Playtech plc

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

Results for the six months ended 30 June 2020

Resilient financial performance and strong operational execution

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2020, together with a trading update for July and August 2020.

Financial summary[1,2]

	H1 2020	H1 2019	Change (reported)	Change (const. currency)[4]
Revenue	€564.0m	€727.8m	-23%	-22%
Adjusted EBITDA[2]	€162.3m	€192.9m	-16%	-15%
Adjusted profit[3]	€44.3m	€78.4m	-44%	-36%
Reported profit[3]	€4.6m	€24.8m	-81%	-85%
Adjusted diluted EPS from continuing ops	14.4 €c	22.7 €c	-37%	-28%
Reported diluted EPS from continuing ops	1.5 €c	8.1 €c	-81%	-85%
Adjusted Gross Cash (excl. RCF)[5]	€349.6m	€304.4m	15%	n/a

Group highlights

- Resilient H1 with Adjusted EBITDA of €162.3 million (H1 2019: €180.7 million excluding one-offs[6]) driven by online and an exceptional TradeTech performance together with early and decisive actions taken in response to COVID-19
- Significant US momentum: New Jersey license received, launched with bet365 in early H2, further license applications underway and investment to increase
- New structured agreements signed in Guatemala and Costa Rica
- Launch of Playtech's sustainable business strategy, Sustainable Success, to consolidate position as a global leader in safer products, data analytics and player engagement solutions
- Claire Milne appointed as Interim Chairman in May to provide continuity and stability; permanent Chairman process ongoing

Divisional highlights

B2B Gambling

- Significant progress in the US and Latin America
- SaaS offering showing continued strong momentum with over 50 new brands added in H1, already surpassing FY 2020 target
- B2B Gambling Adjusted EBITDA of €63.2 million was down 36% versus H1 2019 (excluding one-offs[6])
- Strong operational execution with existing and new Tier-1 licensees
- Significant momentum in Live Casino with new signings and existing licensees
- Asia negatively impacted in period by government restrictions in response to the pandemic

B2C Gambling

- Snaitech Adjusted EBITDA decreased to €47.1 million (H1 2019: €74.7 million) due to retail closures and cancellation of sporting fixtures, partially offset by 37% growth in online revenues versus H1 2019
- Snaitech saw continued strong performance in Sports; achieved number one market share position (retail and online combined) in Italy in H1 2020

- Snaitech land sale completed with €13.8 million received in H1 and remaining €35.7 million received in July
- Retail B2C Sport saw retail closures in the period due to the pandemic, resulting in a €5.4 million impairment of the business
- White label (including Sun Bingo) saw 22% revenue growth versus H1 2019 at constant currency to €29.5 million (H1 2019: €24.3 million)

TradeTech Group

- Outstanding H1 performance driven by exceptional market volatility and trading volumes throughout much of the period
- TradeTech's revenues were €87.3 million in H1 2020, representing growth of 123% versus H1 2019, and Adjusted EBITDA was €52.8 million, up 544% (H1 2019: €8.2 million)
- Playtech continues to evaluate all options for TradeTech, and, as announced in August, the Group is in early stage discussions with a number of parties regarding a potential sale

Current trading and outlook

- The business is performing well, but caution remains given the backdrop
- Strong trading and cash generation in July and August, albeit with a stronger July
- Online is expected to continue to perform strongly
- Management remain cautious about the outlook for retail
- TradeTech's first half performance not expected to be repeated in H2 with market volatility currently significantly lower than in H1
- Balance sheet remains strong, allowing for selected high-return investments such as in the US market

Medium-term outlook

- Leading technology and strong balance sheet positions Playtech to emerge strongly from COVID-19 disrupted period and take advantage of emerging opportunities
- Comprehensive product offering is ideally placed to capture significant US market opportunity
- Significant opportunities for further material structured agreements
- Focus on extending Playtech's position as a global leader in safer gambling products and leveraging its data analytics and player engagement solutions

Mor Weizer, CEO, commented:

"The attitude of our people coupled with the resilience and diversification of our technology-led business model has delivered a strong first half performance during an extremely challenging period for the industry. These strengths, combined with early decisive action to focus on the safety of our employees and protect the Group's cash flow, has placed us in a strong position to benefit from the recovery and to capture the exciting market opportunity in the US and Latin America.

The extraordinary trading conditions during the pandemic have brought us closer than ever to our licensees and we have seen even greater demand for our products, with an increased focus across the globe on intelligent software and personalised player journeys and protection tools. As the leading technology company in the gambling industry, our licensees look to us to deliver innovation that changes the way players experience gambling entertainment. Key to this approach is Sustainable Success, our new ESG strategy launched in H1, which aims to consolidate our position as a global leader in safer products, data analytics and player engagement solutions and build a safe and sustainable gambling industry for the benefit of all stakeholders.

As well as increasing our work with existing tier one licensees and adding more than 50 new brands to our SaaS model, we have also continued to execute our expansion into strategically important markets such as the US with our first launch in New Jersey and further structured agreements in Latin America. The scale of our technology and the breadth of our product offering mean Playtech can capture commercial opportunities in the fast-growing US and Latin America markets outside the remit of traditional B2B suppliers and we are investing in accelerating this strategy."

– Ends –

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[1]H1 2019 numbers are restated to reflect the discontinued Casual and Social Gaming business for the purposes of comparison. Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
[2]Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangible and intangible assets, and other receivables, professional costs and deferred tax on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration and redemption liabilities, charitable donation in lieu of regulatory settlement, employee stock option scheme charges, unrealised changes in fair value of equity investments recognised in the statement of comprehensive income, non-cash accrued bond interest, profit and tax charge on disposal of asset classified as held for sale, additional various non-cash charges, and in regards 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 results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8 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.
[3]Adjusted Profit refers to Profit from continuing operations attributable to the owners of the Company after the relevant adjustments as detailed above. Reported Profit refers to Profit from continuing operations attributable to the owners of the Company before adjustments.
[4]Constant currency numbers exclude the exchange rate impact on the results by using previous period relevant exchange rate and exclude the total cost/income of exchange rate differences recognised in the period.
[5]For comparison purposes, adjusted gross cash in H1 2020 excludes the drawn down RCF and in H1 2019 excludes the proceeds from the March 2019 bond which were segregated to pay off the convertible bond due in November 2019.
[6]One-off hardware sales in H1 2019 amounting to €12.2 million, relating to the B2B Sports business.

Conference call and presentation

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

https://www.investis-live.com/playtech/5f4670cfd9f7a00c00c797e8/snss

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

United Kingdom: 0800 640 6441
United States: 1 800 249 2588
All other locations: +44 20 3936 2999

Access code: 029149

There will also be a replay available for one week after the live conference call, available at:

UK: 020 3936 3001
USA: 1 845 709 8569
All other locations: +44 20 3936 3001

Access Code: 549411

The presentation will be available today from 8.30 am at: http://www.investors.playtech.com/results-centre/presentations/2020.aspx

Forward looking statements

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

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

About Playtech

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a technology leader in the gambling and financial trading industries.

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

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

Playtech's Financials Division, named TradeTech Group, is a leading technology provider in the CFD and financial trading industry and operates both on a B2B and B2C basis.

Playtech has in total c.6,400 employees across 24 countries and is headquartered in the Isle of Man.

Chief Executive Officer’s review

Response to COVID-19

As COVID-19 impacted the global economy throughout H1, Playtech made considerable efforts to mitigate the effects of the outbreak on its staff, its partners and its business. Management took decisive action to ensure the health and wellbeing of its employees and to preserve cash flow, while continuing to provide customers with Playtech's leading technology.

Playtech enacted its business continuity plan in the early stages of the pandemic with all its offices moving to remote working during March to protect employees' health and safety. Playtech managed this transition while largely maintaining productivity levels and delivery deadlines. Other actions taken included the deferral or cancellation of capital expenditure, strict working capital management, suspension of shareholder distributions, salary reductions across the Company (including 20% for all members of the Board and the executive management team), reduced working hours in certain locations, reduced office and maintenance costs, and the renegotiation of timing of cash outflows including contingent consideration payments due in 2020.

Playtech also made its Safer Gambling engagement tools and data analytics technology, including BetBuddy, available to all operators across the industry for free during the crisis.

As a result of the actions taken and the outstanding response from its people, Playtech has demonstrated strong operational resilience during this period. In addition to delivering a robust first half performance, by adding new brands, expanding existing relationships and entering new markets, Playtech is in a stronger position today.

Regulation

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. Starting from improving the permanence of each market, to driving responsible decision making and investment in safer gambling by operators, regulatory legislation should improve consumer protection in Playtech’s 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 the UK, Europe, Latin America and the US remain key to Playtech’s continued growth. The proportion of regulated revenue, consistently nearing 90% in recent periods, is a result of the continued progress Playtech has made on its strategic goals as well as the continuing success of Snaitech in Italy. Playtech continues to expand into new markets, including the US. The Company intends to increase its scale and distribution in these markets by leveraging its range of products and services across the gambling value chain and its global expertise to sign new licensees and expand its relationship with existing licensees into further regulated and newly regulating markets.

Regulation continued to be an influence on the gambling industry throughout H1, particularly in some of Europe’s largest markets. Below, is a review of key regulatory developments in Playtech’s key 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 has been actively involved in discussions around safer game design and online advertising, and through the industry trade body the Betting and Gaming Council is co-leading a working group on the subject. Playtech expects that its commitment to safer gambling and its use of technology and data to support its licensees in this area will see it remain the go-to platform for regulated markets. Playtech’s ongoing relationship with Tier 1 operators in the UK continues to deliver strong results for the Group.

The trend for regulatory tightening has continued in 2020 as the government promised a review of the UK Gambling Act, which was initiated by the All-Party Parliamentary Group (APPG) for Betting and Gaming in April. The UK Gambling Commission's ban on operators allowing consumers to use credit cards to gamble came into force on 14 April 2020. Recent recommendations by the House of Lords include restrictions around advertising in or near any sports venues and on sports kits, while there is also an expectation that new affordability and source of funds checks will be introduced in the future. The possibility of an online stake limit is still the subject of discussion, however, details on how this would apply are still pending.

During the period Playtech pledged to make a £3.5 million payment to charities in lieu of a regulatory settlement following an investigation into one of its former B2C operations. The Gambling Commission investigation focused on regulatory failings which occurred between May 2015 and September 2017 in a subsidiary that operated two B2C brands in the UK, namely Titan.co.uk and Winner.co.uk. Titan.co.uk closed in August 2018 and Winner.co.uk closed in June 2019. This was part of a strategic decision to focus on the Group's B2B activities in the UK and was taken in advance of the UKGC's investigation. Following a fresh review of the UKGC investigation led by new interim Chairman Claire Milne, the Board took the decision to voluntarily increase the charitable donations to £3.5 million and send the message to all Playtech's stakeholders that this event in a former operation was not representative of Playtech's high standards or where the Company sits today.

Europe

Regulated markets in Europe present significant growth opportunities. The Ukrainian regulations launched on 14 July 2020 and looking forward, others will follow. Netherlands and Germany, both top 10 markets in Europe, are likely to reach regulatory resolutions in 2021 with the Netherlands expected to issue licenses and Germany set to update the expiring inter-state gaming treaty. Playtech is well positioned to enter each of these markets.

In Italy, the Group's largest market by revenue due to the presence of Snaitech, the restrictions introduced in July 2019 on the online advertising of gambling products remain in place. Snaitech's retail presence and the strength of its brand has seen it benefit from the advertising ban in relative terms as it continued to increase its market share online. Further, in light of the COVID-19 pandemic, the Government introduced an additional emergency tax on retail and online sports betting until the end of 2021.

