeting that accompanies the Annual Report and further copies are available from the Company's website www.playtech.com.

Going concern, viability, responsibilities and disclosure

The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 3 to the financial statements.

The principal and emerging risks are set out in detail in the Strategic Report on pages 62 to 66 together with a description of the ongoing mitigating actions being taken across the Group. The Board carries out a robust assessment of these risks on an annual basis, with regular updates being presented at Board and Board committee meetings. These meetings receive updates from Finance, Legal, Tax, Operations, Internal Audit, Regulatory & Compliance, Data Protection, Human Resources, IT Security and Group Secretariat. The Group maintains a Risk Register which is monitored and reviewed on a continuous basis.

During 2019, the Board carried out an assessment of these principal risks facing the Group, including those factors that would threaten its future performance, solvency or liquidity. This ongoing assessment forms part of the Group's three-year strategic plan.

After making appropriate enquiries and having regard to the Group's cash balances and normal business planning and control procedures, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and meet their liabilities for a period of at least 12 months from the date of approval of the financial statements. As part of this assessment, the Directors reviewed a three-year forecast considering the going concern status for the period to December 2022 in accordance with the Group's three-year plan, which is considered to be an appropriate period over which the Group can predict its revenue, cost base and cash flows with a higher degree of certainty, as opposed to more arbitrary forms of forecasts based solely on percentage increases. Notwithstanding projected profitability over the forecast period, the Directors have no reason to believe that the Group's viability will be threatened over a period longer than that covered by the positive confirmation of long-term viability above. Given the above, the Directors continue to adopt the going concern basis in preparing the accounts.

Significant shareholdings

As of 31 January 2020, the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital, based on 303,791,693 ordinary shares in issue (excluding treasury shares of 5,502,550):

Shareholder	%	No. of ordinary shares
Setanta Asset Management	8.33	25,516,600
T Rowe Price Global Investments	7.70	23,592,595
Boussard & Gavaudan Asset Management	6.64	20,327,209
Odey Asset Management	5.38	16,479,449
Aberdeen Standard Investments	4.96	15,202,222
Blackrock	4.71	14,438,892
Vanguard Group	4.24	12,992,649
Dimensional Fund Advisors	3.68	11,266,610

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules of their interests in the ordinary share capital of the Company.

The Company has not been notified of any changes to the above shareholders between 31 January 2020 and the date of this report.

Capital structure

As at 31 January 2020, the Company had 309,294,243 issued shares of no-par value, of which 5,502,550 are held as treasury shares. The Company has one class of ordinary share and each share carries the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the articles of association. No person has any special rights of control over the Company's share capital.

The authorities under the Company's articles of association granted at the last Annual General Meeting for the Directors to issue new shares for cash and purchase its own shares remain valid until the forthcoming Annual General Meeting when it is intended that resolutions will be put forward to shareholders to renew the authority for the Company to issue shares for cash and purchase its own shares.

Articles of association

The articles of association contain provisions similar to those which are contained within the articles of association of other companies in the gambling industry, namely to permit the Company to (i) restrict the voting or distribution rights attaching to ordinary shares or (ii) compel the sale of ordinary shares if a "Shareholder Regulatory Event" (as defined in the articles of association)

occurs. A Shareholder Regulatory Event would occur if a holder of legal and/or beneficial interests in ordinary shares does not satisfactorily comply with a regulator's request(s) and/or the Company's request(s) in response to regulatory action and/or the regulator considers that such shareholder may not be suitable (a determination which in all practical effects is at the sole discretion of such regulator), to be the holder of legal and/or beneficial interests in ordinary shares. Accordingly, to the extent a relevant threshold of ownership is passed, or to the extent any shareholder may be found by any such regulator to be able to exercise to significant and/or relevant financial influence over the Company and is indicated by a regulator to be unsuitable, a holder of an interest in ordinary shares may be subject to such restrictions or compelled to sell its ordinary shares (or have such ordinary shares sold on its behalf).

Voting rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of association, on a show of hands every member who is present in person or by proxy and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Directors' Report continued

Restrictions on voting

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share have been paid to the Company. In addition, any member who having been served with a notice by the Company requiring such member to disclose to the Board in writing within such reasonable period as may be specified in such notice, details of any past or present beneficial interest of any third party in the shares or any other interest of any kind whatsoever which a third party may have in the shares and the identity of the third party having or having had any such interest, fails to do so may be disenfranchised by service of a notice by the Board.

Transfer

Subject to the articles of association, any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share or on which the Company has a lien. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) delivered for registration to the registered agent, or at such other place as the Board may decide, for registration; and (ii) accompanied by the certificate for the shares to be transferred except in the case of a transfer where a certificate has not been required to be issued by the certificate for the shares to which it relates and/or such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transferor, if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that where any such shares are admitted to AIM, the Official List maintained by the UK Listing Authority or another recognised investment exchange.

Amendment of the Company's articles of association

Any amendments to the Company's articles of association may be made in accordance with the provisions of the Isle of Man Companies Act 2006 by way of special resolution.

Appointment and removal of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Powers of Directors

Subject to the provisions of the Isle of Man Companies Act 2006, the memorandum and articles of association of the Company and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

Appointment of Directors

Subject to the articles of association, the Company may by ordinary resolution, appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any Directors are to retire. Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the articles of association, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the articles of association. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

Retirement of Directors

At each Annual General Meeting one-third of the Directors (excluding any Director who has been appointed by the Board since the previous Annual General Meeting) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under this Article one shall retire).

Removal of Directors

The Company may by ordinary resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75% of the voting rights in relation thereto, remove any Director before the expiration of his period of office notwithstanding anything in the articles of association or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to the articles) by ordinary resolution, appoint another person who is willing to act as a Director in his place. A Director may also be removed from office by the service on him of a notice to that effect signed by all the other Directors.

Significant agreements

There are no agreements or arrangements to which the Company is a party that are affected by a change in control of the Company following a takeover bid, and which are considered individually significant in terms of their impact on the business of the Group as a whole.

The rules of certain of the Company's incentive plans include provisions which apply in the event of a takeover or reconstruction.

Related party transactions

Details of all related party transactions are set out in Note 36 to the financial statements. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected persons are carried out on an arm's length basis and are disclosed in the financial statements.

Purchase of own shares

In order to maximise the efficiency of shareholder returns, the Board adopted a new policy to reallocate part of its payout ratio into share repurchases. Accordingly, in February 2019, the Company entered into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC and UBS Limited to repurchase shares on its behalf worth up to €40 million. The share repurchase programme commenced on 22 February 2019 and ended on 25 April 2019. A total of 8,050,360 ordinary shares were repurchased under the programme and these shares were subsequently cancelled. Following completion of the programme, the Company's total issued share capital stood at 309,294,243 ordinary shares.

In August 2019, continuing with our policy of maximising the efficiency of shareholder returns, the Company entered into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC and UBS Limited to repurchase shares on its behalf worth up to €25 million. The share purchase programme commenced on 23 August 2019 and ended on 1 October 2019. A total of 5,502,550 ordinary shares were repurchased under the programme and these shares are held as treasury shares. Following the completion of the programme, the Company's issued share capital is 303,791,693 ordinary shares (excluding 5,502,550 treasury shares).

During the year, a total of 13,552,910 ordinary shares were repurchased and these represent 4.46% of the current issued share capital of the Company, being 303,791,693 ordinary shares (excluding 5,502,550 treasury shares).

Political and charitable donations

During the year ended 31 December 2019, the Group made charitable donations of €822,000 (2018: €584,000), primarily to charities that fund research into, and for the treatment of, problem gambling but also to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Group made no political donations during this period (2018: €Nil).

Sustainability and employees

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 48 to 61.

Employee engagement continues to be a top priority across the Group and, in accordance with principle D of the Code, we are looking at ways to increase engagement with our workforce and further update will be included in next year's Annual Report. Various initiatives involving our employees are set out in the Strategic Report on pages 2 to 66 and in the statement dealing with our relationship with stakeholders on pages 78 and 79.

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the performance of the Group and has run information days for employees in different locations across the Group during the year. Details of our engagement with stakeholders are set out on pages 78 and 79. Some employees

are stakeholders in the Company through participation in share option plans. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and the Company's website, www.playtech.com.

Branches

The Company's subsidiary Playtech Software Limited has established a branch in Argentina. PT Turnkey Services Limited has established a branch in the Philippines. Playtech Retail Limited has established a branch in the Philippines.

Regulatory disclosures

The information in the following tables is provided in compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules (DTRs).

The DTRs also require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 68 to 101 and is incorporated into this Directors' Report by reference.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information	None
9.8.4(4)	Long-term incentive scheme only involving a Director	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waivers of future emoluments	None
9.8.4(7)	Non pro-rata allotments for cash	None
9.8.4(8)	Non pro-rata allotments for cash by major subsidiaries	None
9.8.4(9)	Listed company is a subsidiary of another	N/A
9.8.4(10)	Contracts of significance	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	None
9.8.4(12)	Waivers of dividends	None
9.8.4(12)	Waivers of future dividends	None
9.8.4(14)	Agreement with a controlling shareholder	None

Directors' Report continued

Additional information provided pursuant to Listing Rule 9.8.6

Listing Rule	Information included	Disclosure
9.8.6(1)	Interests of Directors (and their connected persons) in the shares of the Company at the year end and not more than one month prior to the date of the notice of AGM	See page 93
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and not more than one month prior to the date of the notice of AGM	See page 97
9.8.6(3)	The going concern statement	See page 97
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	17,632,742 ordinary shares which authority will expire at the AGM and is proposed to be renewed
9.8.6(4)(b)	Off market purchases of own shares during the year	None
9.8.6(4)(c)	Off market purchases of own shares after the year end	None
9.8.6(4)(d)	Non pro-rata sales of treasury shares during the year	None
9.8.6(5)	Compliance with the principles of the UK Corporate Governance Code	See the statement on pages 72 and 73
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	See the statement on pages 72 and 73
9.8.6(7)	Re Directors proposed for re-election: the unexpired term of their service contract and a statement about Directors without a service contract	The CEO and CFO serve under service contracts described on page 77 The Chairman and the Non-executive Directors serve under letters of appointment described on page 78

Additional information under Rule 4.1 of the Disclosure and Transparency Rules

DTR	Requirement	How fulfilled
4.1.3	Publication of Annual Financial Report within four months of the end of the financial year	This document is dated 26 February 2020, being a date less than four months after the year end
4.1.5	Content of Annual Financial Report	The audited financial statements are set out on pages 102 to 162 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 2 to 66 The Statement of Directors' Responsibilities can be found on page 101
4.1.6	Audited financial statements	The audited financial statements set out on pages 102 to 162 comprise consolidated accounts prepared in accordance with IFRS and the accounts of the Company
4.1.7	Auditing of financial statements	The financial statements have been audited by BDO LLP
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 2 to 66 includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business, a review of the Company's business and on pages 62 to 66 a description of the principal risks and uncertainties
4.1.11(1)	Important events since the year end	The Strategic Report on pages 2 to 66 gives details of important events since the year end. See Note 41 to the audited financial statements on page 162
4.1.11(2)	Future development	The Strategic Report on pages 2 to 66 gives an indication of the likely future development of the Company
4.1.11(3)	Research & development	The Strategic Report on pages 2 to 66 gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See the statement on page 99
4.1.11(5)	Branch offices	See the statement on page 99
4.1.11(6)	Use of financial instruments	See Note 5 to the audited financial statements on pages 118 to 127
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 101

Statement of Directors' responsibilities

The Directors have elected to prepare the Annual Report and the financial statements for the Company and the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors are responsible under applicable law and regulation for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Accounting Standard 1 (revised) requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- Select suitable accounting policies and then apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Directors at the date of this report consider that the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

Financial statements are published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names and functions are listed within the Governance section on pages 70 and 71 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face

Annual General Meeting

The Annual General Meeting in 2019 was held in May in Douglas, Isle of Man. All Directors were present and made themselves available to answer questions from shareholders. The Annual General Meeting provides an opportunity for the Directors to communicate personally the performance and future strategy to non-institutional shareholders and for those shareholders to meet with and question the Board. All Directors plan to be present at the 2020 Annual General Meeting. All results of proxy votes are read out, made available for review at the meeting, recorded in the minutes of the meeting and communicated to the market and via the Group website.

The Annual General Meeting for 2020 will be held at the Sefton Hotel, Douglas, Isle of Man, IM1 2RW on Wednesday 20 May 2020 at 10.00 am. The notice convening the Annual General Meeting for this year, and an explanation of the items of non-routine business, are set out in the circular that accompanies the Annual Report.

Auditors

So far as each Director is aware, at the date of the approval of the financial statements there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as the Company's auditors will be submitted to the shareholders at this year's AGM.

Approved by the Board and signed on behalf of the Board

Andrew Smith
Chief Financial Officer
26 February 2020

Independent Auditor's Report

To the members of Playtech Plc

Opinion

We have audited the financial statements of Playtech Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 97 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

Revenue recognition (with reference to Note 9)

Key audit matter description

The group's revenue streams and the related accounting policies applied during the period are detailed in note 5 to the financial statements.

In respect of the Group's B2B gambling operations, revenue is typically recognised on a revenue share basis and is dependent on the calculation of the Group's revenue share due from customers based on underlying results of the customers' trading.

Included in B2B revenues is hardware sales of terminals to customers for which there is a risk in respect of the timing of revenue for these transactions.

In respect of the Group's B2C gambling operations, in particular, Snaitech, revenue is dependent on the interfacing of systems for retail and betting and thus reliant on the effective operation of IT automated controls and manual processes.

Revenue for the Group is typically derived from high volume and low value transactions and is dependent on the outcome of trading or events wagered on.

Due to the nature of revenue, there is a risk that revenue errors are undetected or are not detected on a timely basis. In certain instances within the financials segment there is also a risk that transactions do not meet the definition of revenue where there is not sufficient certainty over the recoverability of consideration.

How the scope of our work responded to the key audit matter

We assessed the design and implementation of the controls over the Group's revenue cycles.

We assessed whether the revenue recognition policies adopted by the Group comply with relevant accounting standards including that transactions meet the definition of revenue under IFRS 15.

Our testing approach for revenue was tailored for the different revenue streams and entities across the Group.

Other than in the B2C gambling operations, revenue was tested through substantive procedures, which included agreeing revenue on a sample basis to underlying contracts and customer data. Our work performed on the revenue recognised was underpinned by the use of IT audit data analytic techniques.

In respect of B2B hardware sales, we agreed the recognition date for revenue to supporting documentation on a sample basis to check that the ownership of the terminals had passed to the customer.

Revenue of Snaitech has been audited primarily through testing the operating effectiveness of the relevant key controls. As group auditor we have directed the scope and approach of this testing and reviewed the work performed.

Revenue of the remaining B2C operations was tested through the following procedures:

- We used IT audit data analytic techniques to extract the underlying gaming data and reperform the revenue calculation and related player balances for the year.
- We compared these calculations against the amounts recorded in the financial statements.
- We agreed a sample of movements on player or client accounts back to deposits and withdrawals in processor statements.

Key observations

We are satisfied through the testing performed that the risk of material misstatement in respect of revenue recognition has been reduced to an acceptable level.

Impairment of goodwill (with reference to Note 17)

Key audit matter description

In accordance with relevant accounting standards, the Group monitors the carrying value of goodwill for indications of impairment. The Group performs annual impairment reviews for all cash-generating units (CGU).

If the carrying value of goodwill exceeds the recoverable amount there is a risk of material misstatement in the carrying value of these assets.

Management have recognised a goodwill impairment of €92m in respect of TradeTech Markets and TradeTech Alpha within the financials segment.

Impairment reviews require significant judgement from management and are inherently based on assumptions in respect of future profitability. The impairment tests are also based on key assumptions in respect of the appropriate discount rates and longer term growth rates.

How the scope of our work responded to the key audit matter

We reviewed management's CGU analysis for the year end and critically challenged the allocation by CGU with management based on our knowledge and understanding of the Group.

The audit team, which included our internal valuation specialists, challenged the appropriateness of the key assumptions used in the discounted cash flow models prepared by management. Our challenge was based on our understanding of the commercial prospects of the assets, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across the impairment reviews.

Our work included:

- assessing the adequacy of the discount rates and growth rates applied;
- applying sensitivities to assess the potential impairment of goodwill; and
- checking the mathematical accuracy of the impairment model and compliance of the methodology therein with the requirements of relevant accounting standards.

We reviewed whether the related disclosure provided in the Group financial statements was in line with the requirements of the relevant accounting standards.

Key observations

Based on the procedures we performed we considered the carrying value of goodwill and the impairment charge in respect of goodwill to be reasonable. We reviewed the disclosures and explanations in note 17 and are satisfied that it is appropriate.

Independent Auditor's Report continued

To the members of Playtech Plc

Key audit matters continued

Compliance risk – legal and regulatory (with reference to notes 6 and 40)

Key audit matter description

The Group operates in a highly regulated industry across multiple jurisdictions. There are compliance requirements with laws and regulations in each jurisdiction in relation to licensing, money laundering, data protection, fraud, safer gambling as well as other legislative matters.

Given the current regulatory landscape and compliance requirements required across multiple jurisdictions in which the Group operates, there is a risk that non-compliance with laws and regulations may adversely affect existing licences or may expose the Group to regulatory sanctions.

In addition, as part of the acquisition of Snaitech, the Group have inherited a number of historical legal cases (see note 40) which requires management's judgement in determining whether any provisions or disclosures are required by the relevant accounting standards.

How the scope of our work responded to the key audit matter

We updated our understanding as to how the Group monitors legal and regulatory developments and their assessment of the potential impact on the business.

We obtained an update from the Group's Compliance and Legal teams in respect of whether there were any known instances of material breaches in regulatory and licence compliance requirements that required disclosure or required provisions to be made in the financial statements.

In respect of the historical legal provisions in Snaitech, we obtained an update from the Group's legal team of the latest position in respect of these matters, obtained and reviewed the latest correspondence on relevant matters and assessed the level of provision recorded in the light of this.

We reviewed the board packs and board minutes to identify any other potential legal and regulatory matters.

Where relevant, we discussed the assertions of the Group's internal legal team with the Group's principal external legal advisors.

Key observations

Based on the procedures performed, we are satisfied that management have appropriately assessed the material financial implications of non-compliance with laws and regulations.

Compliance risk – taxation (with reference to notes 6 and 13)

Key audit matter description

The nature of the e-commerce business and operational structure of the Playtech Group requires management judgement with regard to the assessment and interpretation of domestic and international tax laws and their application in the identification and valuation of provisions for corporate income taxes.

Furthermore, as this is the first year that the Group has adopted the new accounting standard, IFRIC 23 Uncertainty over income tax treatments, there is a risk in respect of the completeness of the Group's tax provisions due to the level of judgement required.

How the scope of our work responded to the key audit matter

We updated our understanding of how the Group manage, control and operate Group companies in the countries in which they are registered through discussion with the Group's internal and external tax advisors. This included understanding how the Group manages its tax strategy as part of the overall business planning and how the Group monitors the rules and practices governing the taxation of e-commerce activity that is evolving in many countries and how it implements any changes to respond to changes in the tax environment.

We included our internal tax specialists as part of the audit team to review and evaluate the tax risks in the jurisdictions in which the Group has significant operations.

As part of this process, we set out the risk in our group reporting instructions at the planning stage of the audit. We then liaised with the local component audit teams and tax specialists in these jurisdictions to assess the provisioning for corporate income taxes and received specific reporting from them regarding this matter and in respect of the most critical matters, reviewed correspondence with revenue authorities and external advisors.

We reviewed the taxation policies and disclosures prepared by the Group to assess its compliance with relevant accounting standards.

Key observations

Based on the work performed, we consider that the Group's provision for taxation is materially appropriate and together with the disclosures in is accordance with its taxation accounting policy.