Latin America

Latin America remains a key growth territory for online gaming. Playtech continues to explore deals across Latin America and will look to leverage the success of its relationship with Caliente in Mexico. In H2 2019 Playtech signed a major new agreement with Wplay, the leading operator in Colombia. In 2020 the Company has signed agreements in Guatemala and Costa Rica.

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

US

Since the repeal of PASPA in 2018, numerous states including New Jersey, Colorado, North Carolina, Michigan, Mississippi, Pennsylvania, Iowa and most recently Virginia have approved legislation to legalise sports betting. Many of these markets have already launched, with others expected to launch soon. In total, 22 states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in the coming years. Online casino, which was not subject to PASPA and is allowed at the discretion of individual states, continues to only be regulated in a few states.

Safer Gambling & Sustainability

In H1 2020 Playtech launched Sustainable Success, its five-year sustainable and responsible business strategy. Sustainable Success aims to deliver change to help build a safer, more sustainable entertainment industry for the benefit of all stakeholders and Playtech has commitment to invest £5 million into initiatives that boost digital resilience and safer gambling behaviours. A key pillar of Playtech's corporate strategy is to cement its position as the industry leader in safer products, data analytics and player engagement solutions. To support this, a key commitment of Sustainable Success is to increase the uptake of safer gambling tools and solutions. During H1 Playtech launched Playtech Protect, a unified brand for all its safer gambling products, research, innovation and thought leadership. As well as offering Playtech's leading safer gambling tools and services, such as IMS, BetBuddy and Player Journey, Playtech Protect also utilises the scale of Playtech's technology by bringing compliance solutions from outside the industry to Playtech's licensees – Playtech Protect simplifies the integration meaning licensees only have to integrate with Playtech to access these additional services. Through Playtech Protect the Company is continuing to share its research, data analytics expertise and insights with a wide range of stakeholders including trade bodies, research organisations and academics.

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

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

Alongside powering Safer Gambling tools, a key commitment of Sustainable Success is for Playtech to partner with global leaders on the shared societal challenges presented by digital and online life. In September 2020 Playtech announced a new collaboration with the Responsible Gambling Council (RGC), the international leader in problem gambling prevention, awareness, and research. Playtech will use its expertise and experience to help the RGC examine the links between mental health, digital wellbeing and problem gambling using a combination of thought leadership, research, and evaluation.

Asset review

Playtech is in the process of undertaking a review of certain assets within the Group. The review of the Casual and Social Gaming business was completed in 2019 and the business is now a discontinued operation. The sale of certain loss-making assets of this business was completed in June 2020 and the remainder of the business is expected to be disposed of in the near future. Management continues to review the strategic options for TradeTech, which performed very strongly in H1.

Core B2B Gambling

The strategic focus of Playtech's Core B2B Gambling business continues to be on higher margin regulated opportunities with Casino, Live Casino and Sports being of greatest focus. Playtech continues to support existing licensees with new technologies and better tools and provide them with greater flexibility in running their businesses. Playtech intends to continue accessing opportunities including new customers in both existing regulated markets and newly regulated markets, as well as through structured agreements and joint ventures depending on commercial suitability and market dynamics.

Overall, Core B2B Gambling revenues declined 6% in the period compared to H1 2019 as the impact of retail closures and the cancellation or postponement of sporting events had a significant negative impact on revenue in the retail parts of this business, outweighing the significant growth seen in the online business. Excluding Sports, the online portion of Core B2B Gambling grew 28% at constant currency compared to H1 2019 driven by strong results from the Casino (including Live), Bingo and Poker online businesses. Despite the pandemic, operational momentum continued across B2B Gambling in H1 with new customer wins, new launches with existing customers and further product enhancements.

US

Having been granted regulatory approval by the New Jersey Division of Gaming Enforcement (DGE) to provide its online Casino product to the New Jersey market in H1, Playtech has entered the US market and gone live with bet365 after the period end. The US is a highly strategic market for Playtech and creates a significant long-term opportunity across its full product suite. Playtech will continue to increase its strategic investment in the US market, including having commenced the development of a Live Casino facility in New Jersey in 2020. Playtech has also started the licensing process in several additional US states and has a strong pipeline of opportunities with potential new customers as well as existing customers in other markets.

Casino

Playtech's online Casino business had a very strong H1 2020 as activity increased due to growth in recent customer additions including Swiss Casino, expansion with existing customers including GVC, Caliente, bet365, Fortuna and overall increased activity levels given government lockdown restrictions in various countries and the lack of sporting events leading to customers looking for alternative forms of leisure.

Playtech signed over 50 new brands in H1, including Betsson, Stoiximan and Kindred. Following the extended and expanded contract with GVC last year, Playtech continued to roll out its products to further GVC brands and geographies. Playtech also launched with bet365 in Greece, Spain and Bulgaria as well as with Fortuna in Slovakia, and went live with Svenska Spel in Sweden.

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

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

Live Casino

The Live Casino business continued its strong momentum from the end of 2019 through H1 2020. The business continued to add new customers, expand with existing customers, and deliver innovation while dealing with the challenges posed by the COVID-19 pandemic.

During H1 2020, Playtech's Live Casino business added new customers including Totalizator Sportowy, BetConstruct and Svenska Spel. Progress with existing customers included PokerStars expanding into new territories, for example Denmark and Sweden, in addition to the operator significantly increasing its number of tables with Playtech. Playtech completed key strategic partnership product deliveries, with a series of games such as Majority Rules Speed Blackjack with GVC, Spin & Win Roulette with Flutter Entertainment and Cash Back Blackjack with Stoiximan. The business also delivered a variety of new dedicated tables including Quantum Roulette in Italian for Snaitech and a series of promotional-led tables and dedicated tables in Spain with Codere, Sportium, Betfred and GVC Group.

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

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

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

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

Sports

Playtech's Sports business started 2020 strongly in January and February while also benefiting from favourable sporting results. However, it was significantly impacted by various government restrictions put in place in March as a result of the COVID-19 pandemic that led to retail closures and the cancellation or postponement of the majority of major sporting events globally. As retail locations began to reopen, and sporting events began to resume towards the end of H1, trading has started to recover albeit not to pre-COVID-19 levels.

Despite the impact of the pandemic, the Sports business continued to make strategic and operational progress during H1. Prior to the impact of the pandemic the total number of active bet entry points had grown 13% since 30 June 2019. During H1, Playtech went live with its mobile sportsbook solution with OPAP in Greece as well as with Mansion.

Bingo & Poker

The Bingo and Poker businesses enjoyed a strong H1 with significant growth compared to the same period in 2019. The pandemic created a significant increase in activity driven by an increase in players' leisure time given government lockdown measures in many jurisdictions combined with the lack of sporting events, leading some sports betting customers to look for alternative sources of entertainment. While activity has started to normalise since June, it remains above 2019 levels and above expectations for 2020.

Playtech's Poker network added 19 new brands in H1, including several following the closure of the Microgaming Poker Network, most of which are new to Playtech.

Core B2C Gambling

Snaitech

Snaitech revenue was down 46% in H1 compared to H1 2019. Snaitech experienced a very strong start to 2020 through January and February, as well as benefitting from favourable sporting results. However, following the decree from the Italian Government issued on 8 March 2020 as a result of the COVID-19 pandemic, all betting shops, arcades and bingo halls across Italy were forced to close. Snaitech was further impacted by the postponement of most sporting events and competitions globally. During, this period Snaitech continued to generate revenues from its online business, mostly through online gaming with online betting being severely impacted by the lack of sporting events. While Snaitech lost significant revenue from retail closures and the lack of sport, Snaitech managed to remain broadly breakeven on an EBITDA level even during the peak of the pandemic. This is due to the performance of online and Snaitech operating almost exclusively a franchise model with a low fixed cost base.

Retail shops began to reopen in June with the introduction of appropriate safety measures such as plexiglass screens and social distancing rules. The return of football and other sporting events acted as a significant boost as activity levels started to normalise towards the end of H1.

Snaitech achieved the number one market share position in the Italian sports betting market (retail and online combined) in H1 2020, up from the number two position in 2019, showing its operational and brand strength. The online business overall (betting and gaming) had the highest market share according to the latest official data across July and August 2020.

B2C (ex-Snaitech)

Playtech's White label business (predominantly Sun Bingo) saw a strong performance in H1 with heightened volumes of activity versus H1 2019.

Playtech's Retail B2C Sport business (HPYBET) was impacted by government lockdown restrictions during H1. Its retail locations in Germany and Austria closed in March and the business had to incur fixed costs owing to it being a mix between an owned and franchise model, with the closures leading to a €5.4 million impairment of the business. However, shops began reopening in June and have now largely reopened, and sporting events have resumed.

Asia

Playtech's business in Asia was negatively impacted in H1 by government restrictions put in place in the region in response to the COVID-19 pandemic while also benefiting, since late March, from a contract with a leading provider of Live Casino in the region. The business has also been impacted by restrictions on payment processing which, while not targeted towards the gambling industry, have nonetheless negatively impacted the business. Playtech also added a new distributor alongside its existing distributor to add more flexibility in the region going forward.

TradeTech Group

TradeTech had an outstanding H1 performance as it benefited from increases in market volatility and trading volumes throughout much of the period. This resulted in TradeTech's revenues growing 123% versus H1 2019. Market activity began to normalise towards the end of the first half and this trend has continued into the second half of the year. During H1, TradeTech took initial steps towards a more efficient balance sheet by reducing Tier 1 Capital requirements by €10.0 million, releasing these funds for general purposes within the Group. Going forward, the focus for TradeTech will be on growth and sustainability of its revenues, together with delivering synergies by merging certain functions across TradeTech Group.

Chief Financial Officer's review[1]

Overview

Response to COVID-19

Despite Playtech being severely impacted by COVID-19 through the cancellation of sporting events worldwide and the closure of retail shops, the Group navigated the pandemic exceptionally well and had a resilient H1 2020. Playtech took early and decisive action to ensure the health and wellbeing of its employees and to preserve cash flow, while also benefitting from heightened activity in its online businesses.

Actions taken to preserve cash included the deferral or cancellation of capital expenditure, strict working capital management, salary reductions across the Group (including 20% for all members of the Board and the executive management team), reduced office and maintenance costs, and the renegotiation of the timing of cash outflows including contingent consideration payments due in 2020.

Group & divisional performance

While the Group saw an extremely strong start to the period in January and February driven by TradeTech, a strong performance from Snaitech and favourable sporting results, the adverse impacts of COVID-19 between mid-March and June led to the Group's total reported revenues decreasing by 23% and down 22% on a constant currency basis.

However, despite the pandemic, the Group's Adjusted EBITDA for the first half exceeded €160 million, a decline of only 15% versus H1 2019 on a constant currency basis. This was driven by the strength of Playtech's online businesses outside of Asia, namely Casino (including Live), Bingo, Poker and an exceptional performance by TradeTech. The Group's reported EBITDA decreased by 15% to €138.1 million (H1 2019: €162.0 million).

Core B2B Gambling revenues[2] declined by 6% driven by a 30% decrease in UK revenues, offset significantly by an 8% increase in revenues from regulated markets outside of the UK and a 33% increase in revenues from unregulated markets excluding Asia. Asian revenues declined 35% on a constant currency basis due to the severe impacts of the pandemic in the region.

Within B2C, Snaitech revenues declined 46% due to the absence of sporting events and the closure of retail shops for large parts of H1, however, its top line was improved by a 37% increase in online revenues. Snaitech's Adjusted EBITDA declined 37%, a smaller decrease than its revenues, due to its low fixed cost base, effective cost reduction and the strong performance of its higher-margin online business. Playtech's white label revenues, predominantly Sun Bingo, increased 21% in H1 while the Retail Sport B2C business suffered a 14% decline in revenues due to retail closures in the period.

TradeTech had an outstanding period both before and during the months of the pandemic, with revenues increasing by 123%. The Group's financial trading business, which benefitted significantly from increased market volatility and trading volumes during much of H1, saw its Adjusted EBITDA increase by 544%.

Regulated revenues accounted for 85% of Group revenues in H1 2020 versus 87% in H1 2019, with the fall driven by lower revenues from Snaitech in Italy as described above.

Profit before tax

Adjusted profit before tax from continuing operations decreased by 45% to €52.4 million (H1 2019: €96.1 million), driven by the fall in Adjusted EBITDA and an increase in interest expenses. Reported profit before tax from continuing operations declined by 71% to €10.5 million (H1 2019: €36.0 million). The Group achieved reported profit from continuing operations of €4.5 million (H1 2019: €26.0 million).

Balance sheet and liquidity

The Group continues to maintain a strong balance sheet with cash and cash equivalents of €1,023.0 million as at 30 June 2020 (€1,025.1 million including discontinued operations). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €656.9 million as at 30

June 2020 (31 December 2019: €333.2 million), owing in large part to the Group drawing down its revolving credit facility as a precautionary measure. Excluding cash from the revolving credit facility, the Group steered through the effects of the pandemic in H1 without any cash burn as its adjusted gross cash increased to €349.6 million at 30 June 2020 (31 December 2019: €268.8 million, 30 June 2019: €304.4 million[3]) owing to the considerable cash preservation actions described below. While gross debt increased to €1,179.4 million from €935.6 million as at 31 December 2019, the Net debt / Adjusted EBITDA ratio improved, falling to 1.5x at 30 June 2020 from 1.6x at 31 December 2019.

Playtech takes a prudent and disciplined approach to its banking relationships. Despite being comfortably within its covenants, Playtech proactively approached its lenders and agreed to amend the covenants in its revolving credit facility for the 31 December 2020 and 30 June 2021 tests. The leverage covenant was amended to 5x Net debt / Adjusted EBITDA for the 31 December 2020 test and 4.5x for the 30 June 2021 test. The interest cover covenant was amended to 3x for the 31 December 2020 test and 3.5x for the 30 June 2021 test. The covenants will return to previous levels of 3x Net debt / Adjusted EBITDA and 4x Adjusted EBITDA / interest cover from the 31 December 2021 test onwards, or sooner should the Company decide to make shareholder distributions within those periods.

Given the ongoing uncertainty related to COVID-19 the Board suspended shareholder distributions in February 2020 until further notice. The share re-purchase programme announced at the FY 2019 results was postponed with immediate effect and the 2019 final dividend was not proposed at the AGM. Together these measures allowed the Company to preserve over €65 million of cash outflows during H1. In addition, Playtech received the remaining €35.7 million from the sale of Snaitech land in Italy in early Q3.

Playtech's swift actions and assured navigation of the pandemic has left the Group in strong financial health to benefit from the reopening of retail shops in its main markets, the return of sporting events across the world and further growth opportunities as it looks ahead to the remainder of 2020 and beyond.

Group Summary[4]

Group Revenue	**H1 2020 €m**	**H1 2019 €m**	**Change**	**Constant Currency Change**
B2B Gambling	229.7	265.5	-13%	-12%
B2C Gambling	253.5	430.0	-41%	-41%
Intercompany	(6.5)	(6.8)	-4%	-5%
Total Gambling	**476.7**	**688.7**	**-31%**	**-30%**
Financial	87.3	39.1	123%	120%
Total Group Revenue	**564.0**	**727.8**	**-23%**	**-22%**

While the Group saw an extremely strong start to the period in January and February driven by TradeTech, a strong performance from Snaitech and favourable sporting results, the adverse impacts of COVID-19 between mid-March and June led to the Group's total reported revenues decreasing by 23% to €564.0 million (H1 2019: €727.8 million) and down 22% on a constant currency basis and after excluding acquisitions made in 2019 and 2020.

	H1 2020 €m	H1 2019[5] €m
Total Group Revenue	564.0	727.8
Adjusted Costs	(401.7)	(534.9)
Adjusted EBITDA	**162.3**	**192.9**
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	**138.1**	**162.1**
Employee stock option expenses	10.6	6.0
Professional fees on acquisitions	3.6	1.3
Additional consideration payable for the effect from redemption liability	4.5	10.1
Amendment to contingent consideration	1.2	2.4
Effect from the amendment on the terms of Sun Bingo contract back dated	-	6.4
Provision for other receivables	1.1	4.6
Charitable donation	3.2	-
Adjusted EBITDA	**162.3**	**192.9**
Adjusted EBITDA margin	**29%**	**27%**
Adjusted EBITDA on a constant currency basis	**164.6**	**192.9**
Adjusted EBITDA margin on a constant currency basis	**29%**	**27%**
EBITDA related to acquisitions at constant currency	1.9	2.0
Underlying Adjusted EBITDA on a constant currency basis	**166.5**	**194.9**
Underlying Adjusted EBITDA margin on a constant currency basis	**30%**	**27%**

However, despite the pandemic, the Group's Adjusted EBITDA for the first half exceeded €160 million, a decline of only 16% and 15% on a constant currency basis. This was driven by the strength of online Casino (including Live), Bingo, Poker and an exceptional performance by TradeTech. The Group's total reported EBITDA decreased by 15% to €138.1 million (H1 2019: €162.0 million).

B2B Gambling

	H1 2020 €m	H1 2019 €m	Change	H1 2020 excluding one-offs €m	H1 2019 excluding one-offs €m	Change
B2B Gambling Revenue*	**229.7**	**265.5**	**-13%**	**229.3**	**252.4**	**-9%**
Research and development	39.2	37.4	5%	39.2	37.4	5%
Operations	85.4	78.5	9%	85.2	77.6	10%
Administrative	32.4	29.7	9%	32.4	29.7	9%
Sales and marketing	9.5	9.7	-2%	9.5	9.7	-2%
B2B Gambling Costs	**166.5**	**155.3**	**7%**	**166.3**	**154.4**	**8%**
B2B Gambling Adjusted EBITDA	**63.2**	**110.2**	**-43%**	**63.0**	**98.0**	**-36%**

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

B2B Gambling Revenue

Core B2B Gambling revenues declined by 6% driven by a 30% decrease in UK revenues, offset significantly by an 8% increase in revenues from regulated markets outside of the UK and a 33% increase in revenues from unregulated markets excluding Asia.

Online revenues within Core B2B increased by 26% and by 28% on a constant currency basis when excluding Sports, driven by strong performances within the Casino, Live, Bingo and Poker online businesses.

Overall, B2B Gambling revenues decreased by 13% largely due to the decline in revenues from retail activity and Asia. Revenues from retail activities fell by 54% in the period, a decrease of 43% when excluding the one-off hardware sales within the Sports business in H1 2019.

When excluding Asia and the one-off hardware sales in H1 2019, B2B gambling revenues were resilient through the pandemic, remaining flat in H1 and 2% higher on a constant currency basis. With the exception of online Sport, which declined significantly due to the suspension of sporting events worldwide due to COVID-19, every other online business within the B2B Gambling division achieved strong revenue growth versus H1 2019.

Asian revenues declined 35% on a constant currency basis due to the impacts of the pandemic in the region.

B2B Gambling Costs

Research and development ("R&D") costs include, among others, employee-related costs, direct expenses related to dedicated teams and proportional office expenses. Expensed R&D costs increased in H1 2020 by 5% to €39.2 million (H1 2019: €37.4 million). Capitalised development costs were 38% of total B2B Gambling R&D costs in the period, compared to 37% in H1 2019.

The operations cost line includes employee-related costs and their direct expenses, operational marketing, hosting, license fees paid to third parties, branded content, hardware terminals purchased for resale, feeds, chat moderators and proportional office expenses. Operations costs increased by 9% to €85.4 million in H1 2020 (H1 2019: €78.5 million). The increase was driven by recruitment in Live Casino and an increase in marketing costs related to turnkey customers and structured agreements. These increases were offset by a decrease in costs related to hardware sales compared to H1 2019.

Administrative expenses increased by 9% to €32.4 million (H1 2019: €29.7 million) driven by an increase in employee-related costs, legal and consulting fees including those relating to Playtech's expansion into new geographies, compliance expenses and charitable donations.

Sales and marketing expenses decreased by 2% to €9.5 million (H1 2019: €9.7 million), driven by a reduction in exhibition costs.

B2B Gambling Adjusted EBITDA

B2B Gambling Adjusted EBITDA decreased by 43% to €63.2 million (H1 2019: €110.2 million) and by 36% when excluding the impact of the one-off hardware sales in H1 2019. The decrease was driven by the decline in Asian revenues flowing in large part through to EBITDA and the decrease in retail activity due to the pandemic.

B2C Gambling

	H1 2020 €m	H1 2019 €m	Change
Snaitech	215.5	395.8	-46%
White label (incl. Sun Bingo)	29.5	24.3	21%
Retail Sport B2C	8.5	9.9	-14%
B2C Gambling Revenue	**253.5**	**430.0**	**-41%**
Snaitech	168.4	321.1	-48%
White label (incl. Sun Bingo)	26.1	20.9	25%
Retail Sport B2C	12.7	13.5	-6%
B2C Gambling Costs	**207.2**	**355.5**	-42%
B2C Gambling Adjusted EBITDA	**46.3**	**74.5**	**-38%**

Snaitech

Snaitech revenues decreased by 46% to €215.5 million (H1 2019: €395.8 million), owing to the effects of the COVID-19 pandemic which resulted in the closure of retail betting shops in Italy and the absence of sporting events for large parts of H1. However, Snaitech's revenue was supported by a 37% increase in online revenues, which was driven by a 41% increase in online wagers versus H1 2019.

Snaitech operating costs in H1 2020 decreased by 48% to €168.4 million (H1 2019: €321.1 million). Given the variable costs in the business, the fall in operating costs was driven by the decrease in revenues and mainly consisted of a decrease in franchise commission, gaming concession fees, platform charges, maintenance of the retail network and costs relating to data feeds.

Snaitech's Adjusted EBITDA declined 37%, a smaller decrease than its revenues, due to its low fixed cost base, effective cost reduction and the strong performance of its higher-margin online business.

White label (including Sun Bingo)

Revenue from the white label business increased by 21% in total, driven by an outstanding performance by Sun Bingo which grew 61% to €28.2 million (H1 2019: €17.5 million). Operating costs within Sun Bingo increased by 69% to €23.9 million (H1 2019: €14.1 million), driven by an increase in marketing costs. Adjusted EBITDA from the Sun Bingo business increased by 26% to €4.3 million (H1 2019: €3.4 million).

Other white label revenues decreased by 82% to €1.2 million (H1 2019: €6.8 million), as part of an ongoing effort to consolidate or cease the operations of certain brands. During the period Playtech pledged to make a £3.5 million payment to charities. Other White label costs decreased by 67%, resulting in an Adjusted EBITDA loss of €1.0 million (H1 2019: €0.1 million).

Retail Sport B2C

Retail Sport B2C revenues decreased by 14% to €8.5 million (H1 2019: €9.9 million) predominately due to retail closures resulting from COVID-19.

Retail Sport B2C costs decreased by 6% due to the reduction of activity during the period of retail closures due to COVID-19. Given that this business is within its investment phase, it remains loss making with the Adjusted EBITDA loss in the period increasing by 17% to €4.2 million (H1 2019: €3.6 million). The retail closures in the period and the rate of expected recovery resulted in a €5.4 million impairment of the business, which is accounted for below EBITDA.

TradeTech Group

TradeTech had an outstanding period both before and during the months of the pandemic, with revenues increasing by 123% to €87.3 million in H1 2020 (H1 2019: €39.1 million). The business benefitted significantly from increased market volatility and trading volumes during much of H1, particularly in March and April as the effects of the COVID-19 pandemic created large price movements in major instruments. Revenue specifically from TradeTech's B2C activity increased by 130% during the period, also reflecting the impact of the exceptional market conditions.