Changes in key audit matters from the prior year audit

Business combinations was raised as a key audit matter in the prior year as a result of the acquisition of Snaitech spa. In the absence of such material acquisitions, business combinations has not been classified as a key audit matter in the current year.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Level of materiality applied and rationale

We considered Adjusted Profit Before Tax to be the most appropriate performance measure for the basis of materiality in respect of the audit of the Group as this measure reflects the Group's profitability excluding the impact of certain non-recurring items.

Adjusted Profit Before Tax is calculated for this purpose as Profit Before Tax (€16m) adjusted for the following items: adding back adjustments to contingent and deferred consideration and redemption liabilities (-€70m), amortisation of certain acquired intangibles (€52m), impairments of goodwill (€114m), certain receivables write off (€5m) and professional fees on acquisitions (€2m).

Using this benchmark, we set materiality at €5.9m (2018: €6.9m) being 5% of Adjusted Profit Before Tax (2018: 5% of Adjusted Profit Before Tax).

Materiality in respect of the audit of the Parent Company was set at €3.5m (2018: €1.7m) using a benchmark of 2% of total assets, limited to Component Materiality of 45% of Group materiality (2018: 2% of total assets, limited to 25% of Group materiality). We considered total assets to be the most appropriate measure for the basis of materiality as the Parent Company is primarily an investment holding company.

Performance materiality was set at 70% of materiality for the Group audit and at 70% for the Parent Company audit. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors), the control environment, and Management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €0.5m to €3.5m.

Performance materiality was set at 70% of component materiality. In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors), the control environment, and Management's attitude towards proposed adjustments.

Agreement with the Audit Committee

We agreed with the Audit Committee that we would report to them all audit differences individually in excess of €230k (2018: €340k). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole.

We tailored the extent of the work to be performed at each component, either by us, as the Group audit team, or component auditors within the BDO network based on our assessment of the risk of material misstatement at each component.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates (refer to key audit matter noted earlier in this report), and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, IFRSs as adopted by the European Union, the Financial Conduct Authority's regulations and the Listing Rules.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of correspondence with regulators;
- review of minutes of Board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Independent Auditor's Report continued

To the members of Playtech Plc

An overview of the scope of our audit continued

Classification of components

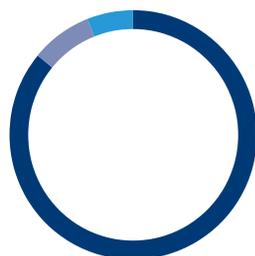
Of the 10 full scope components that were considered significant (defined as those that contributed greater than 15% of Adjusted Profit Before Tax, or where the risks of the component were significantly different to the Group risks), 6 were audited by the Group audit team and the remaining 4 by component auditors within the BDO network. The Group audit team attended key meetings, directed the scope and approach of the audit, and performed a detailed review of the audit files for the audits not conducted by the Group audit team.

For the 23 components not considered significant, component auditors or the Group team performed review procedures or specific scope procedures on certain balances based on their relative size, risks in the business and our knowledge of those entities appropriate to respond to the risk of material misstatement.

Review and specific scope procedures were performed by the Group audit team or BDO network firms on all reporting components.

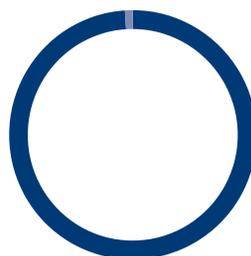
A summary of the scope of our audit is illustrated below:

Revenue



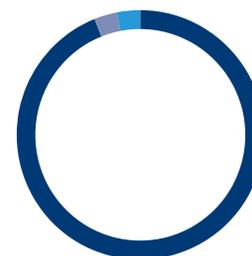
- Full audit (86%)
- Specific procedures (8%)
- Group level procedures (6%)

PBT



- Full audit (99%)
- Specific procedures (1%)

Total assets



- Full audit (94%)
- Specific procedures (3%)
- Group level procedures (3%)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code (set out on pages 72 and 73)** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Directors' Remuneration Report

The parent company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a UK Registered listed company. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, within the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters

Following the recommendation of the audit committee, we were reappointed by the Board of Directors on 7 January 2020 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ending 31 December 2005 to 31 December 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dominic Stammers

For and on behalf of BDO LLP
London, United Kingdom
27 February 2020

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

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	2019		2018		
	Note	Actual €'000	Adjusted €'000*	Actual €'000 Restated**	Adjusted €'000* Restated**
Continuing operations					
Revenue	9	1,508,448	1,508,448	1,225,307	1,225,307
Distribution costs before depreciation and amortisation		(1,008,020)	(1,001,118)	(779,436)	(774,422)
Administrative expenses before depreciation and amortisation		(150,280)	(114,010)	(155,927)	(105,736)
Impairment of financial assets		(14,890)	(10,254)	—	—
EBITDA		335,258	383,066	289,944	345,149
Depreciation and amortisation		(215,740)	(157,609)	(150,735)	(103,547)
Impairment of tangible and intangible assets		(91,899)	—	—	—
Finance income	12a	83,338	3,218	46,610	36,374
Finance cost	12b	(64,178)	(52,794)	(59,435)	(40,256)
Share of profit from joint ventures	18a	621	621	180	180
Share of profit/(loss) from associates	18b	1,020	1,020	(2,771)	(2,771)
Unrealised fair value changes on equity investments	19	(270)	—	(1,738)	—
Realised fair value changes on equity investments disposed	19	—	—	65,691	65,691
Profit before taxation		48,150	177,522	187,746	300,820
Tax expenses	13	(34,304)	(43,942)	(53,652)	(35,087)
Profit from continuing operations		13,846	133,580	134,094	265,733
Discontinued operation					
Loss from discontinued operation, net of tax	8	(32,814)	(8,450)	(4,315)	(3,584)
(Loss)/profit for the year – total		(18,968)	125,130	129,779	262,149
Other comprehensive income:					
<i>Items that are or may be classified subsequently to profit or loss:</i>					
Exchange gains arising on translation of foreign operations		6,733	6,733	19,348	19,348
<i>Items that will not be classified to profit or loss:</i>					
(Loss)/gain on re-measurement of employee termination indemnities		(334)	(334)	56	56
Total comprehensive (loss)/income for the year		(12,569)	131,529	149,183	281,553
(Loss)/profit for the year attributable to:					
Owners of the Company		(19,571)	124,527	123,809	256,179
Non-controlling interest		603	603	5,970	5,970
		(18,968)	125,130	129,779	262,149
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(13,172)	130,926	144,412	276,782
Non-controlling interest		603	603	4,771	4,771
		(12,569)	131,529	149,183	281,553
Earnings per share attributable to the ordinary equity holders of the Parent					
Profit or loss					
Basic (cents)	14	(6.5)	41.3	39.3	81.3
Diluted (cents)	14	(6.4)	40.4	38.4	72.9
Profit or loss from continuing operations					
Basic (cents)	14	4.4	44.1	40.7	82.4
Diluted (cents)	14	4.3	43.2	39.7	73.9

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangibles, intangibles and right-of-use assets, professional costs on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration, employee stock option scheme charges, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period statement of comprehensive income, non-cash accrued bond interest, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. The Board of Directors believes that the adjusted profit, which includes realised fair value changes recognised in the statement of comprehensive income in the period on equity investments disposed of in the period, represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10.

** Comparative information has been represented due to a discontinued operation, see Note 8.

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Additional paid in capital €'000	Re-measurement of employee termination indemnities €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Put/Call options reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of parent €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2019	627,764	56	726,333	(17,863)	45,392	(30,820)	(8,153)	1,342,709	7,797	1,350,506
Adjustment on the initial application of IFRS 16	—	—	(7,426)	—	—	—	—	(7,426)	—	(7,426)
Adjusted balance at 1 January 2019	627,764	56	718,907	(17,863)	45,392	(30,820)	(8,153)	1,335,283	7,797	1,343,080
Total comprehensive income for the period										
(Loss)/profit for the year	—	—	(19,571)	—	—	—	—	(19,571)	603	(18,968)
Other comprehensive income/(loss) for the year	—	(334)	—	—	—	—	6,733	6,399	—	6,399
Total comprehensive income/(loss) for the year	—	(334)	(19,571)	—	—	—	6,733	(13,172)	603	(12,569)
Transactions with the owners of the Company										
Contributions and distributions										
Dividend paid	—	—	(55,545)	—	—	—	—	(55,545)	(4,412)	(59,957)
Exercise of options	—	—	(1,803)	1,688	—	—	—	(115)	43	(72)
Employee stock option scheme	—	—	18,102	—	—	—	—	18,102	—	18,102
Redemption of convertible bond	—	—	45,392	—	(45,392)	—	—	—	—	—
Share buyback	(26,810)	—	(38,322)	—	—	—	—	(65,132)	—	(65,132)
Total contributions and distributions	(26,810)	—	(32,176)	1,688	(45,392)	—	—	(102,690)	(4,369)	(107,059)
Change in ownership interests										
Acquisition of non-controlling interest	—	—	(7,358)	—	—	14,444	—	7,086	(8,332)	(1,246)
Total changes in ownership interests	—	—	(7,358)	—	—	14,444	—	7,086	(8,332)	(1,246)
Total transactions with owners of the Company	(26,810)	—	(39,534)	1,688	(45,392)	14,444	—	(95,604)	(12,701)	(108,305)
Balance at 31 December 2019	600,954	(278)	659,802	(16,175)	—	(16,376)	(1,420)	1,226,507	(4,301)	1,222,206
Adjusted balance at 1 January 2018	627,764	—	752,754	(21,644)	45,392	(31,293)	(28,700)	1,344,273	14,179	1,358,452
Total comprehensive income for the year										
Profit for the year	—	—	123,809	—	—	—	—	123,809	5,970	129,779
Other comprehensive income/(loss) for the year	—	56	—	—	—	—	20,547	20,603	(1,199)	19,404
Total comprehensive income for the year	—	56	123,809	—	—	—	20,547	144,412	4,771	149,183
Transactions with the owners of the Company										
Contributions and distributions										
Dividend paid	—	—	(113,288)	—	—	—	—	(113,288)	—	(113,288)
Exercise of options	—	—	(4,246)	3,781	—	—	—	(465)	—	(465)
Employee stock option scheme	—	—	13,533	—	—	—	—	13,533	191	13,724
Total contributions and distributions	—	—	(104,001)	3,781	—	—	—	(100,220)	191	(100,029)
Changes in ownership interests										
Acquisition of non-controlling interest	—	—	(46,229)	—	—	473	—	(45,756)	(41,176)	(86,932)
Non-controlling interest acquired on business combination	—	—	—	—	—	—	—	—	29,832	29,832
Total changes in ownership interests	—	—	(46,229)	—	—	473	—	(45,756)	(11,344)	(57,100)
Total transactions with owners of the Company	—	—	(150,230)	3,781	—	473	—	(145,976)	(11,153)	(157,129)
Balance at 31 December 2018	627,764	56	726,333	(17,863)	45,392	(30,820)	(8,153)	1,342,709	7,797	1,350,506

Consolidated balance sheet

As at 31 December 2019

	Note	2019 €'000	2018 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	375,905	410,088
Right of use assets	4	74,659	—
Intangible assets	17	1,499,869	1,644,133
Investments in associates and joint ventures	18	52,265	29,641
Investments held at fair value	19	1,130	1,400
Trade receivables	21	13,600	—
Other non-current assets	20	37,950	15,942
		2,055,378	2,101,204
CURRENT ASSETS			
Trade receivables	21	192,844	209,854
Other receivables	22	141,154	160,473
Cash and cash equivalents	23	671,540	622,197
		1,005,538	992,524
Assets classified as held for sale	24	36,798	—
TOTAL ASSETS		3,097,714	3,093,728
EQUITY			
Additional paid in capital	25	600,954	627,764
Re-measurement of employee termination indemnities		(278)	56
Employee benefit trust	25	(16,175)	(17,863)
Convertible bonds option reserve		—	45,392
Put/Call options reserve		(16,376)	(30,820)
Foreign exchange reserve		(1,420)	(8,153)
Retained earnings		659,802	726,333
Equity attributable to equity holders of the Parent		1,226,507	1,342,709
Non-controlling interest		(4,301)	7,797
TOTAL EQUITY		1,222,206	1,350,506
NON-CURRENT LIABILITIES			
Loans and borrowings	26	64,396	206
Bonds	27	871,190	523,706
Lease liability	4	65,274	—
Deferred revenues		2,332	3,742
Deferred tax liability	31	78,338	73,392
Contingent consideration and redemption liability	29	2,520	110,523
Other non current liabilities	32	14,244	14,081
		1,098,294	725,650
Liabilities directly associated with assets classified as held for sale	24	3,595	—
CURRENT LIABILITIES			
Loans and borrowings	26	206	489
Bonds	27	—	287,149
Trade payables	30	62,420	73,585
Lease liability	4	25,515	—
Progressive operators' jackpots and security deposits		98,152	88,601
Client deposits		113,879	116,656
Client funds		126,309	104,200
Corporate, gaming and other taxes payable	33	120,307	144,905
Deferred revenues		6,857	3,875
Contingent consideration and redemption liability	29	58,605	48,316
Provisions for risks and charges	28	19,508	12,095
Other payables	32	141,861	137,701
		773,619	1,017,572
TOTAL LIABILITIES		1,875,508	1,743,222
TOTAL EQUITY AND LIABILITIES		3,097,714	3,093,728

The financial information was approved by the Board and authorised for issue on 26 February 2020.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(18,968)	129,779
Adjustment to reconcile net income to net cash provided by operating activities (see below)		389,699	285,643
Net taxes paid		(49,793)	(28,290)
Net cash provided by operating activities		320,938	387,132
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans and deposits (paid)/repaid		(1,424)	9,055
Acquisition of property, plant and equipment		(61,384)	(54,980)
Return on investment in joint ventures and associates	18a, 18b	699	1,027
Acquisition of intangible assets		(24,320)	(5,161)
Acquisition of subsidiaries		(47,259)	(362,753)
Cash of subsidiaries on acquisition		1,039	161,129
Capitalised development costs		(65,529)	(58,297)
Acquisition of associates and joint ventures	18b, 18c	(6,453)	(1,830)
Proceeds from the sale of associates		—	3,969
Acquisition of equity investments	19	—	(37,890)
Proceeds from the sale of equity investments	19	—	447,194
Proceeds from sale of property, plant and equipment		973	788
Proceeds related to the asset held for sale		5,000	—
Return on equity investments	12a	—	33,927
Acquisition of non-controlling interest		(2,214)	(86,932)
Net cash (used in)/from investing activities		(200,872)	49,246
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the Parent		(55,545)	(113,288)
Dividends paid to non-controlling interests		(4,412)	—
Interest paid on bonds and bank borrowing		(29,509)	(22,137)
Exercise of options		—	(465)
Issue of bond loans, net of issue costs	27	345,672	523,417
Share buyback		(65,132)	—
Repayment of bond loans	27	(297,000)	(580,605)
Repayment of loans and borrowings		—	(200,481)
Proceeds from loans and borrowings		63,906	—
Payment of lease liability		(27,230)	—
Net cash used in financing activities		(69,250)	(393,559)
INCREASE IN CASH AND CASH EQUIVALENTS		50,816	42,819
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		622,197	583,957
Exchange gains/(losses) on cash and cash equivalent		1,173	(4,579)
CASH AND CASH EQUIVALENTS AT END OF YEAR		674,186	622,197
Cash and cash equivalent consists of:			
Cash and cash equivalent – continuing operations	23	671,540	622,197
Cash and cash equivalent treated as held for sale	24	2,646	—
		674,186	622,197

Consolidated statement of cash flows continued

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation on property, plant and equipment		51,585	42,688
Amortisation of intangible assets		148,506	110,178
Amortisation of right-of-use assets		22,096	—
Share of profit from joint ventures	18a	(621)	(180)
Share of (profit)/loss from equity accounted associates	18b	(1,020)	2,771
Non-cash transaction (see below)		—	(74,938)
Impairment of other non-current assets		4,432	6,367
Impairment of investment in associates	18b	443	4,623
Impairment of right-of-use assets	4	827	—
Impairment of property, plant and equipment	16	895	—
Impairment of intangible assets	17	113,863	—
Changes in fair value of equity investments		270	1,738
Interest on bond loans and other interest expense		35,863	28,152
Interest on convertible bonds		9,851	10,685
Interest on lease liability		6,280	—
Income tax expense		35,339	53,643
Employee stock option plan expenses		18,102	13,724
Movement in contingent consideration and redemption liability		(69,940)	(7,443)
Return on equity investments		—	(33,927)
Exchange (gains)/losses on cash and cash equivalent		(1,173)	4,579
Other		90	72
Changes in operating assets and liabilities:			
Change in trade receivables		2,442	(7,739)
Change in other receivables		(5,901)	14,447
Change in trade payables		(10,912)	18,217
Change in progressive, operators' jackpot, security deposits		9,551	4,186
Change in client funds and deposits		22,046	70,083
Change in other payables		(12,200)	26,347
Change in provisions for risks and charges		7,413	(1,183)
Change in deferred revenues		1,572	(1,447)
		389,699	285,643

Acquisition of subsidiaries

	Note	2019 €'000	2018 €'000
Acquisitions in the year			
A. Other acquisitions	34b	1,402	—
Acquisitions in previous years			
A. Acquisition of Seabrize Marketing Limited		—	20,000
B. Acquisition of Rarestone Gaming PTY Ltd		4,469	3,435
C. Acquisition of HPYBET Austria GmbH		—	15,358
D. Acquisition of Snaitech SpA		—	291,175
E. Acquisition of Piazza Hosting S.R.L.		—	6,500
F. Acquisition of ACM Group		3,420	1,673
G. Acquisition of Consolidated Financial Holdings A/A		21,979	—
H. Acquisition of Quickspin AB		14,345	—
I. Other acquisitions		1,644	24,612
		47,259	362,753

Cash of subsidiaries on acquisition

	Note	2019 €'000	2018 €'000
Acquisitions in the year			
A. Acquisition of Areascom SpA	34a	324	—
B. Other acquisitions		715	—
Acquisitions in previous years			
A. Acquisition of Seabreeze Marketing Limited		—	173
B. Acquisition of Rarestone Gaming PTY Ltd		—	62
C. Acquisition of HPYBET Austria GmbH		—	2,538
D. Acquisition of Snaitech SpA		—	154,947
E. Acquisition of Piazza Hosting S.R.L.		—	395
F. Other acquisitions		—	3,014
		1,039	161,129

Non-cash transaction

	Note	2019 €'000	2018 €'000
Profit on disposal of equity-accounted associates		—	(897)
Profit on disposal of equity investments	19	—	(65,691)
Gain on early repayment of bond	27	—	(8,350)
		—	(74,938)

Notes to the financial statements

Note 1 – General

Playtech plc (the 'Company') is a company domiciled in the Isle of Man. The Company was incorporated in the British Virgin Islands as an offshore company with limited liability.

Playtech and its subsidiaries ('the Group') develop unified software platforms and provide services for the online and land-based gambling industry, targeting online and land-based operators. Playtech's gaming applications – online casino, online sport betting, poker, bingo, live gaming, land-based kiosk networks, land-based sports betting terminals and fixed-odds betting terminals – are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single, powerful management interface. Since June 2018, through the acquisition of Snaitch, Playtech directly owns and operates a leading sports betting and gaming brand in online and retail in Italy, Snai, in addition to other online and retail B2C operations.