Despite the significant increase in revenues, TradeTech's cost of operations increased by only 11% to €34.4 million (H1 2019: €30.9 million) driven by a marginal increase in B2C marketing spend, and a €1.5 million provision against potentially irrecoverable debts. As a result, TradeTech saw Adjusted EBITDA increase by 544% to €52.8 million for the period (H1 2019: €8.2 million).

Below EBITDA items

Depreciation, amortisation and impairment

Depreciation decreased by 2% to €24.3 million (H1 2019: €24.9 million). Adjusted amortisation, after deducting amortisation of acquired intangibles of €28.0 million (H1 2019: €29.9 million) increased by 3% to €55.0 million (H1 2019: €54.7 million) driven by an increase in capitalised development costs. Further, an impairment charge of €5.4 million related to Retail B2C Sport was recognised in the period as discussed above.

Profit on disposal of asset classified as held for sale

On 21 April 2020, the sale and purchase agreement of part of the surplus Snai land in Italy, known as ‘Area Sud’, was completed for total consideration of €18.8 million, of which €5.0 million had already been received on sign off of the preliminary agreement in 2019. As a result of this transaction, the Group realised profit of €13.4 million in H1 as reflected in the statement of comprehensive income. The sale of the remaining land known as ‘Area Nord’ was completed in July, after period-end, with the proceeds, totalling €35.7 million, being received on 24 July.

Finance costs and income

Reported finance costs increased by 18% to €35.2 million (H1 2019: €29.9 million), while adjusted finance costs increased by 36% to €32.3 million (H1 2019: €23.8 million). This was driven by both the increase in interest expense on bond loans in H1 2020 owing to the 2019 bond being issued part-way through H1 2019, as well as the additional withdrawal from the revolving credit facility during H1 2020. The difference between adjusted and reported finance costs is the decrease in the effective interest on the previously held convertible bond due to its repayment in November 2019.

Adjusted finance income decreased by 74% to €0.9 million (H1 2019: €3.5 million) driven by a decrease in interest income. Reported finance income decreased by 91% to €0.9 million (H1 2019: €10.1 million) due to the movement in contingent consideration and redemption liability.

Taxation

In H1 2020, the Group’s underlying adjusted effective tax rate of 15% (H1 2019: 9%) 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 H1 2020 was €8.2 million (H1 2019: €16.4 million) of which €8.0 million (H1 2019: €8.7 million) relates to current tax expenses. Deferred tax decreased due to the lower utilisation of the brought forward losses in Snaitech due to its lower taxable profits resulting from the closure of retail locations throughout much of the period.

Discontinued Operation

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

million in the statement of comprehensive income. The remaining asset within this business, namely the Yo-Yo Social business, remains classified as an asset held for sale and as a discontinued operation as in the last annual financial statements.

The Adjusted EBITDA related to the Casual and Social Gaming business improved to €0.5 million (H1 2019: loss of €2.7 million) due to the winding down of operations and reduction in employee-related costs. Adjusted profit improved to €0.4 million (H1 2019: loss of €4.3 million).

Adjusted profit and Adjusted EPS

	H1 2020 €m	**H1 2019 €m**
Profit from continuing operations attributable to the owners of the Company	4.6	24.8
Employee stock option expenses	10.6	6.0
Professional fees on acquisitions	3.6	1.3
Additional consideration payable for the effect from redemption liability	4.5	10.1
Amendment to contingent consideration	1.1	2.4
Effect from the amendments on the terms of Sun contract back dated	-	6.4
Provision for other receivables	1.1	4.6
Charitable donation	3.2	-
Fair value change of equity investments	(0.4)	(0.1)
Movement in contingent consideration and redemption liability	3.0	(6.6)
Adjustment to tax charge relating to prior periods	-	0.2
Deferred tax on acquisitions	(6.6)	(6.7)
Amortisation of intangibles on acquisitions	28.0	29.9
Finance costs on acquisitions	-	0.6
Notional interest on convertible bonds	-	5.5
Impairment of tangible and intangible assets	7.2	-
Fair value change on acquisition of associate	(6.5)	-
Profit on disposal of asset classified as held for sale	(13.4)	-
Tax on disposal of asset classified as held for sale	4.3	-
Adjusted Profit from continuing operations attributable to the owners of the Company	**44.3**	**78.4**
Adjusted basic EPS (in Euro cents)	**14.9**	**25.5**
Adjusted diluted EPS (in Euro cents)	**14.4**	**22.7**
Constant currency impact	5.4	(1.2)
Adjusted profit for the year attributable to owners of the Company on constant currency	**49.7**	**77.2**
Adjusted Net Profit on constant currency related to acquisitions	2.3	3.9
Underlying adjusted profit for the year attributable to owners of the Company	**52.0**	**81.1**

Reported EPS from continuing operations decreased by 81%, in line with the decrease in profit. Adjusted diluted EPS decreased by 37% compared to H1 2019. Basic EPS is calculated using the weighted average number of equity shares in issue during H1 2020 of 297.5 million. Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during H1 2020 of 307.5 million.

Cashflow

Playtech continues to be cash generative and delivered operating cash flows of €244.8 million, with adjusted cash conversion of 120% (H1 2019: 92%).

Cash conversion

	H1 2020 €m	H1 2019 €m
Adjusted EBITDA	162.3	190.2
Net cash provided by operating activities	244.8	127.0
Cash conversion	**150%**	**67%**
Change in jackpot balances	(0.7)	(4.2)
Change in client deposits and client equity	(26.3)	39.4
One-off tax payment	-	28.0
Dividends payable	(0.2)	(0.5)
Professional expenses on acquisitions	3.8	1.3
Finance costs on acquisitions	-	0.6
ADM security deposit	(26.1)	(17.2)
Adjusted net cash provided by operating activities	**195.3**	**174.3**
Adjusted cash conversion	**120%**	**92%**

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

The increase in net cash provided by operating activities is largely due to the significant increase in contribution from TradeTech, as well as a reduction in Days Sales Outstanding (DSO) to 49 days (31 December 2019: 53 days, 30 June 2019: 59 days). Adjusted cash conversion, which the Group believes is a true representation of cash collection in the period, was 120% (H1 2019: 92%).

The adjusted net cash provided by operating activities excluded, among other items, the security deposit repayment from Italy's online betting and gaming regulator (ADM) for 2020 and 2019, changes in client deposits and client equity and the €28.0 million one-off cash payment made to the Israeli government in H1 2019.

Net cash outflows used in investing activities totalled €63.5 million (H1 2019: €79.0 million) of which €19.8 million (H1 2019: €0.9 million) relates to consideration paid in relation to acquisitions of subsidiaries in the period. €19.2 million (H1 2019: €29.4 million) was used in the acquisition of property, plant and equipment and €15.7 million (H1 2019: €18.1 million) on the acquisition of intangible assets. A further €27.8 million (H1 2019: €29.7 million) was spent on capitalised development costs. The inflow relates to cash received on the disposal of real estate located in Milan amounting to €13.8 million and on the disposal of part of the discontinued operation amounting to €0.3 million.

Net cash inflows from financing activities totalled €175.6 million (H1 2019: €204.5 million) which included the repurchasing of Playtech shares in the period to the value of €10.1 million (H1 2019: €40.1 million), payment of lease liabilities of €14.1 million (H1 2019: €13.9 million), payment of contingent consideration and redemption liability of €26.1 million (H1 2019: €39.9 million) and higher total interest payments on bond loans and bank borrowings totalling €19.6 million (H1 2019: €10.1 million) due to the issuance of the 2019 bond part-way through H1 2019. These outflows were offset by €245.8 million (H1 2019: nil) of cash inflows from the drawing down of the Group's revolving credit facility.

Balance sheet, liquidity and financing

Cash

The Group continues to maintain a strong balance sheet with cash and cash equivalents of €1,023.0 million as at 30 June 2020 (€1,025.1 million including discontinued operations). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €656.9 million as at 30 June 2020 (31 December 2019: €333.2 million), owing in large part to the Group drawing down its revolving credit facility as a precautionary measure as well as the considerable cash preservation actions described below.

Financing

The Group holds 5-year senior secured notes to the value of €530 million (3.75% coupon, maturity 2023), which were raised in October 2018 to support the acquisition of Snaitech.

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

In November 2019 the Group signed an amendment to its previous revolving credit facility, increasing it to €317.0 million and extending its term by an additional 4 years, ending in November 2023, with a further one-year extension option. Interest payable on the loan is based on Euro Libor rates. Playtech acted promptly to secure its liquidity position by drawing down €245.8 million against the revolving credit facility as a precautionary measure during the period (31 December 2019: €64.4 million). However, it is important to note that the Group steered through the pandemic without any cash burn and Playtech's cash position at 30 June 2020 was an improvement on 31 December 2019 even after excluding the cash contribution from the revolving credit facility.

While the Group's total gross debt amounted to €1,179.4 million at 30 June 2020 (31 December 2019: €935.6 million), its Net debt, after deducting adjusted gross cash, amounted to €522.6 million at 30 June 2020 (31 December 2019: €602.4 million) with the Net debt / Adjusted EBITDA ratio improving to 1.5x at 30 June 2020 from 1.6x at 31 December 2019.[6]

Playtech takes a prudent and disciplined approach to its banking relationships. Despite being comfortably within its covenants, Playtech proactively approached its lenders and agreed to amend the covenants in its revolving credit facility for the 31 December 2020 and 30 June 2021 tests. The leverage covenant was amended to 5x Net debt / Adjusted EBITDA for the 31 December 2020 test and 4.5x for the 30 June 2021 test. The interest cover covenant was amended to 3x for the 31 December 2020 test and 3.5x for the 30 June 2021 test. The covenants will return to previous levels of 3x Net debt / Adjusted EBITDA and 4x Adjusted EBITDA / interest cover from the 31 December 2021 test onwards, or sooner should the Company decide to make shareholder distributions within those periods.

Contingent consideration

Contingent consideration and redemption liability decreased by €13.9 million versus 31 December 2019 due to the completed payments relating to Playtech BGT Sports Ltd, Rarestone Gaming PTY Ltd and GenerationWeb, offset by the redemption liability arising from the acquisition of Statscore. The existing liability as at 30 June 2020 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration and redemption liability as at 30.06.2020	Payment date (based on maximum payable earnout)
Playtech BGT Sports Ltd	n/a – Earnout assessment period complete	€20.8 million	€8.3 million Q3 2020 €12.5 million Q4 2020
HPYBET Austria GmbH	€15.0 million	Nil	Q2 2021
BetBuddy	€1.3 million	€1.3 million	Q4 2020
Eyecon Limited	€24.7 million	Nil	Q2 2021
Wplay	€21.3 million	€20.1 million	€16.1 million Q3 2020 €4.4 million Q4 2022 €0.8 million Q4 2024
Statscore	€15.0 million	€3.7 million	€5.0 million Q1 2023 €10.0 million in Q1 2026
Other	€7.0 million	€1.3 million	
Total	**€84.3 million**	**€47.2 million**	

Shareholder returns

Given the ongoing uncertainty related to COVID-19 the Board suspended shareholder distributions in February 2020 until further notice. The share re-purchase programme announced at the FY 2019 results was postponed with immediate effect and the 2019 final dividend was not proposed at the AGM. Together these measures allowed the Company to preserve over €65 million of cash outflows during H1 2020.

Going concern

In adopting the going concern basis of preparation for the interim financial statements, the directors have considered the Group's current trading performance and liquidity alongside robust scenario assessments and reverse stress-test assessments for the forecast period. COVID-19 has presented challenges across many areas of Playtech's business, however, management believe the business has demonstrated resilience against the pandemic and its challenges.

At 30 June 2020, the Group held total cash of €1,023.0 million (31 December 2019: €671.5 million) and adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €656.9 million (31 December 2019: €333.2 million). Further, the Group has long-term debt facilities totalling €1,179.4 million (31 December 2019: €935.6 million). Management has secured a covenant relaxation in 2020 and 2021 relating to the RCF, as discussed in Note 15 of the financial statements, and further, has analysed future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches.

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

[1]Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangible and intangible assets, and other receivables, professional costs and deferred tax on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration and redemption liabilities, charitable donation in lieu of regulatory settlement, employee stock option scheme charges, unrealised changes in fair value of equity investments recognised in the statement of comprehensive income, non-cash accrued bond interest, profit and tax charge on disposal of asset classified as held for sale, additional various non-cash charges, and in regards 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 results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8 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.
[2]Core B2B Gambling refers to the Company's B2B Gambling business excluding unregulated Asia.
[3]For comparison purposes, adjusted gross cash in H1 2020 excludes the drawn down RCF and in H1 2019 excludes the proceeds from the March 2019 bond which were segregated to pay off the convertible bond due in November 2019
[4]Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
[5]Due to the classification of a discontinued operation and a correction of prior year error, the comparative information for H1 2019 has been restated. Please refer to Notes 6 and 25 of the financial statements for further details.
[6]Net debt / Adjusted EBITDA is calculated as Gross Debt less Adjusted Gross Cash (which excludes the cash held on behalf of clients, progressive jackpots and security deposits), divided by Adjusted EBITDA of the last twelve months totalling €352.5 million.

Emerging risks, principal risks and uncertainties

- **Regulation - Licensing requirements (both Gambling and Financials divisions)**

Playtech holds multiple licences for its activities from regulators globally. 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.

- **Regulation - Local Technical Regulatory Requirements (both Gambling and Financials divisions)**

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.

- **Regulation - Data Protection (both Gambling and Financials divisions)**

Playtech must comply with the GDPR as well as many other legal and regulatory obligations, including anti-money laundering, anti-bribery and corruption, responsible gambling, and ePrivacy. Failure to comply with these obligations could result in regulatory action, financial penalties, loss of licences to operate in certain jurisdictions. It could also impact Playtech's products and services and harm players, giving rise to significant liability.

To fully comply with GDPR, Playtech implements policies, procedures, processes, controls, systems, security measures and training across the group, to uphold all applicable legal, regulatory obligations and quality standards, and continuously reviews them to ensure they remain up to date.

Playtech's focus is on maturing and enhancing its data protection programme further. This will include increasing security and data protection training and awareness, improving internal processes and controls across all data processing departments and raising awareness for external operator responsibilities in regard to data deletion and security configurations.

- **Regulatory - Preventing Financial Crime (both Gambling and Financials divisions)**

Policymakers in the EU and at national levels have taken steps to strengthen financial crime legislation covering Anti-Money Laundering (AML), such as the 5th AML(D), 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. Additionally, it will affect the ability of the group to retain existing licences.

- **Taxation - Changes to tax rules (both Gambling and Financials divisions)**

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. Specifically, the risk of challenge by tax authorities in respect of transfer pricing has increased significantly for international groups that generate income from Intellectual Property. These risks could have a major impact on the business, such impact could ultimately increase the Group's underlying effective tax rate and reduce profits available for distribution.

- **Mergers and Acquisitions (both Gambling and Financials divisions)**

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.

- **Key Employees (both Gambling and Financials divisions)**

The Group's future success largely depends 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.

- **Cyber Crime and IT Security (both Gambling and Financials divisions)**

System downtime or a security breach, whether through cyber and distributed denial of service (DDoS) attacks or technology failure, could significantly affect the services offered to Playtech's licensees.

- **Business Continuity Planning (both Gambling and Financials divisions)**

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

- **Economic Environment (both Gambling and Financials divisions)**

A downturn in consumer discretionary spend or macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues may fall. Playtech's customers and licensees are geographically diverse, which should mitigate reliance on any particular region. Management closely monitors business performance and if a downturn were to occur, remedial action commensurate with the nature and scale of the slowdown would be taken.

- **Global Diversification (both Gambling and Financials divisions)**

As Playtech plc continues to operate across multiple locations, servicing its 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.

- **Failure or disruption of supply chain (both Gambling and Financials divisions)**

Inability to supply services due to failure or disruption in global supply chains following large scale global events such as pandemics, political unrest, climate change or key supplier dependency. The current Coronavirus (COVID-19) pandemic has presented a number of potential risks to Playtech's supply chains which to date have been adequately managed between the Company's procurement teams and key suppliers. However, we continue to monitor the situation in the event of a second wave of the pandemic.

- **Large scale global events such as pandemics, political unrest, climate change (both Gambling and Financials divisions)**

Large scale global events such as pandemics, political unrest, suspension or deferral of sporting events, climate change etc, have the potential to affect Playtech's key business markets. The current COVID-19 pandemic presents potential risks to Playtech's key business-generating markets such as Asia, the UK and the retail and sport business units (particularly those based in Italy) which could be adversely impacted by any further suspensions of global sporting events. Playtech's COVID-19 response has limited the business impact where possible and, in some cases, presented new opportunities particularly in the on-line market. Management continues to plan for the potential of a second wave and its impact on the Company's retail business.

- **Regulation - Safer Gambling (both Gambling and Financials divisions)**

Regulators, industry, charities, and the public at large continue to scrutinise the industry to a greater level than ever before and challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. The focus on making gambling safe for all in the eyes of regulators is a massive challenge. In addition, licensing requirements in regulated markets are regularly being reviewed and updated to foster a safer gambling environment. Playtech is developing, testing and offering industry-leading safer gambling solutions. Playtech has made safer gambling a core element of its sustainability strategy and has launched Playtech Protect, which brings together Playtech's safer and responsible gambling culture, technology, tools, services and research. This includes Playtech's IMS platform, Engagement Centre and AI-driven BetBuddy application, its continued research and innovation into sustainable Product and Game Design, as well as its scalable Managed Services for Customer Support.

Additional Risks for the Financials Division only

- **Market exposure**

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.

- **Regulatory – Capital Adequacy**

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

- **Counterparty risk**

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.

INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose.

No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants and Registered Auditors

London, United Kingdom

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2020 Actual	Six months ended 30 June 2020 Adjusted *	Six months ended 30 June 2019 Actual	Six months ended 30 June 2019 Adjusted*
		€'000	€'000	€'000 Restated**	€'000 Restated**
Continuing operations					
Revenue	7	564,014	564,014	727,832	727,832
Distribution costs before depreciation and amortisation		(343,974)	(340,441))	(482,024)	(479,511)
Administrative expenses before depreciation and amortisation		(74,815)	(54,148)	(79,196)	(55,462)
Impairment of financial assets		(7,116)	(7,116)	(4,636)	-
EBITDA		**138,109**	**162,309**	**161,976**	**192,859**
Depreciation and amortisation		(107,143)	(79,176)	(108,205)	(78,332)
Impairment of tangible and intangible assets		(7,183)	-	-	-
Finance income	9	892	892	10,077	3,498
Finance cost	9	(35,242)	(32,288)	(29,879)	(23,811)
Share of profit from joint ventures		121	121	823	823
Share of profit from associates		572	572	1,040	1,040
Fair value change on acquisition of associate	20a	6,520	-	-	-
Unrealised fair value changes on equity investments		411	-	141	-
Profit on disposal of asset classified as held for sale	14a	13,428	-	-	-
Profit before taxation		**10,485**	**52,430**	**35,973**	**96,077**
Tax expenses		(5,974)	(8,185)	(9,934)	(16,420)
Profit from continuing operations		**4,511**	**44,245**	**26,039**	**79,657**
Discontinued operations					
Profit/(loss) from discontinued operation, net of tax	6	815	393	(4,604)	(4,254)
Profit for the period - total		**5,326**	**44,638**	**21,435**	**75,403**
Other comprehensive income for the period:					
Total items that are or may be classified subsequently to profit or loss					
Exchange (loss)/gain arising on translation of foreign operations		(899)	(899)	2,618	2,618
Total items that will not be classified to profit or loss					
Loss on re-measurement of employee termination indemnities		(65)	(65)	(433)	(433)
Total comprehensive income for the period		**4,362**	**43,674**	**23,620**	**77,588**
Profit for the period attributable to:					
Owners of the Company		5,430	44,742	20,207	74,175
Non-controlling interest		(104)	(104)	1,228	1,228
		5,326	**44,638**	**21,435**	**75,403**
Total comprehensive income attributable to:					
Owners of the Company		4,466	43,778	22,359	76,327
Non-controlling interest		(104)	(104)	1,261	1,261
		4,362	**43,674**	**23,620**	**77,588**

Earnings per share attributable to the ordinary shareholders of the Company					
Profit or loss					
Basic (cents)	10	1.8	15.0	6.6	24.1
Diluted (cents)	10	1.8	14.6	6.6	21.5
Profit or loss from continuing operations					
Basic (cents)	10	1.6	14.9	8.1	25.5
Diluted (cents)	10	1.5	14.4	8.1	22.7

*Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangible and intangible assets, and other receivables, professional costs and deferred tax on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration and redemption liabilities, charitable donation in lieu of regulatory settlement, employee stock option scheme charges, unrealised changes in fair value of equity investments recognised in the statement of comprehensive income, non-cash accrued bond interest, additional various non-cash charges, profit and tax charge on disposal of asset classified as held for sale and in regards 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 results represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8.

**See Note 6 for details about restatement due to discontinued operations and Note 25 for details regarding the restatement as a result of an error.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Additional paid in capital €'000	Employee termination indemnities €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Call/Put options reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of Company €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2020	**600,954**	**(278)**	**659,802**	**(16,175)**	**-**	**(16,376)**	**(1,420)**	**1,226,507**	**(4,301)**	**1,222,206**
Total comprehensive income for the period										
Profit for the period	-	-	5,430	-	-	-	-	5,430	(104)	5,326
Other comprehensive income/(loss) for the period	-	(65)	-	-	-	-	(899)	(964)	-	(964)
Total comprehensive income / (loss) for the period	**-**	**(65)**	**5,430**	**-**	**-**	**-**	**(899)**	**4,466**	**(104)**	**4,362**
Transactions with the owners of the Company										
Contributions and distributions										
Exercise of options			(961)	936	-	-		(25)	-	(25)
Employee stock option scheme	-	-	(1,635)	-	-	-	-	(1,635)	-	(1,635)
Share buyback	(8,829)	-	(1,320)	-	-	-	-	(10,149)	-	(10,149)
Total contributions and distributions	**(8,829)**	**-**	**(3,916)**	**936**	**-**	**-**	**-**	**(11,809)**	**-**	**(11,809)**
Acquisition of non-controlling interest without change in control	-	-	(20,670)	-	-	16,336	-	(4,334)	4,370	36
Acquisition of subsidiary with non controlling interest	-	-	-	-	-	(3,654)	-	(3,654)	367	(3,287)

Total changes in ownership interests	**-**	**-**	**(20,670)**	**-**	**-**	**12,682**	**-**	**(7,988)**	**4,737**	**(3,251)**
Total transactions with owners of the Company	**(8,829)**	**-**	**(24,586)**	**936**	**-**	**12,682**	**-**	**(19,797)**	**4,737**	**(15,060)**
Balance at 30 June 2020	**592,125**	**(343)**	**640,646**	**(15,239)**	**-**	**(3,694)**	**(2,319)**	**1,211,176**	**332**	**1,211,508**