The Group's financial trading division, has four primary business models, being:

- B2C retail Contracts for difference ("CFD"), through www.markets.com where the Group acts as the execution venue and the market-maker on a variety of instruments which fall under the general categories of Foreign exchanges, Commodities, Equities and indices;
- B2B clearing and execution services for other retail brokers and professional clients, through CFH, where the Group acts as a matched-principal liquidity provider and straight through processes ("STPs") the trades to prime brokers and clearing houses such as BNP, Jefferies, UBS, Citi etc;
- B2B clearing and execution for other retail brokers, where the Group acts as the execution venue and market-maker; and
- B2B technology and risk management services, where the Group provides platform, CRM, reporting and risk-management technology to the retail broker market.

Where the Group acts as the execution venue, or provides execution services, these activities are undertaken in entities regulated by the UK's Financial Conduct Authority ("FCA"), the Australian Securities & Investments Commission ("ASIC"), the Cyprus Securities and Exchange Commission ("CySEC"), the British Virgin Islands' Financial Services Commission ("FSC"), and the South African Financial Sector Conduct Authority ("FSCA").

Note 2 – Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

Details of the Group's accounting policies are included in Note 5.

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in Note 4.

The Board of Directors has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Note 3 – Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the parent's functional and presentation currency. The functional currency for subsidiaries includes Euro and United States Dollar. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Note 4 – Changes in significant accounting policies

The Group has adopted IFRS 16 Leases and IFRIC 23 Uncertainty Over Income Tax Treatments with transition date 1 January 2019. Details of the impact these two standards have had are given below. Other new amended standards and interpretations issued by IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 16 Leases ("IFRS 16")

As from 1 January 2019 (hereinafter: "the date of initial application") the Group applies IFRS 16 which replaced IAS 17 Leases ("IAS 17" or "the previous standard").

The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognise a right-of-use asset and a lease liability in its financial statements for all the leases in which the Group has a right to control identified assets for a specified period of time. Nonetheless, IFRS 16 includes two exceptions to the general model whereby a lessee may elect to not apply the requirements for recognising a right-of-use asset and a liability with respect to short-term leases of up to one year and/or leases where the underlying asset has a low value. Accordingly, the Group recognises amortisation expenses in respect of a right-of-use asset, tests a right-of-use asset for impairment in accordance with IAS 36 Impairment of Assets and recognises financing expenses on a lease liability. Therefore, as from the date of initial application, lease payments relating to assets leased under an operating lease, which were presented as part of general and administrative expenses in the statement of comprehensive income, are capitalised to assets and written down as amortisation expenses. Until the date of application, the Group classified most of the leases in which it is the lessee as operating leases, since it did not substantially bear all the risks and rewards from the assets.

Note 4 – Changes in significant accounting policies continued

IFRS 16 Leases (“IFRS 16”) continued

The Group elected to apply the standard using the modified retrospective approach, and measure for most contracts the right-of-use asset as though the standard had applied from the commencement date of the leases using the incremental borrowing rate of the lessee at the date of initial application calculated according to the average duration of the whole lease period, and recognise a liability at the present value of the balance of future lease payments discounted at its incremental borrowing rate with an adjustment to the balance of retained earnings as at 1 January 2019 and without a restatement of comparative data. For the remaining contracts, the Group elected to measure the right-of-use of asset in an amount equal to the lease liability. The Group measures the lease liability at the date of initial application as the present value of the remaining lease payments. The discount rate is the Group’s incremental borrowing rate at that date for the remaining contracts as well.

Furthermore, as part of the initial application of the standard, the Group has chosen to apply the following expedients:

1. Not separating non-lease components from lease components and instead accounting for all the components as a single lease component.
2. Relying on a previous definition and/or assessment of whether an arrangement is a lease in accordance with current guidance with respect to agreements that exist at the date of initial application.
3. Relying on a previous assessment of whether a contract is onerous in accordance with IAS 37, at the transition date, as an alternative to assessing impairment of right-of-use asset.
4. Excluding initial direct costs from measurement of the right-of-use asset at the date of initial application.
5. Using hindsight when determining the lease term if the contract includes an extension or termination option.

The table below presents the cumulative effects of the items affected by the initial application on the statement of financial position as at 1 January 2019:

	€'000
Assets	
Right of use asset	83,443
Total assets	83,443
Liabilities	
Non-current lease liability	63,641
Current lease liability	27,228
Total liabilities	90,869
Total adjustment on equity:	
Retained earnings	7,426

In measurement of the lease liability, the Group discounted lease payments using the nominal incremental borrowing rate at 1 January 2019. The discount rates used to measure the lease liability range between 0.2% and 8.28% (weighted average of 4.15%). This range is affected by differences in the lease term, differences between asset groups, and so forth.

As a result of initially applying IFRS 16, the additional right-of-use asset and lease liability recognised as at 31 December 2019 are €74.7 million and €90.8 million respectively for continuing operations and €0.6 million and €0.6 million for discontinued operations.

Also, under IFRS 16 the Group has recognised amortisation and interest costs, instead of operating lease expense. During the year ended 31 December 2019, the Group recognised €19.2 million of additional amortisation charges and €6.2 million of additional interest costs from leases for continuing operations and €0.3 million of additional amortisation charges and €0.1 million of additional interest costs from leases for discontinued operation.

The table below shows the impact on the EBITDA as a result of the implementation of IFRS 16.

	2019 €'000	2018 €'000
Continuing operations		
EBITDA reported	335,258	289,944
Impact of IFRS 16	(23,161)	—
	312,097	289,944

Notes to the financial statements continued

Note 4 – Changes in significant accounting policies continued

IFRS 16 Leases (“IFRS 16”) continued

Set out below are the carrying amount of the Group's right-of-use assets and lease liability and the movement during the year:

	Right of use assets			Lease liability
	Office rent €'000	Hosting costs €'000	Total €'000	Total €'000
Continuing operations				
As at 1 January 2019	77,496	5,076	82,572	90,040
On business combination (Note 34a)	3,765	—	3,765	4,170
New contracts/extension	11,465	5,239	16,704	16,704
Reclassification of lease incentive	(4,161)	—	(4,161)	—
Retirement of contract	(1,532)	(30)	(1,562)	(1,956)
Amortisation charge	(17,097)	(4,735)	(21,832)	—
Impairment	(827)	—	(827)	—
Interest expense	—	—	—	6,202
Foreign exchange loss on lease liability	—	—	—	2,628
Payments	—	—	—	(26,999)
As at 31 December 2019	69,109	5,550	74,659	90,789

The table below explains the difference between the operating lease commitments that were disclosed under IAS 17 in the financial statements for the year ended 31 December 2018 discounted at the incremental borrowing rate at initial application, and the lease liability recognised in the statement of financial position on the date of initial application.

	€'000
Future Value of minimum lease payments as at 31 December 2018	160,277
Weighted average incremental borrowing rate as at 1 January 2019	4.15%
Discounted operating lease commitments as at 1 January 2019	132,253
Less:	
Commitments relating to variable amounts of leases that are not under IFRS 16	(24,002)
Extension and termination options not reasonably certain to be exercised and be capitalised that were included as minimum lease payments as at 31 December 2018	(22,460)
Add:	
Commitments relating to leases not previously classified as finance leases	5,078
Opening Lease liability as at 1 January 2019	90,867

Presented hereunder are the main changes in accounting policies following the application of IFRS 16 as from 1 January 2019:

(1) Determining whether an arrangement contains a lease

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

- The right to obtain substantially all the economic benefits from use of the identified asset.
- The right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the Group elected to account for the contract as a single lease component without separating the components.

(2) Leased assets and lease liabilities

Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognises a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognises a right-of-use asset at the same amount of the lease liability, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

The Group has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognised in profit or loss on a straight-line basis, over the lease term, without recognising an asset and/or liability in the balance sheet.

Note 4 – Changes in significant accounting policies continued

IFRS 16 Leases (“IFRS 16”) continued

(3) The lease terms

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

(4) Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

(5) Amortisation of right-of-use asset

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated amortisation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Amortisation is calculated on a straight-line basis over the useful life or contractual lease period.

(6) Reassessment of lease liability

Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Group and had an effect on the decision whether it is reasonably certain that the Group will exercise an option, which was not included before in the lease term, or will not exercise an option, which was included before in the lease term, the Group re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognised against the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

(7) Lease modifications

When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract’s circumstances, the Group accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the Group allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the Group recognises a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognises in profit or loss a profit/loss that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability.

For other lease modifications, the Group re-measures the lease liability against the right-of-use asset.

(8) Subleases

In leases in which the Group subleases the underlying asset, the Group examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The Group examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

(9) Sale and leaseback

The Group applies the requirements of IFRS 15 to determine whether an asset transfer is accounted for as a sale. If an asset transfer satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount that relates to the right-of-use retained by the Group. Accordingly, the Group only recognises the amount of gain or loss that relates to the rights transferred. If the asset transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, the Group continues to recognise the transferred asset and recognises a financial liability in accordance with IFRS 9, at an amount equal to the transferred proceeds.

IFRIC 23 uncertainty over income tax treatments (“IFRIC 23”)

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution.
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment.
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The adoption of IFRIC 23 resulted in a €4.0 million increase in corporate tax liabilities, relating to the Group’s transfer pricing structure. No adjustment at transition date is charged in the current year. As such there was no material impact from the adoption on the transition date.

Notes to the financial statements continued

Note 5 – Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements, except if mentioned otherwise.

A. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the indefinable net assets acquired. Any goodwill arising is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Interest in equity accounted investees

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or structured agreement, as appropriate.

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

A structured arrangement is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights related to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Equity accounted associates

Associates are initially recognised at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits or losses are recorded in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Structured arrangements

Structured agreements are initially recognised at cost and subsequently is considered for impairment. Where there is objective evidence that the investment in a structured agreement has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures – where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations – where the Group has rights to both the assets and obligations for the liabilities of the joint arrangement.

Note 5 – Significant accounting policies continued

A. Basis of consolidation continued

iv. Interest in equity accounted investees continued

Joint arrangements continued

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement.
- The legal form of joint arrangements structured through a separate vehicle.
- The contractual terms of the joint arrangement agreement.
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investment in equity accounted associates (i.e. using the equity method – refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. Revenue and expenses of foreign operations are translated into Euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

C. Revenue recognition

The majority of the Group's revenue is derived from selling services with revenue recognised at a point in time when services have been delivered to the customer. Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Group's activities. Revenue is recognised when economic benefits are expected to flow the Group, where economic benefits are not expected to flow, revenue is not recognised. Specific criteria and performance obligations are described below for each of the Group's material revenue streams.

Type of Service	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B royalty income	<p>Royalty income relates to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces).</p> <p>Royalty income is based on the underlying gaming revenue earned by our licensees based on the contractual terms in place. Revenue is recognised when performance obligation is met which is when the gaming transaction occurs.</p>
B2B fixed-fee income	<p>Fixed-fee income includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed-fee and stepped according to the monthly usage of the service/technology. The usage measurement is reset on a monthly basis.</p> <p>The performance obligation is met and revenue is recognised once the obligations under the contracts have been met. Where amounts are billed and obligations are not met, revenue is deferred.</p> <p>Amounts are billed on a monthly basis. Additional fees charged according to the usage of the service/technology are billed and recognised in the month that the services are provided.</p>
B2B cost-based revenue	<p>Cost-based revenue is the total revenue charged to the licensee based on the actual costs incurred from production and an additional percentage charged on top as a margin.</p> <p>Cost-based revenues are recognised on delivery of the service.</p>
B2B revenue received from the sale of hardware	<p>Revenue received from the sale of hardware is the total revenue charged to customers upon the sale of each hardware product. The performance obligation is met and revenue is recognised on delivery of the hardware by the customer.</p>
B2C revenue	<p>In respect of B2C revenues, the Group acts as principal with the end customer, with specific revenue policies as follows:</p> <ul style="list-style-type: none"> • The revenues from land-based gaming machines are recognised net of the winnings, jackpots and certain flat-rate gaming tax. • The revenue from Online gaming (games of skill/casino/bingo) are recognised net of the winnings, jackpots, bonuses and certain flat-rate gaming tax. • The revenues related to the acceptance of fixed odds bets are considered financial instruments under IFRS 9 and are recognised net of certain flat-rate gaming tax, winnings, bonuses and the fair value of open bets. • Revenues related to fixed odds bets are recognised at the conclusion of the event. • Poker revenues in the form of commission (i.e rake) is recognised at the conclusion of each poker hand. The performance obligation is the provision of the poker games to the players. • All the revenues from gaming machines are recorded net of players' winnings and certain gaming taxes but inclusive of compensation payable to managers, operators and platforms, as well as the concession fees payable to the ADM. • Where the gaming tax incurred is directly measured by reference to the individual customer transaction and related to the stake (described as "Flat-rate tax" above), this is deducted from revenue. • Where the tax incurred is measured by reference to the Group's net result from betting and gaming activity this is not deducted from revenue and is recognised as an expense.
Financial trading income	<p>Financial trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange.</p> <p>Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.</p> <p>The performance obligation is met in the accounting periods in which the trading transaction occurs and is concluded.</p>

Based on the services provided by the Group, excluding certain rebates provided to customers in the Financials division, no return, refund and other similar obligations exist. Moreover, no warranties and related obligations exist.

Note 5 – Significant accounting policies continued

D. Share-based payments

Certain employees participate in the Group's share option plans. The fair value of the equity settled options granted is charged to the consolidated statement of comprehensive income on a straight-line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes and Binomial valuation model. Where equity settled share options are settled in cash at the Group's discretion the debit is taken to equity.

The Group has also granted awards to be distributed from the Group's Employee Benefit Trust. The fair value of these awards is based on the market price at the date of the grant, some of the grants have performance conditions. The performance conditions are for the Executive Management and include targets based on growth in earnings per share and total shareholder return over a specific period compared to other competitors. The fair value of the awards with performance condition was determined by the Monte Carlo Method.

E. Income tax

Income tax expense comprises current and deferred tax.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

F. Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Carrying amounts are reviewed on each reporting date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Computers and gaming machines	20–33
Office furniture and equipment	7–33
Freehold and leasehold buildings and improvements	3–20, or over the length of the lease
Motor vehicles	15

Land is not depreciated.

Subsequent expenditure is included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing sale proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

G. Intangible assets and goodwill

Externally acquired intangible assets

Externally acquired intangible assets are recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual legal rights. The amounts described to such intangible are arrived at by using appropriate valuation techniques.

Internally generated intangible assets (development costs)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation is calculated at annual rates estimated to write off the costs of the assets over their expected useful lives and is charged to operating expenses from the point the asset is brought into use. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Domain names	Nil
Internally generated capitalised development costs	20–33
Technology IP	13–33
Customer lists	In line with projected cash flows or 7–20
Affiliate contracts	5–12.5
Patents and licences	10–33 or over the period of the licence

Management believes that the useful life of the domain names and certain trading licences is indefinite. These assets are reviewed for impairment annually.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible asset's current level of performance, is expensed as incurred.

Note 5 – Significant accounting policies continued

G. Intangible assets and goodwill continued

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, and liabilities assumed and equity instruments issued plus the amount of non-controlling interest in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in the cost as its acquisition date fair value and, in case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

H. Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

I. Financial instruments

i. Recognition

Trade receivable and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

ii. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in business model.

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

I. Financial Instruments continued

Financial assets continued

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in the statement of comprehensive income.

Financial assets measured at amortised cost arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Group such as the proceeds from disposal of investment. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

v. Impairment

The Group assessed all types of financial assets that are subject to the expected credit loss model:

- Trade receivables.
- Debt investments carried at amortised cost.
- Cash and cash equivalents.

Whilst all categories are subject to the impairment requirements of IFRS 9, the Group assessed that the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on their days past due.

Based on their past days due and the historical credit losses with the period before 31 December 2019 or 1 January 2019 respectively, the Group assessed that the expected loss rate of the trade receivables is immaterial. The historical credit losses assessed were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

The Group has therefore concluded that the expected loss rates for trade receivables being estimated based on the contract assets, have probability of loss close to zero and therefore the impact of the impairment is immaterial for the Group.

Financial liabilities

iv. Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

vi. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Note 5 – Significant accounting policies continued

I. Financial Instruments continued

Financial liabilities continued

vii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

J. Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

K. Share buyback

The Group cannot hold treasury shares under the Company's memorandum and article of association and therefore the shares are cancelled after the buyback.

L. Employee Benefit Trust

Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

M. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in statement of comprehensive income.

N. Dividends

Dividends are recognised when they become legally payable. In case of interim dividends to equity shareholders, this is when declared by the Directors. In case of final dividends, this is when approved by the shareholders at the AGM.

O. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

P. Provisions

Provisions, which are liabilities of uncertain timing or amount, are recognised when the Group has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Notes to the financial statements continued

Note 5 – Significant accounting policies continued

Q. Adjusted results

The Board of Directors believes that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including the below.

Management regularly uses the adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. Furthermore, compensation of the executives is based in part on the performance of the business based on these adjusted measures.

Accordingly, these are the key performance metrics used by the Board of Directors when assessing the Group's financial performance. Such exclusions include:

- Material non-cash items, e.g. amortisation of intangibles on acquisition, impairment of tangible and intangible assets, impairment of right-of-use assets, change in fair value of equity investments in the statement of comprehensive income and employee share option plan expenses. Management regularly monitors the operating cash conversion to adjusted EBITDA. These items are excluded to better analyse the underlying cash transactions of the business.
- Material one-off items, e.g. in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year, professional services cost related to acquisitions, changes on the deferred and contingent consideration and other exceptional projects. In the last few years the Group has acquired new businesses on a regular basis, however, the costs incurred due to these acquisitions are not considered to be an ongoing trading cost and usually cannot be changed or influenced by management.

Underlying adjusted results exclude the following items in order to present a more accurate 'like-for-like' comparison over the comparable period:

- The impact of acquisitions made in the period or in the comparable period and the directly related finance costs relating to the acquisitions.
- Currency fluctuations affecting the results in the period and the comparable period.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A full reconciliation of adjustments is included in Note 10.

Note 6 – Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas requiring the use of estimates and critical judgements that may potentially have a significant impact on the Group's earnings and financial position are detailed below.

Judgements

Structured agreements

IFRS 10 defines 'Structured entities' as the investee where voting rights are not the dominant factor in assessing control. The definition involves judgement and the identification of investor-investee relationship is required. The following should be considered:

The purpose and design of such entities is key to determining which party controls the entity:

- The rights which investee holds
- The rights held by other parties in the investee
- Exposure to the majority of the risks and rewards from the entity
- The decision making rights and the power over those activities that significantly affect the structured entity's return

The definition of 'control' in the absent of shareholding rights is judgemental and therefore difficult to determine. Exposure to the risk and rewards, as well as decision making rights can be identified by the agreement between the two parties, however, what is considered exposure to the 'majority' of the risks and rewards and 'power' over the investees' activities are also judgemental areas. The Group has made judgements in respect of classifying arrangements as structured agreements (see Note 18).

Provision for loss from onerous contracts

Management considers the requirement for a creation of a provision from a loss-making contract by forecasting the cash flow outcomes in the remain period of the contract. The assessment of the cash flow outcomes includes the probability of future changes in commercial terms and the steps taking to mitigate the issues encountered with the contract.

Revenue from contracts with customers

As part of gambling activities may be physically located in casinos or in public venues (e.g. betting shops, betting terminals and bingo halls) and others may be played online. Depending on the type of game, players might place a wager against the operator (the house) or against other players (e.g. Poker).

In some jurisdictions, the operation of gambling activities is subject to a number of regulations and certain regulations prescribe a percentage of all amounts wagered that must be awarded as prizes to winners. However, in other jurisdictions, the regulations do not prescribe a fixed percentage that must be awarded to winner(s) and in such situations, the percentage could be left to the operator's discretion or predefined as game rules, which are known to the players in advance.

Note 6 – Critical accounting estimates and judgements continued

Judgements continued

Revenue from contracts with customers continued

Therefore, the presentation of revenue depends on the nature of the gambling activity. The point of recognition is determined once the service has been provided or the bet concluded. Once the collection of payment from services provided is reasonably assured and the amount and costs of revenues can be reasonably measured, revenue is then recognised.

When the gambling contract or instrument meets the definition of a derivative, it is accounted for as a financial instrument in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. When the gambling contract or instrument does not meet the definition of a derivative, the operator assesses whether it acts as a principal or an agent. In online gaming Business to Customer (“B2C”) activity the operator acts as a principal, revenue is recognised as the gross amount collected from the players net of bonuses and progressive jackpot contributions, which is commonly known in the industry as Net Gaming Revenue (“NGR”) with gaming taxes and other revenue driven costs classified as an expense. In retail gaming B2C activity the operator is also considered as a principal. Snaitech, being an operator in Italy, has a franchisee business model, where Snaitech hold the concessions but predominately does not own the betting shops. Revenue is recognised as NGR less certain taxes, with the fee paid to the owners of the betting shops classified as an expense.

B2C revenue is recognised at a point of time which is determined when the relevant game or bet is settled and fully determined, based on the terms and conditions published by the operator.

The business model of the business to business (“B2B”) software and services division is predominately a revenue share model which is based on royalties from B2C gaming operators’ revenues. This activity is considered to be an agent and revenues are recognised as the net amount of royalties charged. The majority of the B2B revenue is recognised at a point of time which is determined when the gaming or betting activity used as the basis for the revenue share is settled and fully determined, based on the terms and conditions published by the operator. For the B2B and financial trading revenue streams revenue is only recognised when collection is virtually certain and the Group has determined it has a legally enforceable right to collection.

Internally generated intangible assets

Expenditure on internally developed products is capitalised based on the below:

- Adequate resources are available to complete and sell the product.
- The Group is able to sell the product.
- Sale of the product will generate future economic benefits.
- Expenditure on the project can be measured reliably.

Significant judgements relate to the assessment of whether projects will result in future economic benefits. Management consider this on a project by project basis after considering projections prepared, past industry experience and advice of development teams. At 31 December 2019, the carrying amount of capitalised development costs was €126.1 million (2018: €117.7 million).

Determining the lease term under IFRS 16

In order to determine the lease term, the Group takes into consideration the period over which the lease is non-cancellable, including renewal options that it is reasonably certain it will exercise and/or termination options that it is reasonably certain it will not exercise. The possible effects are an increase or decrease in the initial measurement of a right-of-use asset and lease liability and in depreciation and financing expenses in subsequent periods.

Determining whether an arrangement contains a lease

In order to determine whether an arrangement contains a lease, the Group assesses whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration, while examining whether throughout the lease term it has the right to obtain substantially all the economic benefits from use of the identified asset and the right to direct the identified asset’s use. The possible effects is the recognition of right-of-use asset and lease liability or recognition of current expenses.

Regulatory

The Group’s subsidiaries, Safecap Investments Limited, Magnasale Trading Limited, CFH Clearing Limited, TradeTech Alpha Limited, TradeTech Markets (Australia) Pty Limited, TradeTech Markets (BVI) Limited, and TradeTech Markets (South Africa) Pty Limited are regulated by the Financial Conduct Authority, Australian Securities & Investments Commission, Cyprus Securities and Exchange Commission, the Financial Services Commission, or the Financial Sector Conduct Authority. The regulatory environment is regularly changing and imposes significant demands of the resources of the subsidiaries. As the subsidiaries’ activities expand, offering new products and penetrating new markets, these regulatory demands will inevitably increase. The increasing complexity of the Group’s operations require training and recruitment be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

In addition to the above, the regulated subsidiaries manage their capital resources on the basis of capital adequacy requirements as prescribed by each of the regulators, together with their own assessments of other business risks and sensitivities which may impact the business. Capital adequacy requirements are monitored on a real-time basis, including a ‘buffer’ which is deemed sufficient by management to ensure that capital requirements are not breached at any time.

Notes to the financial statements continued

Note 6 – Critical accounting estimates and judgements continued

Classification as held for sale

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

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

The Board has committed a plan to sell the Casual and Social Gaming Business and has an active process of locating a buyer by actively marketing the sale during 2019, the expectation of the sale to be completed within one year is unknown and is based on management's expectations. In addition, there is no specific definition of what is considered to be 'reasonable' price and the determination of the asset's fair value is a matter of estimate.

Estimates and assumptions

Impairment of goodwill and other intangibles

The Group is required to test, on an annual basis, whether goodwill, intangible assets not yet in use and indefinite life assets have suffered any impairment. The Group is required to test other intangibles if events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 17.

Deferred tax assets

Deferred tax assets are recognised with respect to the tax losses carryovers and other significant temporary differences, to the extent that there is likely to be sufficient future taxable income against which such losses and temporary differences may be deducted in future periods. Directors are required to make significant discretionary evaluation to determine the amount of deferred tax assets that may be recognised. The Directors need to estimate the probable temporary effect and the amount of the future taxable income, as well as the planning strategy for future taxes. More details included in Note 31.

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 Company's belief that its tax return positions are supportable, the Company 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 Company 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. More details are included in Note 13.

Determination of fair value of intangible and tangible assets acquired on business combinations

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 34 and 35. The fair value of the tangible assets acquired on business combinations is determined through the methods of value in use and market value as determined by an external, independent property valuer.

Determination of the fair value of contingent consideration and redemption liability

The fair value of contingent consideration and redemption liability is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. This can be based on actual results or forecasts for future periods. Recognition of put/call options over non-controlling interest is based on consideration of the ownership risks and rewards of the shares relating to the option to determine whether the equity is attributable to the non-controlling interest or the parent. The fair value is based on the probability of expected cash flow outcomes based on management's best estimates. This includes the interpretation of the contractual terms of the contingent consideration arrangement with specific reference to items of income or expense that may or may not be adjusted against the measure used to derive the fair value of contingent consideration (for example adjusted EBITDA) and discount rates applied. Further information in relation to the determination of the fair value of contingent consideration is given in Note 29.

Note 6 – Critical accounting estimates and judgements continued

Estimates and assumptions continued

Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where customers within the financial trading division have not passed the necessary ongoing regulatory requirements, consideration is given as to whether financial assets relating to that customer should be impaired. The Group's exposure to various risks associated with the financial instruments is disclosed in Note 38. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in Note 38.

Determining the discount rate of a lease liability under IFRS 16

The Group discounts the lease payments using its incremental borrowing rate. The possible effects of a change in the incremental borrowing rate are an increase or decrease in the lease liability, right-of-use asset and depreciation and financing expenses recognised.

The Group discounts the lease payments using its incremental borrowing rate determined by the currency of each contract.

The possible effects of a +1% in the interest rates would be lower amortisation €1.5 million and higher interest expense by €0.6 million respectively. The possible effects of a -1% in the interest rates would be higher amortisation by €2.0 million and lower interest expense by €0.4 million respectively.

Provision for risks and charges and potential liabilities

The Group ascertains a liability in the presence of legal disputes or lawsuits underway when it believes it is probable that a financial outlay will take place and when the amount of the losses which derive there from can be reasonably estimated. The Group is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary depending on future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its legal advisers and experts on legal and tax-related matters.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Note 7 – Segment information

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

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

The operating segments identified are:

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

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 10).

Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the gaming segments, as allocation would be arbitrary.

Notes to the financial statements continued

Note 7 – Segment information continued

Year ended 31 December 2019	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming €'000	Financial €'000	Total continued operations €'000	B2C – discontinued operations €'000	Total €'000
Revenue	440,023	113,892	553,915	900,475	(13,857)	1,440,533	67,915	1,508,448	17,005	1,525,453
Adjusted EBITDA			214,819	160,435		375,254	7,812	383,066	(4,573)	378,493
Adjusted profit attributable to the owners of the Parent			89,982	47,818		137,800	(4,823)	132,977	(8,450)	124,527
Total assets			1,104,630	1,275,339		2,379,969	713,368	3,093,337	4,377	3,097,714
Total liabilities			761,261	857,829		1,619,090	252,823	1,871,913	3,595	1,875,508

Year ended 31 December 2018	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming €'000	Financial €'000	Total continued operations €'000	B2C – discontinued operations €'000	Total €'000
Revenue	383,432	182,590	566,022	578,078	(11,729)	1,132,371	92,936	1,225,307	15,136	1,240,443
Adjusted EBITDA			252,645	63,045		315,690	29,459	345,149	(2,100)	343,049
Adjusted profit attributable to the owners of the Parent			136,490	5,864		142,354	117,409	259,763	(3,584)	256,179
Total assets			1,106,104	1,169,133		2,275,237	790,598	3,065,835	27,893	3,093,728
Total liabilities			1,096,605	293,547		1,390,152	323,411	1,713,563	29,659	1,743,222

Geographical analysis of non-current assets

The Group's information about its non-current assets by location of the domicile are detailed below:

	2019 €'000	2018 €'000
Italy	855,436	870,695
Isle of Man	448,881	539,944
Austria	179,709	176,621
UK	111,240	109,179
Cyprus	75,050	83,067
Sweden	71,641	70,157
British Virgin Islands	62,410	65,558
Denmark	42,137	42,738
Alderney	49,587	33,343
Gibraltar	39,248	33,413
Malta	25,969	21,043
Latvia	15,173	15,491
Ukraine	7,427	3,991
Estonia	8,657	7,313
Republic of Colombia	22,405	—
Australia	19,007	27,136
Rest of World	21,401	1,515
	2,055,378	2,101,204

Note 8 – Discontinued operation

As identified in Note 24, the Group has treated its Casual and Social Gaming Business as discontinued in these results.

The results of the Casual and Social Gaming Business for the year are presented below:

	2019		2018	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Revenue	17,005	17,005	15,136	15,136
Distribution costs before depreciation and amortisation	(21,290)	(21,290)	(17,058)	(17,058)
Administrative expenses before depreciation and amortisation	(290)	(288)	(178)	(178)
EBITDA	(4,575)	(4,573)	(2,100)	(2,100)
Depreciation and amortisation	(3,252)	(2,567)	(2,110)	(1,362)
Impairment of intangible assets	(23,686)	—	—	—
Finance cost	(266)	(266)	(115)	(115)
Loss before taxation	(31,779)	(7,406)	(4,325)	(3,577)
Tax expenses	(1,035)	(1,044)	10	(7)
Loss from discontinued operations, net of tax	(32,814)	(8,450)	(4,315)	(3,584)

Prior to their transfer to a held for sale disposal group, all assets were assessed for impairment. As part of this exercise, an impairment loss of €23.7 million was recognised on intangible assets and the disposal group was carried at the lower of its carrying amount prior to transfer and its fair value less costs to sell. The impairment charge was included in discontinued operations in the consolidated statement of comprehensive income.

Earnings per share from discontinued operations

Basic (cents)	(10.9)	(2.8)	(1.4)	(1.1)
Diluted (cents)	(10.7)	(2.8)	(1.3)	(1.0)

The net cash flows incurred by the Casual and Social Gaming Business, are as follows:

	2019 €'000	2018 €'000
Operating	3,809	2,248
Investing	(3,931)	(2,647)
Financing	(229)	—
Net cash (outflow)/inflow	(351)	(399)

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.
- Enable users to understand the relationship with revenue segment information provided in the segmental information note.

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

Geographical analysis of revenues by jurisdiction of licensee

Out of the total revenue, the revenues from B2B consist of royalty income, fixed-fee income, revenue received from the sale of hardware and cost based revenue as described in Note 5 (Significant Accounting policies) policies, paragraph C. Revenue recognition. The B2C revenues are described under B2C Revenue policy and financial revenues under financial trading income.

Notes to the financial statements continued

Note 9 – Revenue from contracts with customers continued

Geographical analysis of revenues by jurisdiction of licensee continued

For the year ended 31 December 2019

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Italy	22,031	834,867	(7,802)	849,096	1,745	850,841	—	850,841
United Kingdom	204,252	45,678	(2,953)	246,977	33,229	280,206	—	280,206
Philippines	97,704	—	—	97,704	40	97,744	—	97,744
Malta	40,229	—	—	40,229	162	40,391	—	40,391
Mexico	29,748	—	—	29,748	243	29,991	—	29,991
Spain	23,305	217	(23)	23,499	561	24,060	—	24,060
Greece	23,595	—	—	23,595	(209)	23,386	—	23,386
Gibraltar	16,878	—	—	16,878	22	16,900	—	16,900
Germany	2,120	14,572	(1,925)	14,767	1,371	16,138	—	16,138
Ireland	12,521	—	—	12,521	203	12,724	—	12,724
Finland	9,265	—	—	9,265	55	9,320	—	9,320
Austria	4,648	5,121	(1,149)	8,620	158	8,778	—	8,778
United Arab Emirates	—	—	—	—	7,185	7,185	—	7,185
Cyprus	1,147	—	—	1,147	5,894	7,041	—	7,041
Curacao	6,986	—	—	6,986	13	6,999	—	6,999
Rest of World	59,486	20	(5)	59,501	17,243	76,744	17,005	93,749
	553,915	900,475	(13,857)	1,440,533	67,915	1,508,448	17,005	1,525,453

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Casino	250,967	—	(6,385)	244,582	—	244,582	—	244,582
Services	91,589	—	(2,734)	88,855	—	88,855	—	88,855
Sport	152,652	—	(3,224)	149,428	—	149,428	—	149,428
Bingo	23,352	—	(862)	22,490	—	22,490	—	22,490
Poker	8,434	—	(491)	7,943	—	7,943	—	7,943
Other	26,921	—	(161)	26,760	—	26,760	—	26,760
Total B2B	553,915	—	(13,857)	540,058	—	540,058	—	540,058
Snaitech	—	829,723	—	829,723	—	829,723	—	829,723
Sun Bingo	—	40,633	—	40,633	—	40,633	—	40,633
B2C Sport and Other B2C	—	30,119	—	30,119	—	30,119	17,005	47,124
Total B2C	—	900,475	—	900,475	—	900,475	17,005	917,480
Financial	—	—	—	—	67,915	67,915	—	67,915
	553,915	900,475	(13,857)	1,440,533	67,915	1,508,448	17,005	1,525,453

Timing of transfer of performance obligations	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operation €'000	Total €'000
At satisfaction of the performance obligation	494,929	900,475	(13,857)	1,381,547	67,915	1,449,462	17,005	1,466,467
Hardware sale (at point of transaction)	56,153	—	—	56,153	—	56,153	—	56,153
Over time	2,833	—	—	2,833	—	2,833	—	2,833
	553,915	900,475	(13,857)	1,440,533	67,915	1,508,448	17,005	1,525,453

Note 9 – Revenue from contracts with customers continued

Geographical analysis of revenues by jurisdiction of licensee continued

For the year ended 31 December 2018

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Italy	23,366	519,117	(6,447)	536,036	3,686	539,722	—	539,722
UK	175,589	44,208	(3,581)	216,216	40,870	257,086	—	257,086
Philippines	170,062	—	—	170,062	1	170,063	—	170,063
Malta	30,812	—	—	30,812	220	31,032	—	31,032
Gibraltar	24,252	—	—	24,252	186	24,438	—	24,438
Mexico	23,204	—	—	23,204	663	23,867	—	23,867
Spain	21,652	555	(56)	22,151	1,398	23,549	—	23,549
Greece	13,427	—	—	13,427	1,076	14,503	—	14,503
Germany	1,329	11,769	(1,237)	11,861	2,621	14,482	—	14,482
Finland	12,827	—	—	12,827	141	12,968	—	12,968
Belgium	7,853	—	—	7,853	3	7,856	—	7,856
Austria	4,856	2,259	(408)	6,707	361	7,068	—	7,068
Seychelles	—	—	—	—	6,974	6,974	—	6,974
Ireland	6,312	—	—	6,312	446	6,758	—	6,758
Norway	5,849	—	—	5,849	752	6,601	—	6,601
Rest of World	44,632	170	—	44,802	33,538	78,340	15,136	93,476
	566,022	578,078	(11,729)	1,132,371	92,936	1,225,307	15,136	1,240,443

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Casino	320,080	—	(4,875)	315,205	—	315,205	—	315,205
Services	84,587	—	(3,116)	81,471	—	81,471	—	81,471
Sport	98,051	—	(2,410)	95,641	—	95,641	—	95,641
Bingo	26,359	—	(884)	25,475	—	25,475	—	25,475
Poker	9,555	—	(346)	9,209	—	9,209	—	9,209
Other	27,390	—	(98)	27,292	—	27,292	—	27,292
Total B2B	566,022	—	(11,729)	554,293	—	554,293	—	554,293
Snaitech	—	511,907	—	511,907	—	511,907	—	511,907
Sun Bingo	—	33,713	—	33,713	—	33,713	—	33,713
Casual, B2C Sport and Other B2C	—	32,458	—	32,458	—	32,458	15,136	47,594
Total B2C	—	578,078	—	578,078	—	578,078	15,136	593,214
Financial	—	—	—	—	92,936	92,936	—	92,936
	566,022	578,078	(11,729)	1,132,371	92,936	1,225,307	15,136	1,240,443

Timing of transfer of services	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operation €'000	Total €'000
At satisfaction of the performance obligation	561,322	578,078	(11,729)	1,127,671	92,936	1,220,607	15,136	1,235,743
Hardware sale (at point of transaction)	3,108	—	—	3,108	—	3,108	—	3,108
Over time	1,592	—	—	1,592	—	1,592	—	1,592
	566,022	578,078	(11,729)	1,132,371	92,936	1,225,307	15,136	1,240,443

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Notes to the financial statements continued

Note 9 – Revenue from contracts with customers continued

Geographical analysis of revenues by jurisdiction of licensee continued

The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months.

In 2019, there were no licensees (2018: One licensee) who individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group. Aggregate revenue from these licensees totalled €137.7 million in 2018.

The Group's deferred income includes the set-up fees paid by the licensee in the beginning of the contract. The fees cover the whole period of the contract (on average a period 36 months). The revenue is recognised on a monthly basis until the completion of the services provided. There are included in deferred income and total €9.2 million (2018: €7.6 million).

During the year, the Group earned non-recurring market-making revenue and EBITDA of \$5.5 million through its trading contract with AMC (Mauritius) plc which is ultimately owned by the shareholders of ACM Group Limited, for which the Group acquired technology, intellectual property and certain customer assets on 10 October 2017.

Note 10 – Adjusted items

Management has presented the performance measures Adjusted EBITDA and Adjusted profit because it monitors performance at a consolidation level and believes that these measures are relevant to an understanding of the Group's financial performance. The definitions of adjusted items and underlying adjusted results are disclosed in Note 5.