	Additional paid in capital €'000	Employee termination indemnities €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Call/Put options reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of Company €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2019, as previously reported	627,764	56	717,384	(17,863)	45,392	(30,820)	(8,153)	1,333,760	7,797	1,341,557
Impact of correction of errors (Note 25)	-	-	1,525	-	-	-	-	1,525	-	1,525
Restated balance at 1 January 2019	**627,764**	**56**	**718,909**	**(17,863)**	**45,392**	**(30,820)**	**(8,153)**	**1,335,285**	**7,797**	**1,343,082**
Total comprehensive income for the period										
Profit for the period	-	-	20,207	-	-	-	-	20,207	1,228	21,435
Other comprehensive income/(loss) for the period	-	(433)	-	-	-	-	2,585	2,152	33	2,185
Total comprehensive income / (loss) for the period	**-**	**(433)**	**20,207**	**-**	**-**	**-**	**2,585**	**22,359**	**1,261**	**23,620**
Transactions with the owners of the Company										
Contributions and distributions										

Dividend paid	-	-	(36,952)	-	-	-	-	(36,952)	-	(36,952)
Exercise of options		-	(1,293)	1,242	-	-	-	(51)	-	(51)
Employee stock option scheme	-	-	5,937	-	-	-	-	5,937	94	6,031
Share buyback	(15,925)	-	(24,172)	-	-	-	-	(40,097)	**-**	(40,097)
Total contributions and distributions	**(15,925)**	**-**	**(56,480)**	**1,242**	**-**	**-**	**-**	**(71,163)**	**94**	**(71,069)**
Acquisition of non-controlling interest without change in control	-	-	(9,630)	-	-	13,971	-	4,341	(5,230)	(889)
Total changes in ownership interests	**-**	**-**	**(9,630)**	**-**	**-**	**13,971**	**-**	**4,341**	**(5,230)**	**(889)**
Total transactions with owners of the Company	**(15,925)**	**-**	**(66,110)**	**1,242**	**-**	**13,971**	**-**	**(66,822)**	**(5,136)**	**(71,958)**
Balance at 30 June 2019 as restated	**611,839**	**(377)**	**673,006**	**(16,621)**	**45,392**	**(16,849)**	**(5,568)**	**1,290,822**	**3,922**	**1,294,744**

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	At 30 June 2020 €'000	At 30 June 2019 €'000 Restated**	At 31 December 2019 €'000 (Audited)
NON-CURRENT ASSETS				
Property, plant and equipment		370,403	378,801	376,378
Right of use of assets		72,773	85,259	74,659
Intangible assets	12	1,485,793	1,639,009	1,499,396
Investments	13	55,809	30,899	52,265
Investment held at fair value		3,036	1,541	1,130
Trade receivables		11,732	-	13,600
Other non-current assets		55,649	17,024	37,950
		2,055,195	**2,152,533**	**2,055,378**
CURRENT ASSETS				
Trade receivables		155,111	177,495	192,844
Other receivables		108,206	106,804	141,154
Cash and cash equivalents		1,022,989	873,255	671,540
		1,286,306	**1,157,554**	**1,005,538**
Asset classified as held for sale	**14**	**29,818**	**32,417**	**36,798**
TOTAL ASSETS		**3,371,319**	**3,342,504**	**3,097,714**
EQUITY				
Additional paid in capital		592,125	611,839	600,954
Employee termination indemnities		(343)	(377)	(278)
Employee benefit trust		(15,239)	(16,621)	(16,175)
Convertible bonds option reserve		-	45,392	-
Put/Call options reserve		(3,694)	(16,849)	(16,376)
Foreign exchange reserve		(2,319)	(5,568)	(1,420)
Retained earnings		640,646	673,006	659,802
Equity attributable to equity holders of the Company		**1,211,176**	**1,290,822**	**1,226,507**
Non-controlling interest		332	3,922	(4,301)
TOTAL EQUITY		**1,211,508**	**1,294,744**	**1,222,206**
NON-CURRENT LIABILITIES				
Loans and borrowings	15	307,281	-	64,396
Bonds	16	872,154	870,225	871,190
Lease liability		68,082	72,849	65,274
Deferred revenues		2,365	4,327	2,332
Deferred tax liability		75,894	73,678	78,338
Deferred and contingent consideration and redemption liability	17	8,461	80,103	2,520
Other non-current liabilities		13,329	18,589	14,244
		1,347,566	**1,119,771**	**1,098,294**
Liabilities directly associated with assets classified as held for sale		**2,425**	**-**	**3,595**
CURRENT LIABILITIES				
Loans and borrowings	15	-	452	206
Bonds	16	-	292,660	-
Trade payables		70,775	37,240	62,420
Lease liability		17,498	18,671	25,515
Progressive operators' jackpots, security deposits		98,929	92,829	98,152

Client deposits		104,281	109,127	113,879
Client funds		162,919	69,902	126,309
Corporate and gaming taxes payable	18	136,712	120,671	120,307
Deferred revenues		4,501	6,083	6,857
Deferred and contingent consideration and redemption liability	17	38,782	43,125	58,605
Provisions for risks and charges	19	16,676	13,346	19,508
Other payables		158,747	123,883	141,861
		809,820	**927,989**	**773,619**
Total liabilities		**2,159,811**	**2,047,760**	**1,875,508**
TOTAL EQUITY AND LIABILITIES		**3,371,319**	**3,342,504**	**3,097,714**

The condensed financial statements were approved by the Board and authorised for issue on 16 September 2020.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2020 €’000	Six months ended 30 June 2019 €’000 Restated**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		5,326	21,435
Adjustment to reconcile net income to net cash provided by operating activities (see below)		254,190	142,116
Net taxes paid		(14,750)	(36,563)
Net cash from operating activities		**244,766**	**126,988**
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repaid/(granted)		488	(873)
Acquisition of property, plant and equipment		(19,201)	(29,434)
Dividends received		121	699
Acquisition of intangible assets		(15,673)	(18,077)
Acquisition of subsidiaries		(19,829)	(850)
Cash of subsidiaries on acquisition		8,509	331
Capitalised development costs		(27,751)	(29,655)
Acquisition of associates and joint ventures	13	(4,429)	(96)
Proceeds from sale of property, plant and equipment		186	232
Proceeds from sale of discontinued operations, net of cash and surplus land held for sale	14	14,143	-
Acquisition of non-controlling interest		(105)	(1,268)
Net cash used in investing activities		**(63,541)**	**(78,991)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the Company	11d	-	(36,952)
Issue of bonds, net of issue costs		-	345,672
Share buyback		(10,149)	(40,097)
Interest payable on bonds, bank borrowings and other		(19,587)	(10,107)
Proceeds from loans and borrowings		245,827	-
Repayment of loans and borrowings		(206)	(243)
Payment of contingent consideration and redemption liability		(26,144)	(39,933)
Payment of lease liability		(14,142)	(13,860)
Net cash from financing activities		**175,599**	**204,480**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**356,824**	**252,477**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		674,186	622,197
Exchange loss on cash and cash equivalents		(5,883)	(1,419)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,025,127**	**873,255**
Cash and cash equivalent consist of:			
Cash and cash equivalent – continuing operations		1,022,989	873,255
Cash and cash equivalent treated as held for sale		2,138	-
		1,025,127	**873,255**

ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES

		Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000 Restated**
Income and expenses not affecting operating cash flows:			
Depreciation of property, plant and equipment		24,299	24,946
Amortisation of intangible assets		73,287	73,176
Amortisation of right of use assets		9,695	11,419
Impairment of tangible assets		551	-
Impairment of intangible assets		6,632	-
(Reversal of) Impairment of loans receivable		(1,496)	4,636
Profit on disposal of discontinued operations	14b	(586)	-
Profit on disposal of asset classified as held for sale	14a	(13,428)	-
Share of profit in joint ventures		(121)	(823)
Share of profit in associates		(572)	(1,040)
Fair value change on acquisition of associate	20a	(6,520)	-
Fair value change of equity instruments		(411)	(141)
Interest expenses on convertible bonds		-	5,511
Interest on bonds and other interest expenses		20,516	16,295
Interest on lease liability		3,049	2,971
Income tax expense		6,093	9,988
Employee stock option plan expenses		10,588	6,031
Movement in contingent consideration and redemption liability		7,447	3,540
Exchange loss on cash and cash equivalents		5,883	1,419
Unrealised exchange gain		(6,181)	(3,852)
Other		275	30
Changes in operating assets and liabilities:			
Change in trade receivables		40,126	35,904
Change in other receivables		15,100	38,741
Change in trade payables		7,956	(36,423)
Change in progressive, operators jackpot and security deposits		693	4,228
Change in client funds		26,280	(39,360)
Change in other payables		30,190	(19,124)
Change in provisions		(2,832)	1,251
Change in deferred revenues		(2,323)	2,793
		254,190	**142,116**

Acquisition of subsidiaries in period

	Note	Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000
Acquisitions in the period			
A. Acquisition of Statscore SP Z.O.O.	20a	6,500	-
B. Acquisition of Best In Game SRL	20b	13,329	-
Acquisitions in previous periods			
C. Other acquisitions		-	850
		19,829	**850**

Payment of redemption liabilities and contingent consideration on previous acquisitions	Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000
Acquisitions in previous periods		
A. Acquisition of Rarestone Gaming PTY Limited	4,140	3,104
B. Acquisition of Playtech BGT Sports Limited	20,778	-
C. Acquisition of Quickspin AB	-	14,345
D. Acquisition of Consolidated Financial Holdings	-	21,978
E. Other acquisitions	1,226	506
	26,144	**39,933**

The cash outflows, as stated in the June 2019 interim, relating to payments of long term contingent consideration on the acquisition of subsidiaries and the payments of redemption liabilities to acquire non-controlling interests in previous periods has been restated during the period. As a result, they have been reclassified from investing to financing cash flows. This presentational change in the cash flow statement has no impact on actual cash flows nor on any of the other primary statements.

NOTE 1 – REPORTING ENTITY

Playtech plc (the 'Company') is a company domiciled in the Isle of Man. The Company was incorporated in 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 sport betting terminals, land-based terminals and fixed-odds games – 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 Snaitech, 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, Jeffries, 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").

These are the condensed consolidated interim financial statements ('interim condensed financial statements") as at and for the six months ended 30 June 2020 comprising the Company and its subsidiaries (together referred as "the Group").

NOTE 2 – BASIS OF PREPARATION

The annual financial statements of the Group were prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union. These interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34,"Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 16 September 2020.

Some of the amounts reported for the previous interim period have been restated to correct an error. Detailed information about these adjustments can be found in Note 25.

Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Group has considered the impact of COVID-19 and other market volatility in preparing it's financial statements.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes have been applied in the measurement of the Group's assets and liabilities. Please refer to Note 4.

Process applied

The Group is closely monitoring developments in, and the effects of COVID-19 the global economy. On the basis of currently available information, the Group is not in a position to accurately assess the magnitude of the impact of COVID-19 on the Group's operations and financial results, as this will principally depend on the rate and extent of the spread of the virus, as well as the effectiveness of the regulatory and fiscal measures taken to support the economy and mitigate the impact of the virus.

As a consequence of COVID-19 and in preparing these financial statements, management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty
- reviewed external market communications to identify other COVID-19 related impacts
- reviewed public forecasts and experience from previous downturns
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19

Going concern basis

In adopting the going concern basis of preparation in the interim financial statements, the Directors have considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties together with scenario planning and reverse stress tests completed in the forecast period.

Despite the impact on cash flows of COVID-19, the Group continues to hold a strong liquidity position with adjusted gross cash of €656.9 million (31 December 2019 €333.2 million). Whilst there are a number of risks to the Group's trading performance from COVID-19 and its impact on the global economy, the Directors are confident of its ability to continue as a going concern.
The Directors have reviewed liquidity and covenant forecasts for the Group, which have been updated for the expected impact of COVID-19 on trading as well as the relaxed covenants agreed with the Group's facility providers. The Directors have also considered sensitivities in respect of potential downside scenarios, reverse stress tests and the mitigating actions available to management.