As these are not a defined performance measure in 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 give a full reconciliation between adjusted and actual results:

	2019 €'000	2018 €'000
Revenue	1,508,448	1,225,307
Constant currency impact	(9,332)	—
Revenue on constant currency basis	1,499,116	1,225,307
Revenue related to acquisitions on a constant currency basis	(828,154)	(512,646)
Underlying revenue	670,962	712,661
Distribution costs before depreciation and amortisation	1,008,020	779,436
Employee stock option expenses	(6,902)	(5,014)
Adjusted distribution costs before depreciation and amortisation	1,001,118	774,422
Administrative expenses before depreciation and amortisation	150,280	155,927
Employee stock option expenses	(11,200)	(8,710)
Professional fees on acquisitions	(1,926)	(27,102)
Additional consideration payable in respect of redemption liabilities	(10,180)	2,391
Cost of fundamental business reorganisation	(14)	(2,396)
Impairment of investment in equity-accounted associates	(443)	(8,001)
Gain from the disposal of equity-accounted associates	—	897
Amendment to contingent consideration	(6,286)	(1,705)
Reversal/(provision) for other receivables	204	(5,565)
Effect from the amendments on the terms of Sun contract back dated	(6,425)	—
Total adjusted items	(36,270)	(50,191)
Adjusted administrative expenses before depreciation and amortisation	114,010	105,736
Depreciation of property, plant and equipment – distribution costs	45,953	36,734
Depreciation of property, plant and equipment – administrative costs	5,566	5,898
Amortisation of intangible assets – distribution costs	145,002	108,103
Amortisation of the right-of-use assets – distribution costs	13,933	—
Amortisation of the right-of-use assets – administrative costs	5,286	—
Total depreciation and amortisation	215,740	150,735
Amortisation of intangibles on acquisitions – distribution costs	(58,131)	(47,188)
Adjusted depreciation and amortisation	157,609	103,547

Note 10 – Adjusted items continued

	2019 €'000	2018 €'000
EBITDA	335,258	289,944
Employee stock option expenses	18,102	13,724
Professional fees on acquisitions	1,926	27,102
Additional consideration payable in respect of redemption liabilities	10,180	(2,391)
Cost of fundamental business reorganisation	14	2,396
Impairment of investment in equity-accounted associates and other non-current assets	5,079	8,001
Gain from the disposal of equity-accounted associates	—	(897)
Amendment to contingent consideration	6,286	1,705
(Reversal)/provision for other receivables	(204)	5,565
Effect from the amendments on the terms of Sun contract back dated	6,425	—
Adjusted EBITDA	383,066	345,149
Constant currency impact	(1,504)	—
Adjusted EBITDA on constant currency basis	381,562	345,149
EBITDA related to acquisitions on constant currency basis	(154,699)	(87,958)
Underlying adjusted EBITDA	226,863	257,191
Profit from continuing operations attributable to owners of the Parent	13,243	128,124
Amortisation of intangibles on acquisitions	58,131	47,188
Gain from the disposal of equity-accounted associates	—	(897)
Impairment of investment in associate and other non-current assets	5,079	8,001
Employee stock option expenses	18,102	13,724
Professional fees on acquisitions	1,926	27,102
Additional consideration payable in respect of redemption liabilities	10,180	(2,391)
Cost of fundamental business reorganisation	14	2,396
Notional interest on convertible bonds	9,851	10,685
Deferred tax on acquisition	(13,704)	(9,845)
Movement in contingent consideration and redemption liability	(80,120)	(1,887)
Finance costs on acquisitions	1,532	8,494
Fair value change of equity investments	270	1,738
Tax relating to prior years (refer to Note 13)	4,067	28,410
Gain on the early repayment of the bond	—	(8,350)
Amendment to contingent consideration	6,286	1,705
(Reversal)/provision for other receivables	(204)	5,565
Effect from the amendments on the terms of Sun contract back dated	6,425	—
Impairment of right-of-use assets	827	—
Impairment of property, plant and equipment	896	—
Impairment of intangible assets	90,176	—
Adjusted profit from continuing operations attributable to the owners of the Parent	132,977	259,762
Constant currency impact	292	4,505
Adjusted profit for the year from continuing operations – attributable to owners of the Parent on constant currency basis	133,269	264,267
Adjusted net profit related to acquisitions on constant currency basis	(44,497)	(35,568)
Underlying adjusted profit for the year – attributable to owners of the Parent	88,772	228,699
Loss from discontinued operations attributable to owners of the Parent	(32,814)	(4,315)
Amortisation of intangibles on acquisitions	685	748
Impairment of intangible assets	23,686	—
Deferred tax on acquisition	(7)	(17)
Adjusted profit from discontinued operations attributable to the owners of the Parent	(8,450)	(3,584)
Total adjusted profit attributable to the owners of the Parent	124,527	256,178

Notes to the financial statements continued

Note 11 – EBITDA

EBITDA is stated after charging:

	2019 €'000	2018 €'000
Directors' compensation		
Short-term benefits of Directors	3,136	2,899
Share-based benefits of Directors	40	1,320
Bonuses to Executive Directors	2,040	717
	5,216	4,936
Auditor's remuneration		
Group audit and Parent Company (BDO)	1,379	572
Audit of subsidiaries (BDO)	775	634
Audit of subsidiaries (non-BDO)	450	758
Total audit fees	2,604	1,964
Non-audit services provided by Parent Company auditor and its international member firms		
Corporate finance services related to acquisitions	—	2,264
Other non-audit services	314	407
Tax advisory services	267	192
Total non-audit fees	581	2,863
Development costs (net of capitalised development costs of €65.5 million (2018: €58.3 million))	92,821	87,290

Note 12 – Financing income and costs

A. Finance income

	2019 €'000	2018 €'000
Interest received	3,218	2,446
Dividends received from equity investments	—	33,927
Finance income – Movement in contingent consideration and redemption liability	80,120	1,887
Gain on early repayment of bond loans (Note 27)	—	8,350
	83,338	46,610

B. Finance cost

Exchange differences	(1,030)	(4,504)
Notional interest on convertible bonds	(9,851)	(10,685)
Nominal interest on convertible bonds	(1,359)	(1,485)
Interest on bond loan	(33,849)	(19,518)
Interest on lease liability	(6,202)	—
Bank facility fees	(3,306)	(13,642)
Bank charges and interest paid	(8,581)	(9,601)
	(64,178)	(59,435)
Net financing income/(cost)	19,160	(12,825)

Note 13 – Income tax expenses

	2019 €'000	2018 €'000
Current tax expense	27,314	29,938
Deferred tax (Note 31)	2,923	(4,696)
Tax for prior years	4,067	28,410
Total tax charge	34,304	53,652

The tax charge for the year can be reconciled to accounting profit as follows:

	2019 €'000	2018 €'000
Profit before tax	48,150	187,746
Tax at effective rate in Isle of Man	—	—
Income tax on profits of subsidiary operations	27,314	29,938
Deferred tax	2,923	(4,696)
Tax for prior years	4,067	28,410
Total tax charge	34,304	53,652

The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. The international tax laws and practices in respect of the digital economy continue to evolve in many jurisdictions where the Group has significant assets or people presence. The Group's international presence means that it is possible that the amount of tax that will eventually become payable may differ from the amount provided in the financial statements.

The Group's underlying adjusted current effective tax rate of 14% (2018: 10%) is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%.

During 2018, the Group recognised an overseas tax of €28.4 million which relates to the settlement of open enquiries with tax authorities.

The deferred tax is due to the reversal of temporary differences arising on the identification of the intangible assets acquired in the current and prior years. Refer to Note 31 for more detailed information in respect of deferred taxes.

Note 14 – Earnings per share

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax is as follows:

	2019		2018	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
(Loss)/profit attributable to owners of the Company	(19,571)	124,527	123,809	256,179
Interest expense on convertible bond	—	—	12,170	1,485
(Loss)/profit attributable to the owners of the Company – diluted	(19,571)	124,527	135,979	257,664
Basic (cents)	(6.5)	41.3	39.3	81.3
Diluted (cents)	(6.4)	40.4	38.4	72.9

	2019		2018	
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Profit attributable to the owners of the Company from continuing operations	13,243	132,976	128,124	259,763
Interest expense on convertible bond	—	—	12,170	1,485
Profit attributable to the owners of the Company from continuing operations – diluted	13,243	132,976	140,294	261,248
Basic (cents)	4.4	44.1	40.7	82.4
Diluted (cents)	4.3	43.2	39.7	73.9

Earnings per share for discontinued operations is disclosed in Note 8.

Notes to the financial statements continued

Note 14 – Earnings per share continued

	2019		2018	
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	301,790,246	301,790,246	315,066,252	315,066,252
Denominator – diluted				
Weighted average number of equity shares	301,790,246	301,790,246	315,066,252	315,066,252
Weighted average number of option shares	6,258,364	6,258,364	3,420,264	3,420,264
Weighted average number of convertible bonds	—	—	35,194,994	35,194,994
Weighted average number of shares	308,048,610	308,048,610	353,681,510	353,681,510

Note 15 – Employee benefits

Total staff costs comprise the following:

	2019 €'000	2018 €'000
Salaries and personnel-related costs	329,098	289,035
Employee stock option costs	18,102	13,724
	347,200	302,759
Average number of personnel:		
Distribution	5,382	4,741
General and administration	666	562
	6,048	5,303

The Group has the following employee share option plans (“ESOP”) for the granting of non-transferable options to certain employees:

- Playtech 2005 Share Option Plan (“the Plan”) and Israeli plans, options granted under the plans vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- GTS 2010 Company Share Option Plan (“CSOP”), options granted under the plan vest on the first day on which they become exercisable which is three years after grant date.
- Long Term Incentive Plan 2012 (“LTIP”), awards (options, conditional awards or a forfeitable share award) granted under the plan vest on the first day on which they become exercisable which is typically between 18 to 36 months after grant date.

The overall term of the ESOP is ten years. These options are settled in equity once exercised. Option prices are denominated in GBP.

During 2012, the Group amended some of the rules of the equity based plan. The amendments allow the Group, at the employees’ consent, to settle fully vested and exercisable options for cash instead of issuing shares.

During 2019 the Group granted:

- 620,429 nil cost awards subject to relative TSR vs constituents of the FTSE 250 excluding investment trusts index and relative TSR vs constituents of a Sector comparator group of 11 sector peer companies. The fair value per share according to the Monte Carlo simulation is between £1.93 and £2.13.

Inputs used:

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
3	£4.224	4.96%	0.85%	2.84	34%

- 3,998,179 nil cost awards out of which some are subject to relative TSR vs constituents of the FTSE 250 excluding investment trusts index, relative TSR vs constituents of a Sector comparator group of 11 sector peer companies, Individual conditions relating to business area performance and EBITDA performance condition. The fair value per share according to the Monte Carlo simulation is between £2.22 and £3.91.

Inputs used (where applicable):

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
2.62 – 3	£4.491	4.66%	0.48%	2.46	36%

Note 15 – Employee benefits continued

- 1,900,000 nil cost awards subject to the volume weighted average price of shares exceeding the share price target set out, over a period of 30 consecutive business days. The fair value per share according to the Monte Carlo simulation is between £0.24 and £1.10.

Inputs used:

Expected life (years)	Share price at grant date	Dividend yield	Risk free rate	Projection period (years)	Volatility
£3.88	4.22%	0.54%	3–5	30.9%	34%

The Group granted 2,985,462 nil cost awards in 2018 at fair value per share of £5.35 in 2018.

At 31 December 2019, options under these schemes were outstanding over:

	2019 Number	2018 Number
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	18,000	18,000
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	30,500	30,500
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	25,700	25,700
Shares vested on 1 March 2018 at nil cost	102,844	102,844
Shares vested between 1 September 2016 and 1 March 2018 at nil cost	100,596	159,158
Shares vested on 1 March 2019 at nil cost	31,972	246,728
Shares vested between 1 September 2017 and 1 March 2019 at nil cost	202,161	319,742
Shares vested on 21 December 2019 at nil cost	91,446	86,205
Shares vested between 1 October 2017 and 1 April 2019 at nil cost	33,372	29,562
Shares will vest on 1 March 2020 at nil cost	522,992	1,115,570
Shares vested on 1 September 2019 at nil cost	16,703	16,703
Shares will vest on 1 March 2021 at nil cost	2,729,622	2,867,209
Shares will vest between 1 March 2021 and 1 March 2022	4,565,881	—
Shares will vest by December 19 2024	1,900,000	—
	10,371,789	5,017,921

Total number of shares exercisable as of 31 December 2019 is 636,591 (2018: 458,156).

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP.

	2019 Number of options	2018 Number of options	2019 Weighted average exercise price	2018 Weighted average exercise price
Outstanding at the beginning of the year	5,017,921	2,858,578	£0.06	£0.13
Granted	6,518,608	2,985,462	Nil	Nil
Forfeited	(952,116)	(351,166)	Nil	£0.08
Exercised	(212,624)	(474,953)	Nil	£0.09
Outstanding at the end of the year	10,371,789	5,017,921	£0.03	£0.06

Included in the number options exercised during the year are 12,410 options (2018: 14,387) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £4.166 (2018: £6.912).

Notes to the financial statements continued

Note 15 – Employee benefits continued

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2019 Number	2018 Number
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	48,500	48,500
10 March 2021	£3.5225	25,700	25,700
21 December 2025	Nil	203,440	262,002
Between 21 December 2026 and 31 December 2026	Nil	346,766	652,675
Between 1 March 2027 and 28 June 2027	Nil	516,485	1,126,440
23 July 2028	Nil	2,765,017	2,902,604
1 March 2029	Nil	4,565,881	—
19 December 2029	Nil	1,900,000	—
		10,371,789	5,017,921

TradeTech ESOP

In addition, the Group has the following employee share option plans ("ESOP") for the granting of non-transferable options to certain employees:

- TradeFX 2009 Global Share Option Plan ("the First Plan"), options granted under the first plan vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- TradeTech Performance Share Plan 2017 ("the Second Plan"), options granted under the second plan vest three years after grant date, according to performance targets in the years 2017 and 2018.

The overall term of the ESOP is ten years. These options are settled in equity once exercised. Option prices are either denominated in USD, depending on the option grant terms.

Total number of share options exercisable as of 31 December 2019 is 6,000 (2018: 7,500).

	2019 Number	2018 Number
Shares vested between 1 December 2015 and 31 December 2018 at an exercise price of \$70 per share	4,000	4,250
Shares vested between 1 January 2019 and 31 December 2019 at an exercise price of \$70 per share	2,000	3,250
	6,000	7,500
Shares vesting between 1 January 2019 and 1 September 2020 at an exercise price of \$70 per share	2,000	5,500
Shares will vest between June 2020 November 2020 at nil cost	7,898	7,898
	9,898	13,398
	15,898	20,898

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP:

	2019 Number of options	2018 Number of options	2019 Weighted average exercise price	2018 Weighted average exercise price
Outstanding at the beginning of the year	20,898	161,809	\$43.54	\$66.64
Granted through the year	—	—	—	—
Forfeited	(5,000)	(133,436)	\$70.00	\$70.00
Exercised	—	(7,475)	—	\$11.20
Outstanding at the end of the year	15,898	20,898	\$35.23	\$43.54

Included in the number of options exercised during the year is 0 (2018: 6,100) where a cash alternative was received. The weighted average share price at the date of exercise of options in 2018 was \$9.67.

Share options outstanding at the end of the year have the following exercise prices:

	2019 Number	2018 Number
Share options to be expired between 1 December 2024 and 10 March 2025 at an exercise price of \$70 per share	8,000	13,000
Share options to be expired between June 2027 and November 2027 at nil cost	7,898	7,898
	15,898	20,898

Note 16 – Property, plant and equipment

	Computer software and hardware €'000	Gaming machines €'000	Office furniture and equipment €'000	Buildings, leasehold buildings and improvements €'000	Total €'000
Cost					
At 1 January 2019	106,222	63,365	25,263	330,840	525,690
Additions	18,173	28,472	6,596	8,261	61,502
Acquired through business combinations	—	359	91	9	459
Disposals	(979)	(14,151)	(2,354)	(550)	(18,034)
Write offs	(14,953)	(3,217)	(755)	(230)	(19,155)
Reclassifications	(22)	167	1,741	(1,886)	—
Transfer to inventory	—	(24,280)	—	—	(24,280)
Transfer to assets classified as held for sale (Note 24)	(238)	—	(193)	(33,260)	(33,691)
Foreign exchange movements	42	2	(123)	2	(77)
At 31 December 2019	108,245	50,717	30,266	303,186	492,414
Accumulated depreciation					
At 1 January 2019	77,432	14,565	9,976	13,629	115,602
Charge	16,664	21,007	5,630	8,284	51,585
Impairment	13	—	9	873	895
Disposals	(949)	(13,964)	(1,855)	(190)	(16,958)
Write offs	(14,948)	(3,212)	(729)	(161)	(19,050)
Reclassifications	(38)	44	392	(398)	—
Transfer to inventory	—	(14,418)	—	—	(14,418)
Transfer to assets classified as held for sale (Note 24)	(187)	—	(171)	(828)	(1,186)
Foreign exchange movements	21	1	17	—	39
At 31 December 2019	78,008	4,023	13,269	21,209	116,509
Net Book Value					
At 31 December 2019	30,237	46,694	16,997	281,977	375,905
2018					
	Computer software and hardware €'000	Gaming machines €'000	Office furniture and equipment €'000	Buildings, leasehold buildings and improvements €'000	Total €'000
Cost					
At 1 January 2018	97,307	27,036	14,944	35,401	174,688
Additions	17,469	24,103	5,674	7,734	54,980
Acquired through business combinations	771	21,539	7,647	288,633	318,590
Disposals	(794)	(8,088)	(1,585)	(903)	(11,370)
Write offs	(8,577)	(1,227)	(602)	(864)	(11,270)
Reclassifications	—	—	(838)	838	—
Foreign exchange movements	46	2	23	1	72
At 31 December 2018	106,222	63,365	25,263	330,840	525,690
Accumulated depreciation					
At 1 January 2018	69,306	8,691	7,958	8,717	94,672
Charge	17,415	15,163	4,348	5,762	42,688
Disposals	(794)	(8,063)	(1,334)	(412)	(10,603)
Write offs	(8,526)	(1,227)	(580)	(865)	(11,198)
Reclassifications	—	—	(427)	427	—
Foreign exchange movements	31	1	11	—	43
At 31 December 2018	77,432	14,565	9,976	13,629	115,602
Net Book Value					
At 31 December 2018	28,790	48,800	15,287	317,211	410,088

Notes to the financial statements continued

Note 17 – Intangible assets

	Patents, domain names & licence €'000	Technology IP €'000	Development costs €'000	Customer list & affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2019	199,136	106,226	264,690	631,625	961,110	2,162,787
Additions	18,884	975	65,495	250	4,261	89,865
Write offs	(636)	(1,106)	(10,922)	—	(14)	(12,678)
Reclassifications	743	—	(743)	—	—	—
Transfer to assets classified as held for sale (Note 24)	(2,925)	(4,650)	(10,816)	(526)	(15,572)	(34,489)
Assets acquired on business combinations	10	—	—	—	18,452	18,462
Foreign exchange movements	722	402	504	2,142	6,530	10,300
As of 31 December 2019	215,934	101,847	308,208	633,491	974,767	2,234,247
Accumulated amortisation						
As of 1 January 2019	42,044	57,676	146,997	271,937	—	518,654
Charge	35,497	11,727	49,600	51,730	—	148,554
Impairment	—	840	6,951	324	105,748	113,863
Transfer to assets classified as held for sale (Note 24)	(2,925)	(4,650)	(10,773)	(526)	(15,572)	(34,446)
Write offs	(636)	(1,106)	(10,922)	—	—	(12,664)
Foreign exchange movements	156	197	248	798	(982)	417
As of 31 December 2019	74,136	64,684	182,101	324,263	89,194	734,378
Net Book Value						
As of 31 December 2019	141,798	37,163	126,107	309,228	885,573	1,499,869

Impairment relating to Casual and Social Gaming Business see Note 8.

	Patents, domain names & licence €'000	Technology IP €'000	Development costs €'000	Customer list & affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2018	74,580	100,753	208,266	396,595	679,576	1,459,770
Additions	5,161	—	58,297	—	—	63,458
Write offs	—	—	(2,850)	—	—	(2,850)
Assets acquired on business combinations	117,960	4,593	—	230,520	268,121	621,194
Foreign exchange movements	1,435	880	977	4,510	13,413	21,215
As of 31 December 2018	199,136	106,226	264,690	631,625	961,110	2,162,787
Accumulated amortisation						
As of 1 January 2018	27,721	41,415	112,462	226,940	—	408,538
Charge	14,010	15,865	36,906	43,397	—	110,178
Write offs	—	—	(2,850)	—	—	(2,850)
Foreign exchange movements	313	396	479	1,600	—	2,788
As of 31 December 2018	42,044	57,676	146,997	271,937	—	518,654
Net Book Value						
As of 31 December 2018	157,092	48,550	117,693	359,688	961,110	1,644,133

Note 17 – Intangible assets continued

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 15 (2018: 15) cash-generating units (“CGU”). Management determines which of those CGUs are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill.
- Significant acquisitions during the year.
- Significant contingent consideration exists at the reporting date.

Based on the above criteria in respect of the goodwill, management has concluded that the following are significant:

- Markets, with a carrying value of \$188.5 million, €168.0 million (2018: \$265.3 million, €232.0 million).
- Services, with a carrying value of €110.1 million (2018: €110.1 million).
- Sport, with a carrying value of €132.5 million (2018: €132.5 million).
- Casino, with a carrying value of €51.7 million (2018: €51.7 million).
- TradeTech Alpha, with a carrying value of €47.2 million (2018: €65.6 million).
- Sports B2C, with a carrying amount of €30.1 million (2018: €28.1 million).
- Snaitech, with a carrying amount of €229.5 million (2018: €211 million).

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December 2020 in addition to two to five year forecasts, where management have applied an annual growth rate of between 5% and 41% based on the underlying economic environment in which the CGU operates. Beyond this period, management has applied an annual growth rate of between 0–2%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current licences or anticipated licence grants in 2020–2021. Management has applied discount rates to the cash flow projections between 11.67% and 22.62% (2018: between 10.24% and 21.48%).

In 2019, the results of the review indicated that there was an impairment of goodwill in two of the Group’s CGUs, Markets and TradeTech Alpha, with total impairment of €90.1 million (2018: €Nil) which has been charged to the statement of comprehensive income.

The recoverable amount of the Markets CGU of €239.6 million as at 31 December 2019 has been determined using cash flow forecasts that include annual revenue growth rates of between 10% and 15% over the two to five year forecast period. The pre-tax discount rate applied to cash flow projections is 10.98%. As a result of this analysis, management has recognised an impairment charge of €69.3 million in the current year against goodwill.

The recoverable amount of the TradeTech Alpha CGU of €64.1 million as at 31 December 2019 has been determined using cash flow forecasts that include annual revenue growth rates of between 5% and 10% over the two to five year forecast period. The pre-tax discount rate applied to cash flow projections is 10.98%. As a result of this analysis, management has recognised an impairment charge of €20.7 million in the current year against goodwill.

The circumstances leading to the impairment are driven from increasing regulatory changes within the industry which require certain strategic changes to the business model, together with a continued shift in behaviours and conditions of the financial markets.

Sports B2C CGU is a significant CGU for the Group. The recoverable amount of the Sports B2C CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 15% and 41% over the two to five year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was steady at 11.2% or the discount rate applied was higher than 22.52%.

The recoverable amount of the Poker CGU has been determined using cash flow forecasts that include annual revenue growth rates of 5% over the two to five year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was lower by 0.34% or the discount rate applied was higher by 0.53%.

Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated there was no impairment of the intangible assets at 31 December 2019.

Notes to the financial statements continued

Note 18 – Investments in associates and joint ventures

	2019 €'000	2018 €'000
A. Investment in joint ventures	22,405	408
B. Investment in associates	13,075	12,448
C. Investment in structured agreements	16,785	16,785
	52,265	29,641

A. Investment in joint ventures

During the year, the Group entered into a long-term structured agreement with Aquila Global Group SAS ("Wplay"), which is a leading gaming and betting brand in Colombia. Under the agreement the Group will become Wplay's strategic technology partner delivering its omni-channel products together with operational and marketing services across the leading brand's retail and online operations. The Group has no holding in Wplay but it has joint control over operations so the investment is measured using the equity method. The results for the period, total assets and total liabilities are immaterial.

The Group has joint venture in International Terminal Leasing ("ITL"), however the carrying amount is Nil as the Group recovered the full amount of the initial investment. Any future profits are recognised directly to the statement of comprehensive income.

Movements in the carrying value of the investment during the year are as follows:

	€'000
Investment in joint venture at 1 January 2019	408
Investment during the year	22,405
Share of profit in joint venture	621
Return of investment	(653)
Subsidiary acquired in steps (Note 34b)	(376)
Investment in joint venture at 31 December 2019	22,405

B. Investment in equity accounted associates

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited, a company incorporated in Alderney, for a total consideration of £10 million (€12.5 million). In 2015 the Group invested additional £0.7 million (€0.9 million).

The purpose of this investment is to further enhance BGO gaming applications on the Group's platform and to enable BGO to further invest in its successful brands and grow into international markets. At the reporting date the Group's NBV of investment in BGO totals €8.4 million (2018: €7.6 million).

Aggregated amounts relating to BGO Limited are as follows:

	2019 €'000	2018 €'000
Total non-current assets	—	—
Total current assets	11,445	16,711
Total non-current liabilities	(3,045)	(42)
Total current liabilities	(6,794)	(3,339)
Revenues	27,257	33,520
Profit/(loss) and total comprehensive income	1,906	(836)

Other individually immaterial investments

At the reporting date the Group's NBV of the other investments totals €5.3 million (2018: €4.8 million).

Total associates:

	€'000
Investment in associates at 1 January 2019	12,448
Additional investment in associates in the year	96
Share of profit	1,020
Return of investment	(46)
Impairment of equity accounted associates	(443)
Investment in associates at 31 December 2019	13,075

Note 18 – Investments in associates and joint ventures continued

C. Investment in structured agreements

During 2014 the Group has entered into a long-term structured agreement with Turística Akalli, S. A. de C.V (“Akallil”), the owner of Tecnología en Entretenimiento Caliplay, S. de R.L. de C.V (“Caliplay”), which is a leading betting and gaming operator operates of the “Caliente” brand in Mexico. Under the agreement the Group will become Caliplay’s strategic technology partner delivering its omni-channel products together with operational and marketing services across the leading brand’s retail and online operations. The Group has no holdings in Caliplay and the investment in the structured agreement is measured using the equity method.

Movement in structured agreements:

	€'000
Investment in structured agreements at 1 January 2019	16,785
Additional investment in structured agreements in the year	—
Investment in structured agreements at 31 December 2019	16,785

Note 19 – Investment held at fair value

	2019 €'000	2018 €'000
Investment in equity investments at 1 January	1,400	381,346
Additions during the period	—	37,890
Reclassification on acquisition of Snaitech	—	(37,890)
Proceeds from the disposal during the period	—	(447,194)
Realised fair value changes on disposal recognised in the statement of comprehensive income	—	65,691
Unrealised fair value changes on disposal recognised in the statement of comprehensive income	(270)	(1,738)
Translation gain	—	3,295
Investment in equity investments at 31 December	1,130	1,400

As part of the takeover of Ladbrokes Coral plc (“Ladbrokes”) by GVC Holdings plc (“GVC”), the Group exchanged its shares in Ladbrokes for €205 million of GVC shares and cash consideration of €32 million. The Group subsequently sold these GVC shares for net proceeds of €254 million. In addition, the Group sold the shares in Plus500 Limited for net proceeds of €193 million.

As a result of these transactions, during the year ended 31 December 2018, the Group realised a gain on disposal of €65.7 million being the net of the fair value movements from 1 January 2018 to the date of disposal.

Additions during the year ended 31 December 2018 relate to purchase of shares in Snaitech prior taking the control on 5 June. Upon taking control, these shares formed part of the cost of investment.

During the year, the Group received £30.0 million (€33.4 million) relating to amounts due in respect of the early settlement of the marketing services agreement with Ladbrokes as disclosed in the 2016 Annual Report.

	2019 €'000	2018 €'000
Equity investments include the following:		
Quoted:		
Equity securities – Asia	1,130	1,400
	1,130	1,400

The fair value of quoted investments is based on published market prices (level one).

The maximum exposure of the equity investments to credit risk at the reporting date is the carrying value of the financial assets classified as equity investments.

Notes to the financial statements continued

Note 20 – Other non-current assets

	2019 €'000	2018 €'000
Rent and car lease deposits	3,767	3,155
Guarantee for gaming licences	3,080	2,713
Deferred tax (Note 31)	1,571	1,794
Related parties (Note 36)	3,727	—
Prepaid costs relating to Sun Bingo contract	16,699	—
Other	9,106	8,280
	37,950	15,942

Note 21 – Trade receivables

	2019 €'000	2018 €'000
Trade receivables	252,232	255,527
Less: provision for impairment of trade receivables (Note 38a)	(55,528)	(52,950)
	196,704	202,557
Related parties (Note 36)	9,740	7,277
Trade receivables – net	206,444	209,854
Split to:		
Non-current assets	13,600	—
Current assets	192,844	209,854
	206,444	209,854

Note 22 – Other receivables

	2019 €'000	2018 €'000
Prepaid expenses	41,961	25,029
VAT and other taxes	12,472	19,533
Advances to suppliers	1,200	1,275
Proceeds from disposal of investment (Note 19)	—	33,390
Related parties (Note 36)	845	4,000
Security deposits for regulators	33,888	35,365
Prepaid costs relating to Sun Bingo contract	11,016	—
Other receivables	39,772	41,881
	141,154	160,473

Note 23 – Cash and cash equivalents

	2019 €'000	2018 €'000
Cash at bank	638,924	586,878
Cash at brokers	22,718	26,860
Deposits	9,898	8,459
	671,540	622,197

The Group held cash balances on behalf of operators in respect of operators' jackpot games and poker and casino operations and client funds with respect to B2C, CFD and client deposits in respect of liquidity and clearing activity which is included in the current liabilities.

	2019 €'000	2018 €'000
Funds attributed to jackpots	74,166	63,714
Security deposits	23,986	24,887
Client deposits	113,879	116,656
Client funds	126,309	104,200
	338,340	309,457

Note 24 – Assets held for sale

	2019 €'000	2018 €'000
Assets		
A. Property, plant and equipment	32,417	—
B. Casuals CGU	4,381	—
	36,798	—

A. On 14 May 2019, the Group entered into a preliminary sale and purchase agreement for the disposal of real estate located in Milan ("Area Sud" and "Area Nord"). Based on the agreement: (1) the purchaser is obliged to purchase the Area Sud for total consideration of €19 million and undertakes to purchase the Area Nord under certain conditions for total consideration of €36 million, (2) the purchaser is obliged to purchase the Area Nord if the municipality approves the conversion project, (3) if the reconversion will not be approved by the municipality by 31 March 2020, the purchaser is required to buy the Area Sud after deducting the €5 million already paid on the sign off of the preliminary agreement (4) in any case the purchaser still has the option to buy the Area Nord for the remaining of €36 million by 31 March 2020 unless extended by the buyer. Accordingly, the affected real estate has been classified as held for sale. Control of the land is anticipated to transfer on completion at which point the sale of land will be recognised.

At the date of the transfer to the assets classified as held for sale, an impairment review has been performed to the subject asset. No impairment has been recognised as the recoverable amount is higher than the carrying amount.

At the reporting date, the technical committee has preliminary approved the conversion project and the final approval is expected from the Municipality to complete the sale.

B. On 22 November the Group announced that it was reviewing its Casual and Social Gaming Business. Prior to the year end the Board of Directors made the decision to dispose of the Casual and Social Gaming Businesses. Accordingly, Casual and Social Gaming Business was classified as a disposal group held for sale and as a discontinued operation. Efforts to sell the disposal group have started and a sale is expected by the end of 2020.

Notes to the financial statements continued

Note 24 – Assets held for sale continued

The major class of assets and liabilities of the disposal group classified as held for sale as at 31 December, are as follows:

	2019 €'000
Assets	
Property, plant and equipment	89
Right of use of assets	584
Intangible assets	43
Other non-current assets	50
Trade receivables	851
Other receivables	118
Cash and cash equivalent	2,646
Asset classified as held for sale	4,381
Liabilities	
Trade payables	321
Tax liabilities	251
Lease liability	613
Other payables	2,410
Liabilities directly associated with asset classified as held for sale	3,595

Note 25 – Shareholders' equity

A. Share Capital

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

	2019 Number of Shares	2018 Number of Shares
Authorised*	N/A	N/A
Issued and paid up	303,791,693	317,344,603

* The Group has no authorised share capital but is authorised under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

During 2019 the Group has cancelled 13,552,910 shares as part of share buyback for a total consideration of €65,131,871.

B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 200,214 shares (2018: 459,983) were issued as a settlement for employee share option exercises with a cost of €1.7 million (2018: €3.8 million), and as of 31 December 2019, a balance of 1,925,366 (2018: 2,125,580) shares remains in the trust with a cost of €16.2 million (2018: €17.9 million).

C. Share options exercised

During the year 212,624 (2018: 474,953) share options were exercised. The Group cash-settled 12,410 share options during the year (2018: 14,387).

D. Distribution of Dividend

In June 2019, the Group distributed €37,159,079 as a final dividend for the year ended 31 December 2018 (12.0 € cents per share).

In October 2019, the Group distributed €18,866,968 as an interim dividend in respect of the period ended 30 June 2019 (6.1 € cents per share). A number of shareholders waived their rights to receive dividends amounting to €480,890.

Note 25 – Shareholders' equity continued

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 options as part of business acquisition
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

F. Non controlling interest

The Group acquired additional interest in a number of subsidiaries in 2019; Consolidated Financial Statements A/S, ECM Holdings Limited and Sunfox Games GmbH. The total carrying amount of the subsidiaries net assets in the Group's consolidated financial statements on the date of acquisition was €49.4 million.

	2019 €'000
Carrying amount of Non-controlling interest acquired	8,332
Consideration paid to Non-controlling interest	(1,246)
Increase in equity attributable to holders of the Parent	7,086

Note 26 – Loans and borrowings

The main credit facility of the Group is a revolving credit facility of €317.0 million available until November 2023 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date the credit facility drawn amounted to €64.4 million (2018: €Nil).

Note 27 – Bonds

	Convertible bonds €'000	Snai bond €'000	2018 Bond €'000	2019 Bond €'000	Total €'000
As of 1 January 2018	276,464	—	—	—	276,464
On business combinations	—	588,955	—	—	588,955
Issue of bond	—	—	523,417	—	523,417
Repayment of bond	—	(580,605)	—	—	(580,605)
Notional interest expenses on convertible bonds	10,685	—	—	—	10,685
Notional interest expenses on other bonds	—	—	289	—	289
Gain on early repayment of bond	—	(8,350)	—	—	(8,350)
As at 31 December 2018	287,149	—	523,706	—	810,855
Issue of bond	—	—	—	345,672	345,672
Notional interest expenses on convertible bonds	9,851	—	—	—	9,851
Notional interest expenses on other bonds	—	—	1,315	497	1,812
Repayment of bond	(297,000)	—	—	—	(297,000)
As at 31 December 2019	—	—	525,021	346,169	871,190

Convertible bonds

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due November 2019 and convertible into fully paid ordinary shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and redeemed on 19 November 2019 at their principal amount.

Notes to the financial statements continued

Note 27 – Bonds continued

Bonds

(a) Snai bond

Through the acquisition of Snaitech in 2018, the Group obtained bond loans. This debt was recognised at acquisition at the fair value based on the market prices of the loan notes. The bonds were issued on 7 November 2016, with a fixed rate tranche of €320 million (6.375% coupon, maturity 2021) and a floating rate tranche of €250 million (three months Euribor floored at 0% plus a spread of 6%, maturity 2021). Following the acquisition by Playtech, the change of control clause within the bonds required the issuer to offer a repayment opportunity. The early redemption procedure applied in accordance with the “change of control offer” and these bonds were fully repaid by Playtech in 2018. Total amount paid was €581 million which gave rise to a gain on the redemption of €8.4 million which has been recognised in statement of comprehensive income under finance income in the year ended 31 December 2018.

(b) 2018 Bond

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

The issue price of Notes is 100% of their principal amount. The 2018 Bond will bear interest from 12 October 2018 at the rate of 3.75% per annum payable semi-annually in arrears on 12 April and 12 October in each year commencing on 12 April 2019.

The fair value of the bond at 31 December 2019 was €552 million (31 December 2018: €516 million).

(c) 2019 Bond

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

The issue price of 2019 Bond is 100% of their principal amount. The 2019 Bond will bear interest from 7 March 2019 at the rate of 4.25% per annum payable semi-annually in arrears on 7 September and 7 March in each year commencing on 7 September 2019.

The fair value of the bond at 31 December 2019 was €373 million.

Note 28 – Provisions for risks and charges

	Other provisions €'000	Provisions for tax disputes, litigations, contractual risks €'000	Total provisions €'000
As of 1 January 2018	—	—	—
On acquisitions	1,917	11,339	13,256
Charged to the statement of comprehensive income	309	1,530	1,839
Utilised/realised in the year	(773)	(2,227)	(3,000)
31 December 2018	1,453	10,642	12,095
On acquisitions	—	318	318
Charged to the statement of comprehensive income	492	7,029	7,521
Utilised/realised in the year	—	(426)	(426)
31 December 2019	1,945	17,563	19,508

Provision for tax disputes, litigations, contractual risks

The Group is subject to proceedings regarding complex legal matters, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary further to future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its advisers and experts on legal and tax-related matters.

Note 29 – Contingent consideration and redemption liability

	2019 €'000	2018 €'000
Non-current contingent consideration consists:		
Acquisition of ACM Group	—	71,344
Acquisition of Eyecon Limited	—	1,355
Acquisition of Rarestone Gaming PTY Ltd	2,520	2,188
Acquisition of HPYBET Austria GmbH	—	10,085
Other acquisitions	—	3,789
	2,520	88,761
Non-current redemption liability consists:		
Acquisition of Playtech BGT Sports Limited	—	20,742
Acquisition of ECM Systems Holdings Limited	—	839
Other acquisitions	—	181
	—	21,762
Total non-current contingent consideration and redemption liability	2,520	110,523
Current contingent consideration consists:		
Acquisition of ACM Group	—	2,403
Acquisition of Quickspin AB	—	14,536
Acquisition of Playtech BGT Sports Limited	5,000	5,000
Acquisition of Rarestone Gaming PTY Ltd	1,284	2,932
Interest in Wplay	16,050	—
Other acquisitions	4,318	1,599
	26,652	26,470
Current redemption liability consists:		
Acquisition of Consolidated Financial Holdings A/S	—	21,846
Acquisition of Playtech BGT Sports Limited	31,860	—
Other acquisitions	93	—
	31,953	21,846
Total current contingent consideration and redemption liability	58,605	48,316

On 1 October 2017, the Group acquired technology, intellectual property and certain customer assets (together "the assets") from ACM Group Limited. The Group paid total cash consideration of €4.2 million (\$5.0 million) and additional consideration capped at €122.7 million (\$145.0 million) in cash will be payable based on 2017, 2018 and 2019 EBITDA multiple and is payable annually over the term. Following the completion of the 2019 results, which were negatively impacted by increasing regulation within the industry, record low volatility during the first quarter of the year, and exceptional market-making movements in September and October 2019, the Directors calculate that there is no further consideration payable and so the contingent consideration liability (2018: \$84.4 million) was released to the statement of comprehensive income.

During the year, the Group exercised its option to acquire the remaining 24.14% of Consolidated Financial Holdings A/S for a total consideration of \$24.5 million. As a result of this acquisition, the put/call option reserve decreased by €13.6 million.