The modelling of downside scenarios assessed if there was a significant risk to the Group's liquidity and covenant compliance position. This includes the risk of a second lockdown, and consideration of the recovery period in the Groups' key markets and licensee's operations.

The Group's principal financing arrangements are a revolving credit facility up to €317.0 million which expires in November 2023 with option of extension for one year, 2018 Bond amounting to €530.0 million and 2019 Bond amounting to €350.0 million which are repayable in October 2023 and March 2026 respectively. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 15 and 16. The RCF covenants have been relaxed as follows:

- Leverage: Net Debt/Adjusted EBITDA revised to 5:1 for the year ended 31 December 2020 and 4.5:1 for the last twelve months to 30 June 2021 (31 December 2019: 3:1)
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last twelve months to 30 June 2021 (31 December 2019: 4:1)

If the Group's results are in line with its base case projections it would not be in breach of the financial covenants for a period of no less than 12 months from approval of the interim financial statements. There can be no assurance that a downside scenario will be avoided if the COVID-19 pandemic increases in severity and further impacts the performance of the Group.

Management believe that the Group is well placed to manage foreseeable downside and severe downside scenarios after also considering mitigating actions that would be available to the Directors and within their control.

In preparing their reverse stress test, which assessed the point at which covenants would be breached, the Directors assumed the following scenario:

- A further deterioration of revenue and EBITDA as a result of a second lockdown;
- Downturn in cash generation; and
- No mitigating actions taken.

As a result of completing this assessment the Directors considered the likelihood of the reverse stress test scenario arising to be remote. In reaching this conclusion the Directors considered the following:

- Current trading is performing above the base case;
- The reverse stress test requires a reduction of 75% to EBITDA over the next 12 months against the base case;
- In the event that revenues decline, additional mitigating actions are available to management which have not been factored into the reverse stress test scenario.

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

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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have a material impact on the interim condensed financial statements of the Group.

NOTE 4 – CRITICAL JUDGEMENTS AND ESTIMATES

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

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

As a result of the uncertainty associated with the unpredictable nature of the COVID-19 pandemic, management faces challenges related to selecting appropriate assumptions and developing reliable estimates. The use of forecast information is pervasive in the Group's assessment for the impairment of goodwill and other intangible assets, the recoverability of deferred taxes, determination of the fair value of contingent consideration and redemption liability and the entity's ability to continue as a going concern. The complexities associated with preparing forecasts as a result of the pandemic and the economic downturn include the following:

- There are wide ranges of possible outcomes, resulting in a high degree of uncertainty about the ultimate trajectory of the pandemic and the path and time needed for a return to a "steady state".
- The associated economic impact of the pandemic is highly dependent on variables that are difficult to predict.
- The effect of these macro-economic conditions on the estimated future cash flows of the Group.

Estimates and assumptions

Impairment of goodwill and other intangible assets

The Group is required to test annually or when an impairment indicator arises, whether goodwill and indefinite life assets have suffered any impairment. The Group is required to test other intangible assets if events or changes in circumstances indicate that their carrying amount may not be recoverable. The assessment incorporated a consideration of COVID-19. 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 calculation of a discount rate in order to calculate the present value of the cash flows, both of which require significant management estimates. More details including carrying values are included in Note 12.

Deferred tax assets

Deferred tax assets are recognised with respect to the tax losses carry overs 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. Management is required to make significant discretionary evaluation to determine the amount of deferred tax assets that may be recognised. Significant judgments and estimates apply in assessing the recoverability of deferred tax assets, given the uncertainty over the existence of future taxable profits. The Group has reassessed forecast profits and the recoverability of deferred tax assets in accordance with IAS 12 Income taxes taking into account the additional uncertainty arising from the virus and the steps taken to control it.

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, forecasts for future periods, or certain non-financial performance criteria. 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. As noted in the impairment of goodwill and other intangible assets and deferred tax assets, management used revised forecast taking into consideration the impact of COVID-19 ensuring that the assumptions are consistent with those used for other recoverability assessments. 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 17.

Impairment of investments

When it has been assessed that there is an indicator of impairment the Group tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with its carrying value. The fair values of associates, joint ventures and structured agreements might be affected by the economic environment in which the companies are operating, and therefore indirectly affect the recoverable amount of the investment which could potentially affect the determination of impairment.

Impairment of financial assets

In response to COVID-19 the Group undertook a review of trade receivables and other financial assets exposures, as applicable, and the Expected Credit Losses (ECL) for each. The review considered the macroeconomic outlook, customer credit quality, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures were however revised. 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.

Fair value of financial instruments

The fair value of an asset or liability at the reporting date should be determined in accordance with the applicable IFRS standards. When fair value is based on an observable market price, the quoted price at the reporting date should be used. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly - if fair value is determined based on market prices (for example, in case of shares or debt securities traded on an active market), or indirectly - for example, if a valuation technique is based on inputs that are derived from volatile markets.COVID-19 has an indirect impact on fair value determination, given that the main financial instrument is the contingent consideration and redemption liability classified under Level 3.

NOTE 5 – SEGMENT INFORMATION

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

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

The operating segments identified are:

- Gaming B2B: including Casino, Services, Sport, Bingo, Poker and Other

- Gaming B2C: Snaitech, Sun Bingo and Casual (discontinued operations) and other B2C
- Financial: including B2C and B2B CFD

The Group-wide profit measures are Adjusted EBITDA and Adjusted Profit (see Note 8).

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, as allocation would be arbitrary.

Six months ended 30 June 2020

	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming €'000	Financial €'000	Total continuing operations €'000	B2C – discontinued operations €'000	Total €'000
Revenue	187,407	42,264	229,671	253,491	(6,422)	476,740	87,274	564,014	6,636	570,650
Adjusted EBITDA			63,190	46,288		109,478	52,831	162,309	504	162,813
Adjusted profit/(loss) attributable to the owners of the Company			6,043	(2,588)		3,455	40,894	44,349	393	44,742
Total assets			1,299,890	1,307,511		2,607,401	761,145	3,368,546	2,773	3,371,319
Total liabilities			979,417	878,219		1,857,636	299,750	2,157,386	2,425	2,159,811

Six months ended 30 June 2019

	Core B2B €'000	Asia B2B €'000	Total B2B €'000	B2C – continuing operations €'000	Intercompany €'000	Total Gaming €'000	Financial €'000	Total continuing operations €'000	B2C – discontinued operations €'000	Total €'000
Revenue	199,762	65,724	265,486	429,991	(6,765)	688,712	39,120	727,832	8,234	736,066
Adjusted EBITDA			110,239	74,427		184,666	8,193	192,859	(2,675)	190,184
Adjusted profit/(loss) attributable to the owners of the Company			54,378	21,992		76,370	2,059	78,429	(4,254)	74,175
Total assets			1,360,079	1,229,298		2,589,377	753,127	3,342,504	-	3,342,504
Total liabilities			939,851	841,918		1,781,769	265,991	2,047,760	-	2,047,760

NOTE 6 – DISCONTINUED OPERATION

As identified in Note 14, the Group has treated its Casual and Social Gaming Business as discontinued in these results. As a result, the comparative financial information has been restated to show the relevant activities as discontinued.

The results of the Casual and Social Gaming Business for the period are presented below:

		Six months ended 30 June 2020		Six months ended 30 June 2019
	Actual €'000	**Adjusted €'000**	**Actual €'000**	**Adjusted €'000**
Revenue	6,636	6,636	8,234	8,234
Distribution costs before depreciation and amortisation	(6,079)	(6,079)	(10,769)	(10,769)
Administrative expenses before depreciation and amortisation	(217)	(53)	(140)	(140)
EBITDA	**340**	**504**	**(2,675)**	**(2,675)**
Depreciation and amortisation	(138)	(138)	(1,335)	(985)
Profit on disposal of discontinued operations (Note 14b)	586	-	-	-
Finance income/(cost)	147	147	(540)	(540)
Profit/(loss) before taxation	**935**	**513**	**(4,550)**	**(4,200)**
Tax expenses	(120)	(120)	(54)	(54)
Profit/(loss) from discontinued operations, net of tax	**815**	**393**	**(4,604)**	**(4,254)**
Earnings per share from discontinued operations				
Basic (cents)	0.3	0.1	(1.5)	(1.4)
Diluted (cents)	0.3	0.1	(1.5)	(1.4)

The net cash flows incurred by the Casual and Social Gaming Business in the period, are as follows:

	Six months ended 30 June 2020 €'000	**Six months ended 30 June 2019 €'000**
Operating	(382)	1,393
Investing	(6)	(1,408)
Financing	(123)	(115)
Net cash outflow	(511)	(130)

NOTE 7 – REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

Geographical analysis of revenues by jurisdiction of license

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 the accounting policies of the last annual consolidated financial statements. The B2C revenues are described under B2C Revenue policy and financial revenues under financial trading income of the last annual financial statements.

Six months ended 30 June 2020

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Italy	12,542	216,071	(3,168)	225,445	1,836	227,281	-	227,281
United Kingdom	66,259	28,824	(1,903)	93,180	55,312	148,492	-	148,492
Philippines	35,554	-	-	35,554	53	35,607	-	35,607
Malta	26,764	-	-	26,764	523	27,287	-	27,287
Mexico	20,899	-	-	20,899	273	21,172	-	21,172
Spain	11,505	22	(3)	11,524	633	12,157	-	12,157
Germany	1,010	7,046	(961)	7,095	1,662	8,757	-	8,757
Gibraltar	6,976	-	-	6,976	8	6,984	-	6,984
Greece	6,444	-	-	6,444	467	6,911	-	6,911
Cyprus	536	-	-	536	5,643	6,179	-	6,179
United Arab Emirates	1	-	-	1	5,987	5,988	-	5,988
Curacao	5,222	-	-	5,222	27	5,249	-	5,249
Finland	3,380	-	-	3,380	93	3,473	-	3,473
Norway	2,856	-	-	2,856	113	2,969	-	2,969
Austria	1,421	1,501	(421)	2,501	154	2,655	-	2,655
Others	28,302	27	34	28,363	14,490	42,853	6,636	49,489
	229,671	**253,491**	**(6,422)**	**476,740**	**87,274**	**564,014**	**6,636**	**570,650**

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
B2B	**229,671**	**-**	**(6,422)**	**223,249**	**-**	**223,249**	**-**	**223,249**
Snaitech	-	215,526	-	215,526	-	215,526	-	215,526
Sun Bingo	-	28,195	-	28,195	-	28,195	-	28,195
B2C Sport and other B2C	-	9,770	-	9,770	-	9,770	6,636	16,406
Total B2C	**-**	**253,491**	**-**	**253,491**	**-**	**253,491**	**6,636**	**260,127**
Financial	**-**	**-**	**-**	**-**	**87,274**	**87,274**	**-**	**87,274**
	229,671	**253,491**	**(6,422)**	**476,740**	**87,274**	**564,014**	**6,636**	**570,650**

Timing of transfer of performance obligations	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
At the satisfaction of the performance obligation	228,403	253,491	(6,422)	475,472	87,274	562,746	6,636	569,382
Hardware sale (at the point of transaction	338	-	-	338	-	338	-	338
Over time	930	-	-	930	-	930	-	930
	229,671	**253,491**	**(6,422)**	**476,740**	**87,274**	**564,014**	**6,636**	**570,650**