Notes to the financial statements continued

Note 29 – Contingent consideration and redemption liability continued

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

	2019 €'000	2018 €'000
Acquisition of ACM Group	129,295	126,706
Acquisition of Quickspin AB	—	14,637
Acquisition of Eyecon Limited	26,456	27,825
Acquisition of Rarestone Gaming PTY Ltd	4,143	8,476
Acquisition of HPYBET Austria GmbH	15,000	15,000
Acquisition of Playtech BGT Sports	95,000	95,000
Acquisition of Consolidated Financial Holdings A/S	—	63,890
Interest in Wplay	21,285	—
Other acquisitions	4,015	6,434
	295,194	357,968

	Non-cash items				At 31 December 2019 €'000
	At 1 January 2019 €'000	Investing cash flows €'000	Other acquisitions €'000	Other changes €'000	
Contingent consideration	115,231	(23,878)	16,050	(78,231)	29,172
Redemption liabilities	43,608	(21,979)	—	10,324	31,953
Total liabilities	158,839	(45,857)	16,050	(67,907)	61,125

	Non-cash items				At 31 December 2018 €'000
	At 1 January 2018 €'000	Investing cash flows €'000	Other acquisitions €'000	Other changes €'000	
Contingent consideration	107,886	(11,958)	18,497	806	115,231
Redemption liabilities	49,786	—	—	(6,178)	43,608
Total liabilities	157,672	(11,958)	18,497	(5,372)	158,839

Note 30 – Trade payables

	2019 €'000	2018 €'000
Suppliers	52,219	63,829
Customer liabilities	10,124	9,127
Other	77	629
	62,420	73,585

Note 31 – Deferred tax liability

The deferred tax liability is due to temporary differences on the acquisition of certain businesses and offset by the losses in Snai.

The movement on the deferred tax liability is as shown below:

	2019 €'000	2018 €'000
At the beginning of the year	71,598	28,508
Transferred to asset classified as held for sale	1,028	—
Arising on the acquisitions during the year (Note 34a)	1,125	47,278
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income	2,923	(4,572)
Foreign exchange movements	93	384
At the end of the year	76,767	71,598
Split to:		
Deferred tax liability on acquisitions	91,665	103,534
Deferred tax asset (set off with deferred tax liability)	(13,327)	(30,142)
Deferred tax asset (Note 20)	(1,571)	(1,794)
	76,767	71,598

Deferred tax assets and tax are offset only when there was a legal enforceable right to set off, according to IAS 12. On 31 December 2019, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carryforward. The recognition is based on the business plan projections of future positive results.

Note 32 – Other payables

	2019 €'000	2018 €'000
Non-current liabilities		
Payroll and related expenses	9,247	6,671
Non-current guarantee deposits	839	1,585
Other	4,158	5,825
	14,244	14,081
Current liabilities		
Payroll and related expenses	66,056	62,403
Accrued expenses	46,318	46,686
Related parties (Note 36)	77	76
VAT payable	4,954	11,976
Interest payable	10,346	6,008
Other payables	14,110	10,552
	141,861	137,701

Note 33 – Corporate, gaming and other taxes payable

	2019 €'000	2018 €'000
Income tax payable	22,019	39,751
Gambling tax	98,288	105,154
	120,307	144,905

Notes to the financial statements continued

Note 34 – Acquisitions during the year

A. Acquisition of Areascom SpA

On 28 January 2019, the Group acquired 100% of Areascom SpA (“Areascom”) for a total cash consideration of €Nil, and as part of this transaction recapitalised the business by injecting €15.5 million equity capital.

The Group paid total cash consideration of €Nil.

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

	Fair value on acquisition €'000
Property, plant and equipment	459
Right of use assets	3,765
Other non-current assets	209
Trade and other receivables	55
Cash and cash equivalent	324
Deferred tax liability	(1,125)
Tax liability	(203)
Other non-current liabilities	(4,337)
Lease liability	(4,170)
Trade and other payables	(12,502)
Net identified liabilities	(17,525)
Goodwill	17,525
Fair value of consideration	—
Cash consideration	—
Cash purchased	324
Net cash receivable	324

The main factor leading to the recognition of goodwill is the high synergies and further strategic aspects. The acquisition forms part of the Snaitech CGU and in accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in Areascom.

Management has not disclosed Areascom’s contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group’s revenue and profits if it had occurred on 1 January 2019 been disclosed, because the amounts are not material.

B. Other acquisition

During the year, the Group acquired the shares of various companies for a total cash consideration of €1.4 million. One of these acquired in steps, additional 50% acquired in the year and previous consideration of €0.1 million paid to acquire the previously 50% interest in joint venture. A fair value movement was required on the conversion to a subsidiary of €0.1 million.

Note 35 – Acquisitions in previous year

A. Acquisition of Seabrize Marketing Limited (ex. Easydock Investments Limited)

On 1 March 2018, the Group acquired 100% of the shares of Seabrize Marketing Limited (“Seabrize”), a provider of marketing services to online gaming operators.

The Group paid total cash consideration of €12.0 million and maximum additional consideration capped at €10.0 million in cash was payable in 2019 if the performance of the business in the period from acquisition date until 31 December 2018 meets or exceeds Group’s expectations. During November 2018, the contingent consideration was settled at €8.0 million which also accorded to management’s best estimate of the amount payable at acquisition.

B. Acquisition of Rarestone Gaming PTY Ltd (ex. Studio 88 Pty Ltd)

On 26 March 2018, the Group acquired 100% of the shares of Rarestone Gaming PTY Ltd which creates content and online games.

The Group paid total cash consideration of €3.4 million (US\$4.2 million) and maximum additional consideration capped at €7.3 million (US\$9.0 million) in cash will be payable in 2019, 2020 and 2021 based on launch date of the games and royalty income from the subject games.

C. Acquisition of HPYBET Austria GmbH (ex. Destres GmbH)

On 1 April 2018, the Group acquired 100% of the shares of Destres GmbH (“Destres”) which operates betting shops in Austria.

The Group paid total cash consideration of €15.4 million and maximum additional consideration capped at €15 million in cash will be payable based on a multiple of the 2020 Adjusted EBITDA.

Note 35 – Acquisitions in previous year continued

D. Acquisition of Snaitech SpA

On 5 June 2018, the Group acquired 70.6% of the shares of Snaitech S.p.A. ("Snaitech"), the leading operator on the Italian retail betting market and one of the main players on the gaming machines market.

Up to 5 June 2018, the Group had also separately acquired approximately 9% of Snaitech's issued share capital through market purchases. On 26 July 2018, the Group completed the acquisitions of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3 August 2018, the Group completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italia.

E. Acquisition of Piazza Hosting Services S.R.L.

On 30 November 2018, the Group acquired 100% of the shares of Piazza Hosting Services S.R.L. ("Piazza"), which provides hosting services.

The Group paid total consideration of €6.5 million.

F. Other acquisitions

In the prior period, the Group acquired 100% of the shares of various companies. The Group paid total cash consideration of €13.1 million and additional consideration will be payable based on 2019 and 2021 EBITDA multiple. Also, the Group signed an Asset Purchase Agreement to which the Group acquired 100% of the business for a total consideration of €7.3 million.

Note 36 – Related parties

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

The joint ventures and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

During the year ended 31 December 2019, Group companies entered into the following transactions with related parties who are not members of the Group:

The following are the aggregate transactions that arose with related parties:

	2019 €'000	2018 €'000
Revenue		
Structured agreements and associates	34,769	29,453
Share of profit in joint venture	621	180
Share of profit/(loss) from associates	1,020	(2,771)
Operating expenses		
Structured agreements and associates	1,016	1,221
Interest income		
Structured agreements and associates	1,310	225

The following are the balances with related parties:

	2019 €'000	2018 €'000
Structured agreements and associates	14,312	11,277
Total current and non-current related parties receivable	14,312	11,277
Structured agreements and associates	77	76
Total current related parties payable	77	76

The details of key management compensation (being the remuneration of the Directors) are set out in Note 11.

Notes to the financial statements continued

Note 37 – Subsidiaries

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers.
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software.
Techplay Marketing Limited	Israel	100%	Marketing and advertising.
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers.
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software).
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software.
PTVB Management Limited	Isle of Man	100%	Management.
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses.
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies.
Techplay S.A. Software Limited	Israel	100%	Develops online software.
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business.
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology.
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider.
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land-based businesses.
VF 2011 Limited	Alderney	100%	Holds licence in Alderney for online gaming and Bingo B2C operations.
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group.
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators.
PT Entertentimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain.
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators.
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators.
Paragon International Customer Care Limited	British Virgin Island & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to Parent Company.
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to Parent Company
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
Factime Limited	Cyprus	100%	Holding company of Juego
PokerStrategy Ltd.	Gibraltar	100%	Operates poker community business
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLTs
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLTs
PT Entertainment Services LTD	Antigua	100%	Holding gaming licence in the UK
Tradetech Markets Limited	Isle of Man	100%	Owns the intellectual property rights and marketing and technology contracts of the Financials division

Note 37 – Subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Safecap Limited	Cyprus	100%	Primary trading company of the Financials division. Licensed investment firm and regulated by Cysec.
TradeFXIL limited	Israel	100%	Financials division sales, client retention, R&D and marketing.
ICCS BG	Bulgaria	100%	Financials division back office customer support.
Magnasale Limited	Cyprus	100%	Financials division. Licensed and regulated investment firm.
Stronglogic Services Limited	Cyprus	100%	Maintains the Financials division marketing function for EU operations.
Yoyo Games Limited	UK	100%	Casual game development technology.
Quickspin AB	Sweden	100%	Owns video slots intellectual property.
Best Gaming Technology GmbH	Austria	90%	Trading company for sports betting.
Playtech BGT Sports Limited	Cyprus	90%	Owns sports betting intellectual property solutions and trading company for sports betting.
ECM Systems Ltd	UK	100%	Owns bingo software intellectual property and bingo hardware.
Consolidated Financial Holdings AS	Denmark	100%	Owns the intellectual property which provides brokerage services, liquidity and risk management tool.
CFH Clearing Limited	UK	100%	Primary trading company of CFH Group.
Eyecon Limited	Alderney	100%	Develops and provides online gaming slots.
Tradetech Alpha Limited	UK	100%	Regulated FCA broker providing trading, risk management and liquidity solutions.
Rarestone Gaming PTY Ltd	Australia	100%	Development company.
HPYBET Austria GmbH GmbH	Austria	90%	Operating shops in Austria.
Snaitech SPA	Italy	100%	Italian retail betting market and gaming machine market.

Note 38 – Financial instruments and risk management

The Group has exposure to the following arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments of the Group, from which financial instrument risks arises, are as follows:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in equity securities
- Trade and other payables
- Bonds

Notes to the financial statements continued

Note 38 – Financial instruments and risk management continued

(ii) Financial instrument by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Measurement Category	Carrying amount		Fair value		
		2019 €'000	2018 €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Non-current financial assets						
Equity securities	FVTPL	1,130	1,400	1,130	—	—
Current financial assets						
Trade receivables	Amortised cost	206,444	209,854	—	—	—
Other receivables	Amortised cost	141,154	160,473	—	—	—
Cash and cash equivalents	Amortised cost	671,540	622,197	—	—	—
Non-current liabilities						
Bonds	Amortised cost	871,190	523,706	—	—	—
Loans and borrowings	Amortised cost	64,396	206	—	—	—
Contingent consideration and redemption liability	FVTPL	2,520	110,523	—	—	2,520
Current liabilities						
Bonds	Amortised cost	—	287,149	—	—	—
Trade payables	Amortised cost	62,420	73,585	—	—	—
Other payables	Amortised cost	141,861	137,701	—	—	—
Contingent consideration and redemption liability	FVTPL	58,605	48,316	—	—	58,605

The fair value of the contingent consideration and redemption liability is calculated by discounting the estimated cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.

The carrying amount does not materially differ from the fair value of the financial assets and liabilities.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

Cash and cash equivalents

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poor's. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 31% of its funds (2018: 13%) in financial institutions below A- rate and 2% in payment methods with no rating (2018: 2%).

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
At 31 December 2019	671,540	450,464	221,076
At 31 December 2018	622,197	527,698	94,499

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and the country in which customers operate.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 90 days before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. On that basis, no loss allowance as at 31 December 2019 and 1 January 2019 (on adoption of IFRS 9) was determined other than the provision for bad debts for trade receivables.

Note 38 – Financial instruments and risk management continued

A. Credit risk continued

Financials division credit risk

The financials division has no credit risk to clients since all accounts have an automatic margin call, which relates to a guaranteed stop such that the client's maximum loss is covered by the deposit. The Group has risk management and monitoring processes for clients' accounts and this is achieved via margin calling and close-out process.

The carrying amounts of financial assets represent the maximum credit exposure.

	Total €'000	Not past due €'000	1–2 months overdue €'000	More than 2 months past due €'000
31 December 2019				
Expected credit loss rate	21%	8%	5%	59%
Gross carrying amount	261,972	171,686	20,251	70,035
Provision for bad debts	(55,528)	(13,437)	(931)	(41,160)
	206,444	158,249	19,320	28,875
31 December 2018				
Expected credit loss rate	20%	1%	0%	71%
Gross carrying amount	262,804	164,410	26,997	71,397
Provision for bad debts	(52,950)	(2,262)	—	(50,688)
	209,854	162,148	26,997	20,709

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019 €'000	2018 €'000
Balance 1 January	52,950	1,430
Charged to statement of comprehensive income	6,293	4,764
Provision acquired through business combination	472	50,126
Utilised	(4,187)	(3,370)
Balance 31 December	55,528	52,950

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing the liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the financial statements continued

Note 38 – Financial instruments and risk management continued

B. Liquidity risk continued

Financials division exposure to liquidity risk

Positions can be closed at any time by clients and can also be closed by the Group, in accordance with the Group's margining rules. If after closing a position a client is in surplus, then the amount owing is repayable on demand by the Group. When client positions are closed, any corresponding positions relating to the hedged position (if applicable) are closed with brokers.

Liquidity risk arises if the Group encounters difficulty in meeting obligations which arise following profitable positions being closed by clients. This risk is managed through the Group holding client funds in separately segregated accounts whereby cash is transferred to or from the segregated accounts on a daily basis to ensure that no material mismatch arises between the aggregate of client deposits and the fair value of open positions, and segregated cash. Through this risk management process, the Group considers liquidity risk to be low.

	2019 €'000	2018 €'000
Client deposits	132,849	138,418
Open positions	(6,540)	(34,218)
Client funds	126,309	104,200

CFH trades on a matched principal basis and financial instruments are used to hedge all client positions. The management of market risk in respect of matching of derivatives is through automated tools, together with active monitoring and management by senior personnel under the supervision of its directors. CFH's liquidity obligations are monitored daily and it is adequately capitalised with a steady revenue stream to meet its day-to-day obligations. CFH client deposits balance as at 31 December 2019 was €113.9 million (2018: €116.6 million).

The following are the remaining contractual maturities of financial liabilities (representing undiscounted contractual cash flows) at the reporting date:

	Total €'000	Within 1 year €'000	1–5 years €'000	More than 5 years €'000
2019				
Trade payables	62,420	62,420	—	—
Progressive and other operators' jackpots	98,152	98,152	—	—
Client deposits	113,879	113,879	—	—
Client funds	126,309	126,309	—	—
Contingent consideration and redemption liability	61,125	58,605	2,520	—
Other payables	156,105	141,861	14,244	—
Loans and borrowings	64,602	206	—	64,396
Bonds	871,190	—	525,021	346,169
Provisions for risks and charges	19,508	19,508	—	—
Lease liability	90,789	25,515	40,040	25,234
	1,664,079	646,455	581,825	435,799
2018				
Trade payables	73,585	73,585	—	—
Progressive and other operators' jackpots	88,601	88,601	—	—
Client deposits	116,656	116,656	—	—
Client funds	104,200	104,200	—	—
Contingent consideration and redemption liability	158,839	48,316	98,097	12,426
Other payables	165,861	151,781	14,080	—
Loans and borrowings	695	489	206	—
Bonds	810,855	287,149	—	523,706
Provisions for risks and charges	12,095	12,095	—	—
	1,531,387	882,872	112,383	536,132

As disclosed in Note 25, the Group has a revolving credit facility (RCF) that contains financial covenant. Under the agreement, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance to the agreement.

As at 31 December 2019, the Group has met the financial covenants of the RCF which are as follows:

- Leverage: Net Debt/Adjusted EBITDA 3:1 (2018: 3:1)
- Interest cover: Interest/Adjusted EBITDA 4:1 (2018: 5:1)

Note 38 – Financial instruments and risk management continued

C. Market risk

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates and equities prices, will affect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Financials division exposure to market risk

In the financial trading division, the Group has exposure to market risk to the extent that it has open positions. The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each reporting date is therefore not considered representative of the market risk exposure faced by the Group over the year.

The Group's exposure to market risk is mainly determined by the clients' open position. The most significant market risk faced by the Group on the CFD products it offers changes in line with market changes and the volume of clients' transactions.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary functional currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when Group operations are entered in, or when the Group holds cash balances in, currencies other than the functional currency.

	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Cash and cash equivalents	321,207	230,249	75,075	45,009	671,540
Client funds	(118,209)	(167,541)	(23,394)	(29,196)	(338,340)
Cash and cash equivalents less client funds	202,998	62,708	51,681	15,813	333,200

The Group's cash balances are mostly denominated in EUR and USD. Despite the fact that the Group has large amounts in USD, those balances are hedged by the fact that these balances are clients' money.

The Group's policy is not to enter into any currency hedging transactions.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest changes. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has generated a significant amount of cash, it will invest in higher earning interest deposit accounts. These deposit accounts are short term and the Group is not unduly exposed to market interest rate fluctuations.

Equity price risk

The Group's is exposed to market risk by way of holding some investments in other companies on a short-term basis (Note 18). Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

Notes to the financial statements continued

Note 39 – Changes in liabilities arising from financing activities

	Non-cash items				At 31 December 2019 €'000
	At 1 January 2019 €'000	Financing cash flows €'000	Acquisition of subsidiary (Note 34a) €'000	Other changes €'000	
Loans and borrowings (Note 26)	695	63,907	—	—	64,602
Convertible bond (Note 27)	287,323	(297,000)	—	9,677	—
2018 Bond (Note 27)	528,062	(9,938)	—	11,254	529,378
2019 Bond (Note 27)	—	338,235	—	12,649	350,884
Lease liability	—	(26,999)	4,170	113,618	90,789
Total liabilities	816,080	68,205	4,170	147,198	1,035,653

	Non-cash items				At 31 December 2018 €'000
	At 1 January 2018 €'000	Financing cash flows €'000	Acquisition of subsidiary (Note 29) €'000	Other changes €'000	
Loans and borrowings (Note 26)	200,000	(200,481)	1,176	—	695
Convertible bond (Note 27)	276,638	(1,485)	—	12,170	287,323
Snai bond (Note 27)	—	(580,605)	588,955	(8,350)	—
Bond (Note 27)	—	523,417	—	4,645	528,062
Total liabilities	476,638	(259,154)	590,131	8,465	816,080

Note 40 – Contingent liabilities and provision for risks and charges

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

The Group is involved in proceedings before civil and administrative courts, and other legal actions related to the regular course of business. Based on the information currently available, and taking into account the existing provisions for risks, the Group considers that such proceedings and actions will not result in any material adverse effects upon the financial statements. All the provisions 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 supported by updated legal opinions from independent professionals. These provisions are believed, as a whole, to be adequate to the risks and charges that the Group is reasonably expected to effectively address.

The Group is subject to proceedings regarding complex legal matters, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary further to future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its advisers and experts on legal and tax-related matters.

The Group is subject to corporate income tax in jurisdictions in which its companies are incorporated and registered. Judgement is required to interpret international tax laws relating to e-commerce in order to identify and value provisions in relation to corporate income taxes. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment continuing to evolve, including the corporate tax rates in jurisdictions where the Group has significant assets or people presence. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and update its accruals accordingly.

Management is not aware of any other contingencies that may have a significant impact on the financial position of the Group.

Note 41 – Events after the reporting date

On 13 January 2020, the Group acquired an additional 40% of Statscore for a total consideration of €6.5 million. As a result of this transaction, Statscore became a subsidiary of the Group with 85% shareholding. Statscore is a Polish sports data provider. Management have not yet performed the purchase price allocation exercise required under IFRS 3.

Company statement of changes in equity

For the year ended 31 December 2019

	Additional paid in capital €'000	Convertible Bond reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2019	627,764	45,392	(139,629)	533,527
Changes in equity for the year				—
Total comprehensive income for the year	—	—	(46,541)	(46,541)
Dividend paid	—	—	(55,545)	(55,545)
Exercise of options	—	—	(1,688)	(1,688)
Redemption of convertible bond	—	(45,392)	45,392	—
Share buyback	(26,810)	—	(38,322)	(65,132)
Employee stock option scheme	—	—	8,383	8,383
Balance at 31 December 2019	600,954	—	(227,950)	373,004
Adjusted balance at 1 January 2018	627,764	45,392	48,488	721,644
Changes in equity for the year				
Total comprehensive income for the year	—	—	(80,608)	(80,608)
Dividend paid	—	—	(113,288)	(113,288)
Exercise of options	—	—	(4,086)	(4,086)
Employee stock option scheme	—	—	9,865	9,865
Balance at 31 December 2018	627,764	45,392	(139,629)	533,527

Company balance sheet

As at 31 December 2019

	Note	2019 €'000	2018 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		282	171
Intangible assets		169	169
Investments in subsidiaries	6	514,856	505,530
Investments held at fair value	7	—	—
Other non-current assets		317	317
Trade and other receivables	8	609,362	612,930
		1,124,986	1,119,117
CURRENT ASSETS			
Trade and other receivables	8	493,876	546,643
Cash and cash equivalents	9	1,781	18,026
		495,657	564,669
TOTAL ASSETS		1,620,643	1,683,786
EQUITY			
Additional paid in capital		600,954	627,764
Convertible bond reserve		—	45,392
Retained earnings		(227,950)	(139,629)
	10	373,004	533,527
NON-CURRENT LIABILITIES			
Bonds	12	871,190	523,706
Loans and borrowings	11	64,396	—
		935,586	523,706
CURRENT LIABILITIES			
Bonds	12	—	287,149
Trade and other payables	13	312,053	339,404
		312,053	626,553
TOTAL EQUITY AND LIABILITIES		1,620,643	1,683,786

Company statement of cash flows

For the year ended 31 December 2019

	2019 €'000	2018 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(46,541)	(80,608)
Adjustments to reconcile net income to net cash provided by operating activities (see below)	65,419	(488,096)
Net cash used in operating activities	18,878	(568,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(262)	(82)
Proceeds from sale of property, plant and equipment	60	—
Proceeds from the sale of equity investments	—	253,899
Net cash (used in)/from investing activities	(202)	253,817
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(55,545)	(113,288)
Share buyback	(65,131)	—
Issue of bonds, net of issue costs	345,672	523,417
Proceeds from bank borrowings	64,396	—
Repayment of bank borrowings	—	(200,000)
Repayment of convertible debt	(297,000)	—
Exercise of options	—	(4,085)
Interest paid	(27,313)	(1,485)
Net cash (used in)/from financing activities	(34,921)	204,559
DECREASE IN CASH AND CASH EQUIVALENTS	(16,245)	(110,328)
Exchange losses on cash and cash equivalents	—	(5,568)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,781	18,026
	2019 €'000	2018 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation of property, plant and equipment	102	64
Impairment of receivables – application of IFRS 9 ECL	5,244	—
Employee stock option plan expenses	(2,631)	630
(Gain)/loss on disposal of property, plant and equipment	(3)	23
Write off of property, plant and equipment	(8)	—
Interest income on loan receivable	(26,432)	(8,952)
Interest expense on loans and borrowings and bonds	43,689	16,813
Loss on disposal of equity investments	—	7,896
Exchange loss on cash and cash equivalents	—	5,568
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	77,524	(657,420)
(Decrease)/increase in trade and other payables	(32,066)	147,282
	65,419	(488,096)

Notes to the Company financial statements

Note 1 – Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In the current year the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2019.

Details of the Company's accounting policies are included in Note 4.

The Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Note 2 – Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Note 3 – Changes in significant accounting policies

The Company has adopted IFRS 16 Leases and IFRIC 23 Uncertainty over income tax treatments with transition date 1 January 2019. The management of the Company has assessed that there is no material impact on the Company's financial result arising from the adoption of these accounting policies.

Note 4 – Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 16 and IFRIC 23 effective from 1 January 2019, which did not have a material impact to the Company, these policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Interest income

Interest income is recognised over time, on a time-proportion basis using the effective method.

Interest expense

Interest expense is charged to profit or loss over the time the relevant interest relates to.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates, the Euro (€) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items, carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains, and losses are recognised in other comprehensive income and then equity.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

(i) Recognition

Trade receivable and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

(ii) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in business model.

Note 4 – Significant accounting policies continued

Financial assets continued

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expenses in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in the statement of comprehensive.

Financially assets measured at amortised cost arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Intercompany are amounts due from other Group companies in the ordinary course of business. Intercompany receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the intercompany receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Company such as the proceeds from disposal of investment. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(v) Impairment

The Company has assessed all types of financial assets that are subject to the expected credit loss model:

- Intercompany receivables.
- Cash and cash equivalents.

The Company applies the IFRS 9 lifetime approach to measuring expected credit losses which uses a lifetime expected loss allowance for all intercompany receivables, defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies).

For cash and cash equivalents, the Company applies the general approach for calculating the expected credit losses. Due to the short-term nature of these assets (i.e. less than 12 months), the Company recognises expected credit losses over the lifetime of the assets. The management assesses that no impairment arises since the cash and cash equivalents are held with banks under current accounts and the Company has access to those funds at any time. As a result the probability of default of each institution is considered insignificant.

Financial liabilities

(vi) Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(vii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in banks and demand deposits and are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised at fair value and subsequently at amortised cost using the effective interest method.

Notes to the Company financial statements continued

Note 4 – Significant accounting policies continued

Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

Share buyback

The Company cannot hold treasury shares under the Company's memorandum and article of association and therefore the shares are cancelled after the buyback.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in statement of comprehensive income.

Provisions

Provisions, which are liabilities of uncertain timing or amount, are recognised when the Company has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Note 5 – Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas requiring the use of estimates and critical judgements that may potentially have a significant impact on the Company's earnings and financial position are detailed below.

Estimates and assumptions

Impairment investment in subsidiary companies

The Company is required to test, on an annual basis, whether investments in subsidiary companies have suffered any impairment. The Company is required to test if events or changes in circumstances indicate that the carrying amount of its investments may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary.

Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Note 6 – Investments in subsidiaries

	2019 €'000	2018 €'000
Investment in subsidiaries at 1 January	505,530	227,335
Additional capital contribution*	—	268,960
Employee stock option	9,326	9,243
Impairment**	—	(8)
Investment in subsidiaries at 31 December	514,856	505,530

* Additional capital contribution relates to additional investment in Playtech Software Limited relating to capital contribution as part of a long-term interest free loan advanced during the prior year (see Note 8).

** Impairment relates to Playlot Limited which was dissolved during 2018.

Note 6 – Investments in subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
PTVB Management Limited	Isle of Man	100%	Management company
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services Company
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
PlayLot Limited	British Virgin Islands	—	Distributing lottery software
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust
PT Gaming Limited	Isle of Man	100%	Holding company of Factime Investments Ltd
Tradetech Holdings Limited	Isle of Man	100%	Holding company of Trade Tech Markets Limited, Consolidated Financial Holdings A/S and TradeTech Alpha Limited

Note 7 – Investments held at fair value

	2019 €'000	2018 €'000
Investment in equity investments at 1 January	—	261,795
Proceeds from the disposals during the period	—	(253,899)
Realised fair value changes on disposal recognised in the statement of comprehensive income	—	(7,896)
Investment in equity investments at 31 December	—	—

As part of the takeover of Ladbrokes Coral plc (“Ladbrokes”) by GVC Holdings plc (“GVC”), the Company exchange its shares in Ladbrokes for €205 million of GVC shares and cash consideration of €32 million. The Company subsequently sold these GVC shares for net proceeds of €254 million.

During the prior year, the Company realised a loss on disposal of €8 million being the net of the fair value movements from 1 January 2018 to the date of disposal.

Note 8 – Trade and other receivables

	2019 €'000	2018 €'000
Amounts due from subsidiary undertakings	609,362	612,930
Total non-current	609,362	612,930
Other receivables	3,075	2,694
Proceeds from disposal of investment	—	33,390
Amounts due from subsidiary undertakings (Note 15)	490,801	510,559
Total current	493,876	546,643

The non-current amount relates to loans made during the prior year to Playtech Services (Cyprus) Limited connected with the acquisition and refinancing of Snaitech SpA. These loans have been discounted to present value, bear interest 4.5% per annum and are repayable on or before 2 November 2025 and 5 June 2028.

The management has assessed its receivables from Group companies using a forward-looking expected credit loss model. The methodology used in determining the amount of provision as at the reporting date is that of lifetime expected credit losses which is defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies). The expected credit loss amount as at the reporting date was calculated to be €5.2 million (2018: €nil).

Note 9 – Cash and cash equivalents

	2019 €'000	2018 €'000
Cash at bank	1,395	12,876
Deposits	386	5,150
	1,781	18,026

Notes to the Company financial statements continued

Note 10 – Shareholders' equity

A. Share capital

	2019 Number of shares	2018 Number of shares
Authorised	N/A*	N/A*
Issued and paid up	303,371,693	317,344,603

* The Company has no authorised share capital but is authorised under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

During 2019, the Company has cancelled 13,552,910 shares as part of the share buyback for a total consideration of €65,131,871.

B. Share option exercised

During the year 212,624 (2018: 482,428) share options were exercised. The Company cash-settled 12,410 share options during the year (2018: 14,387).

C. Distribution of dividend

In June 2019, the Company distributed €37,159,079 as a final dividend for the year ended 31 December 2018 (12.0 € cents per share).

In October 2019, the Company distributed €18,866,968 as an interim dividend in respect of the period ended 30 June 2019 (6.1 € cents per share). A number of shareholders waived their rights to receive dividends amounting to €480,890.

D. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income

Note 11 – Loans and borrowings

The credit facility of the Company is a revolving credit facility up to €317 million available until November 2023 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date the credit facility drawn amounted to €64.4 million (2018: €nil).

Note 12 – Bonds

	Convertible bonds €'000	2018 Bond €'000	2019 Bond €'000	Total €'000
As of 1 January 2018	276,464	—	—	276,464
Issue of bond	—	523,417	—	523,417
Notional interest expenses on convertible bonds	10,685	289	—	10,974
As at 31 December 2018	287,149	523,706	—	810,855
Issue of bond	—	—	345,672	345,672
Repayment of bond	(297,000)	—	—	(297,000)
Notional interest expenses on convertible bonds	9,851	1,315	497	11,663
As at 31 December 2019	—	525,021	346,169	871,190

Convertible bonds

On 12 November 2014 the Company issued €297.0 million of senior, unsecured convertible bonds due November 2019 and convertible into fully paid ordinary shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and were redeemed on 19 November 2019 at their principal amount.

Note 12 – Bonds continued

Bonds

(a) 2018 Bond

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

The issue price of 2018 Bond is 100% of their principal amount. The 2018 Bond will bear interest from 12 October 2018 at the rate of 3.750% per annum payable semi-annually in arrears on 12 April and 12 October in each year commencing on 12 April 2019.

The fair value of the liability component of the bond at 31 December 2019 was €552 million (31 December 2018: €516 million).

(b) 2019 Bond

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

The issue price of 2019 Bond is 100% of their principal amount. The 2019 Bond will bear interest from 7 March 2019 at the rate of 4.250% per annum payable semi-annually in arrears on 7 September and 7 March in each year commencing on 7 September 2019.

The fair value of the liability component of the bond at 31 December 2019 was €373 million.

Note 13 – Trade and other payables

	2019 €'000	2018 €'000
Suppliers and accrued expenses	3,309	9,680
Payroll and related expenses	19,349	22,751
Amounts owed to subsidiary undertakings (Note 15)	280,324	302,617
Accrued interest	9,071	4,356
	312,053	339,404

Notes to the Company financial statements continued

Note 14 – Changes in liabilities arising from financing activities

The Company's liabilities arising from financing activities consist of loans and borrowings (Note 11), convertible bonds and bond loans (Note 12).

A reconciliation between the opening and closing balances of these items is as follows:

	At 1 January 2019 €'000	Financing cash flows €'000	Non-cash items Other changes €'000	At 31 December 2019 €'000
Loans and borrowings (Note 11)	—	64,396	—	64,396
Convertible bonds (Note 12)	287,323	(297,000)	9,677	—
2018 Bond (Note 12)	528,062	(9,938)	11,254	529,378
2019 Bond (Note 12)	—	338,235	12,649	350,884
Total liabilities	815,385	95,693	33,580	944,658

	At 1 January 2018 €'000	Financing cash flows €'000	Non-cash items Other changes €'000	At 31 December 2018 €'000
Loans and borrowings (Note 11)	200,000	(200,000)	—	—
Convertible bonds (Note 12)	276,638	(1,485)	12,170	287,323
Bond loan (Note 12)	—	523,417	4,645	528,062
Total liabilities	476,638	321,932	16,815	815,385

Note 15 – Related parties

The following transactions arose between the Company and its direct and indirect subsidiary undertakings:

	2019 €'000	2018 €'000
Revenue from Group companies		
Brighttech Investments S.A	—	1,020
TradeTech Holding Limited	—	2,684
	—	3,704
Interest income from Group companies		
Playtech Services (Cyprus) Limited	26,432	8,952
	26,432	8,952
Operating expenses incurred from Group companies		
PTVB Management Limited	12,698	15,155
PT (Jersey) Limited	1,261	1,409
PBS Germany Operations GmbH	41	—
TradeTech Holding Ltd	13	—
	14,013	16,564

The Company also had outstanding balances due from and to direct and indirect subsidiaries at the reporting date. All balances are repayable on demand, with the exception to loans made during the current year to Playtech Services (Cyprus) Limited connected with the acquisition and refinancing of Snaitech SpA. These loans are repayable on or before 2 November 2025 and 5 June 2028. The balances summarised by maturity are included below:

	2019 €'000	2018 €'000
Receivables		
Due on demand	490,801	510,559
Due in over 5 years	609,362	612,930
	1,100,163	1,123,489
Payables		
Due on demand	280,324	302,617

Note 16 – Financial instruments and risk management

The Company has exposure to the following arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments of the Company, from which financial instrument risks arises, are as follows:

- Intercompany receivables
- Other receivables
- Cash and cash equivalents
- Trade and other payables
- Bonds

(ii) Financial instrument by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Measurement Category	Carrying amount	
		2019 €'000	2018 €'000
Non-current financial assets			
Intercompany receivables	Amortised cost	609,362	612,930
Current financial assets			
Intercompany receivables	Amortised cost	490,801	510,559
Other receivables	Amortised cost	3,075	36,084
Cash and cash equivalents	Amortised cost	1,781	18,026
Non-current liabilities			
Bonds	Amortised cost	871,190	523,706
Loans and borrowings	Amortised cost	64,396	—
Current liabilities			
Bonds	Amortised cost	—	287,149
Trade payables	Amortised cost	3,309	9,680
Intercompany payables	Amortised cost	280,324	302,617

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Further details regarding these policies are set out below:

A. Credit risk

Credit risk is the risk of financial loss to the Company if a subsidiary or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from Group companies.

The carrying amounts of financial assets represent the maximum credit exposure.

Cash and cash equivalents

Wherever possible and commercially practical the Company invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poor's.

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
At 31 December 2019	1,781	1,781	—
At 31 December 2018	18,026	18,026	—

Notes to the Company financial statements continued

Note 16 – Financial instruments and risk management continued

A. Credit risk continued

Intercompany receivables

The management has assessed its receivables from Company companies using a forward-looking expected credit loss model. The methodology used in determining the amount of provision as at the reporting date is that of lifetime expected credit losses which is defined as a credit loss estimate of the present value of cash shortfalls over the expected life of the financial assets (receivables from Group companies). The expected credit loss amount as at the reporting date was calculated to be €5.2 million (2018: €nil).

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing the liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses of risking damage the Company's reputation.

The following are the remaining contractual maturities of financial liabilities (representing undiscounted contractual cash flows) at the reporting date:

	Total €'000	Within 1 year €'000	1–5 years €'000	More than 5 years €'000
2019				
Trade payables	3,309	3,309	—	—
Intercompany payables	280,324	280,324	—	—
Other payables	28,420	28,420	—	—
Loans and borrowings	64,396	—	—	64,396
Bonds	871,190	—	525,021	346,169
	1,247,639	312,053	525,021	410,565
2018				
Trade payables	9,680	9,680	—	—
Intercompany payables	302,617	302,617	—	—
Other payables	27,107	27,107	—	—
Bonds	810,855	287,149	—	523,706
	1,150,259	626,553	—	523,706

As disclosed in Note 11, the Company has a revolving credit facility (RCF) that contains financial covenant. Under the agreement, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance to the agreement.

C. Market risk

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates and equities prices, will affect the Company's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Five-year summary

	2019 €'000	2018 €'000 Restated*	2017 €'000	2016 €'000	2015 €'000
Income statement					
Total revenues from continuing operations	1,508.4	1,225.3	807.1	708.6	630.1
Adjusted EBITDA from continuing operations	383.1	345.1	322.1	302.2	251.9
Adjusted net profit from continuing operations	133.0	259.8	231.4	202.6	205.9
Balance sheet					
Non-current assets	2,055.4	2,101.2	1,569.8	1,383.7	1,111.9
Current assets	1,005.5	992.5	784.4	692.5	960.3
Assets classified as held for sale	36.8	—	—	—	—
Current liabilities	773.6	1,017.6	547.9	260.2	195.3
Non-current liabilities	1,098.3	725.6	447.9	716.3	616.2
Liabilities directly associated with assets classified as held for sale	3.6	—	—	—	—
Net assets	1,222.2	1,350.5	1,358.5	1,099.7	1,260.7
Equity					
Additional paid in capital	601.0	627.8	627.8	627.8	638.2
Available-for-sale reserve	—	—	103.2	(51.1)	2
Reserve for re-measurement of employee termination indemnities	(0.3)	0.1	—	—	—
Employee benefit trust	(16.2)	(17.9)	(21.6)	(25.4)	(27.5)
Convertible bonds option reserve	—	45.4	45.4	45.4	45.4
Put/Call options reserve	(16.4)	(30.8)	(31.3)	(34.3)	—
Foreign exchange reserve	(1.4)	(8.2)	(28.7)	16.8	3.3
Retained earnings	659.8	726.3	649.5	498.8	592.1
Non-controlling interest	(4.3)	7.8	14.2	21.7	7.3
Statistics					
Basic adjusted EPS (in Euro cents) from continuing operations	44.1	82.4	73.6	65.1	67.5
Diluted adjusted EPS (in Euro cents) from continuing operations	43.2	73.9	66.8	59.8	67.4
Ordinary dividend per share (in Euro cents)	18.1	24.1	36.0	32.7	28.5
Share price low/high	360.5p/457.7p	370.0p/882.2p	768p/1,006.0p	710.5p/946.5p	636p/924p

* Information for 2018 has been re-presented due to discontinued operations, see note 8 of the financial statements. 2017 and prior periods have not been restated for discontinued operations.

Company information

Registered Office

Ground Floor
St George's Court
Upper Church Street
Douglas
Isle of Man IM1 1EE

Corporate Brokers

Goodbody Stockbrokers
2 Ballsbridge Business Park
Ballsbridge Park
Dublin 4 Ireland

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Communications Adviser

Headland PR Consultancy LLP
27 Bush Lane
London EC4R 0AA

Bryan Cave Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Registrars

Computershare Investors Service
(Isle of Man Limited)
International House
Castle Hill
Victoria Road
Douglas
Isle of Man IM2 4RB



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