Six months ended 30 June 2019

Primary Geographic Markets	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
Italy	10,634	398,561	(3,927)	405,268	652	405,920	-	405,920
United Kingdom	94,978	21,409	(1,510)	114,877	25,182	140,059	-	140,059
Philippines	57,723	-	-	57,723	8	57,731	-	57,731
Mexico	14,106	-	-	14,106	101	14,207	-	14,207
Malta	13,778	-	-	13,778	34	13,812	-	13,812
Gibraltar	12,136	-	-	12,136	16	12,152	-	12,152
Spain	10,498	162	(17)	10,643	240	10,883	-	10,883
Germany	1,215	7,318	(1,076)	7,457	360	7,817	-	7,817
Greece	7,703	-	-	7,703	(213)	7,490	-	7,490
Finland	5,426	-	-	5,426	34	5,460	-	5,460
Austria	1,981	2,531	(232)	4,280	70	4,350	-	4,350
United Arab Emirates	-	-	-	-	3,638	3,638	-	3,638
Norway	3,363	-	-	3,363	79	3,442	-	3,442
Belgium	3,326	-	-	3,326	1	3,327	-	3,327
Cyprus	777	-	-	777	2,439	3,216	-	3,216
Others	27,842	10	(3)	27,849	6,479	34,328	8,234	42,562
	265,486	**429,991**	**(6,765)**	**688,712**	**39,120**	**727,832**	**8,234**	**736,066**

Product type	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
B2B	**265,486**	**-**	**(6,765)**	**258,721**	**-**	**258,721**	**-**	**258,721**
Snaitech	-	395,811	-	395,811	-	395,811	-	395,811
Sun Bingo	-	17,501	-	17,501	-	17,501	-	17,501
Sports B2C and other B2C	-	16,679	-	16,679	-	16,679	8,234	24,913
Total B2C	**-**	**429,991**	**-**	**429,991**	**-**	**429,991**	**8,234**	**438,225**
Financial	**-**	**-**	**-**	**-**	**39,120**	**39,120**	**-**	**39,120**
Total	**265,486**	**429,991**	**(6,765)**	**688,712**	**39,120**	**727,832**	**8,234**	**736,066**

Timing of transfer of performance obligations	B2B €'000	B2C €'000	Intercompany €'000	Total gaming €'000	Financial €'000	Continuing operations €'000	Discontinued operations €'000	Total €'000
At the satisfaction of the performance obligation	251,018	429,991	(6,765)	674,244	39,120	713,364	8,234	721,598
Hardware sale (at the point of transaction	13,056	-	-	13,056	-	13,056	-	13,056
Over time	1,412	-	-	1,412	-	1,412	-	1,412
	265,486	**429,991**	**(6,765)**	**688,712**	**39,120**	**727,832**	**8,234**	**736,066**

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.

The vast majority of the Group's B2B contract are for the delivery of services within the next twelve months.

The Group's deferred income includes setup fees paid by the licensee in the beginning of the contract. The fees cover the whole period of the contract (on average thirtysix months). The revenue is recognised on a monthly basis until the completion of the services provided. These are included in deferred income and total €6.9 million (30 June 2019 - €10.4 million, 31 December 2019 - €9.2 million).

NOTE 8 – ADJUSTED ITEMS

Management regularly uses adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. The primary adjusted financial measures are Adjusted EBITDA and Adjusted Profit, which management considers are relevant to understand the Group's financial performance. There have been no changes to the adjusted financial measures in the period when compared to the previous financial year and accounting policy applied.

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:

Six months ended 30 June 2020

	Revenue €'000	Distributions costs before depreciation and amortisation €'000	Administrative expenses before depreciation and amortisation €'000	EBITDA €'000	Profit from continuing operations attributable to the owners of the Company €'000
Reported as actual	564,014	343,974	74,815	138,109	4,615
Employee stock option expenses	-	(3,533)	(7,055)	10,588	10,588
Professional fees on acquisitions	-	-	(3,641)	3,641	3,641
Additional consideration payable for effect from redemption liability	-	-	(4,494)	4,494	4,494
Amendment to contingent consideration	-	-	(1,156)	1,156	1,156
Provision of other receivables	-	-	(1,159)	1,159	1,159
Charitable donation			(3,162)	3,162	3,162
Fair value change of equity instruments	-	-	-	-	(411)
Movement in contingent consideration and redemption liability	-	-	-	-	2,954
Deferred tax on acquisitions	-	-	-	-	(6,566)
Amortisation of intangibles on acquisitions	-	-	-	-	27,967
Impairment of tangible and intangible assets	-	-	-	-	7,183
Fair value change on acquisition of associate	-	-	-	-	(6,520)
Profit on disposal of asset classified as held for sale	-	-	-		(13,428)
Tax on disposal of asset classified as held for sale					4,355
Adjusted measure	**564,014**	**340,441**	**54,148**	**162,309**	**44,349**
Constant currency impact	1,501	(655)	(89)	2,245	5,373
Adjusted result on constant currency basis	**565,515**	**339,786**	**54,059**	**164,554**	**49,722**
Adjusted result related to acquisitions on constant currency basis	(820)	(2,728)	(50)	1,958	2,303
Underlying adjusted result on constant currency basis	**564,695**	**337,058**	**54,009**	**166,512**	**52,025**

Six months ended 30 June 2019

	Revenue €'000	Distributions costs before depreciation and amortisation €'000	Administrative expenses before depreciation and amortisation €'000 Restated**	EBITDA €'000 Restated**	Profit from continuing operations attributable to the owners of the Company €'000 Restated**
Reported as actual	727,832	482,024	79,196	161,976	24,811
Employee stock option expenses	-	(2,513)	(3,518)	6,031	6,031
Professional fees on acquisitions	-	-	(1,263)	1,263	1,263
Cost of fundamental business reorganisation	-	-	(15)	15	15
Additional consideration payable for effect from redemption liability	-	-	(10,120)	10,120	10,120
Amendment to contingent consideration	-	-	(2,393)	2,393	2,393
Effect from the amendment on the terms of Sun contract back dated	-	-	(6,425)	6,425	6,425
Provision of other receivables	-	-	-	4,636	4,636
Finance costs on acquisitions	-	-	-	-	558
Fair value change of equity instruments	-	-	-	-	(141)
Non-cash accrued convertible bond interest	-	-	-	-	5,510
Movement in contingent consideration and redemption liability	-	-	-	-	(6,579)
Adjustment to tax charge relating to prior periods	-	-	-	-	248
Deferred tax on acquisitions	-	-	-	-	(6,734)
Amortisation of intangibles on acquisitions	-	-	-	-	29,873
Adjusted measure	**727,832**	**479,511**	**55,462**	**192,859**	**78,429**
Constant currency impact	-	-	-	-	(1,218)
Adjusted result on constant currency basis	**727,832**	**479,511**	**55,462**	**192,859**	**77,211**
Adjusted result related to acquisitions on constant currency basis	-	1,966	3	1,969	3,942
Underlying adjusted result on constant currency basis	**727,832**	**481,477**	**55,465**	**194,828**	**81,153**

NOTE 9 – FINANCING INCOME AND COSTS

	Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000
A. Finance income		
Interest received	892	2,280
Finance income – movement in contingent consideration and redemption liability	-	6,579
Exchange differences	-	1,218
	892	10,077
B. Finance cost		
Notional interest on convertible bonds	-	(5,511)
Nominal interest on convertible bonds	-	(742)
Interest on bond loan	(18,271)	(15,390)
Interest expense on lease liability	(3,020)	(2,929)
Bank charges and interest paid	(6,530)	(4,600)
Bank facility fees	(1,169)	(707)
Finance cost – movement in contingent consideration and redemption liability	(2,954)	-
Exchange differences	(3,298)	-
	(35,242)	(29,879)
Net financing cost	**(34,350)**	**(19,802)**

NOTE 10 – 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 listed below. In addition, adjusted earnings per share have been disclosed as the directors believe that the Adjusted Profit represents more closely the underlying trading performance of the business. The adjusted items are included in Note 8.

		Six months ended 30 June 2020		Six months ended 30 June 2019
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Profit attributable to owners of the Company	5,430	44,742	20,207	74,175
Add interest on convertible bond	-	-	6,253	742
Profit attributable to the owners of the Company - diluted	5,430	44,742	26,460	74,917
Basic (cents)	1.8	15.0	6.6	24.1
Diluted (cents)	1.8	14.6	6.6	21.5

		Six months ended 30 June 2020		Six months ended 30 June 2019
	Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Profit attributable to owners of the Company from continuing operations	4,615	44,349	24,811	78,429
Add interest on convertible bond	-	-	6,253	742
Profit attributable to the owners of the Company from continuing operations - diluted	4,615	44,349	31,064	79,171
Basic (cents)	1.6	14.9	8.1	25.5
Diluted (cents)	1.5	14.4	8.1	22.7

		Six months ended 30 June 2020		Six months ended 30 June 2019
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	297,458,669	297,458,669	307,386,625	307,386,625
Denominator – diluted				
Weighted average number of equity shares	297,458,669	297,458,669	307,386,625	307,386,625
Weighted average number of share options	10,043,676	10,043,676	4,884,117	4,884,117
Weighted average number of convertible bonds	-	-	36,044,564	36,044,564
Weighted average number of shares	307,502,345	307,502,345	348,315,306	348,315,306

Earnings per share for discontinued operations is disclosed in Note 6.

The effects of the anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share.

NOTE 11 – SHAREHOLDERS' EQUITY

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

	Number of Shares	
	30 June 2020	**30 June 2019**
Authorised	N/A*	N/A*
Issued and paid up	299,328,354	309,294,243

* The Group has no authorised share capital but is authorized under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

In 2020 the Group has cancelled 4,463,339 shares as part of share buy back for a total consideration of € 10,149,435 (30 June 2019: 8,050,360 shares for a total consideration of € 40,096,662).

B. Employee Benefit trust
During 2013 the Group established an Employee benefit trust by acquiring 5,517,241 shares for a total of €48.5 million. During the period 113,992 shares were used in settlement of share options, with a cost of €0.9 million (Six months to 30 June 2019: 146,890 shares with a cost of €1.2 million), and as of 30 June 2020, a balance of 1,841,444 (2019: 1,978,690) shares remains in the trust with a cost of €15.2 million (30 June 2019: €16.6 million).

C. Share options
During the period 121,970 share options were exercised (Six months to 30 June 2019: 157,229). During the period, Tradetech LTIP Share options with book value totaling €12.2 million became fully vested and in order to reflect the expected settlement in cash, they have been reclassified from equity to liabilities.

D. Distribution of Dividend
In 2020, the Group did not pay any dividends (30 June 2019: € 36,952,140). As per the announcement to the market, dated 19 March 2020, the 2019 final dividend of €0.12 per share was not proposed at the Annual General Meeting.

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

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

NOTE 12 – INTANGIBLE ASSETS

	30 June 2020 €'000	30 June 2019 €'000
Net book value of intangible assets at 1 January	1,499,396	1,644,133
Additions	45,806	47,732
Additions through business combinations	21,432	17,313
Write offs	(98)	-
Impairment	(6,632)	-
Amortisation charge for the period	(73,893)	(73,176)
Foreign exchange movements	(218)	3,007
Net book value of intangible assets at 30 June	1,485,793	1,639,009

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to sixteen cash generating units ("CGU") (30 June 2019: fifteen, 31 December 2019: fifteen).

Management review CGUs for impairment bi-annually, or on the occurrence of an impairment indicator. As a consequence of the COVID-19, some revenue streams have experienced significant reductions due to lack of sporting events and closure of the retail betting shops. Due to this, management assessed impairment indicators in a number of the Group's CGUs. The recoverable amounts of reviewed CGUs have been determined from value in use calculations based on cash flow projections covering 5 years plus a terminal value, which have been updated for COVID-19 and management's probability-based estimates of the impact on future periods based on different scenarios. Management has considered the ongoing economic uncertainty caused by the global pandemic, and the higher level of judgement and uncertainty in forecasts.

An impairment of goodwill has been recognised during the period totalling €5.4 million (30 June 2019: Nil) in the Sports B2C CGU (within the Gaming B2C segment), primarily as a result of the impact of COVID-19, the estimated recovery period, and the uncertainty in future cash flows. No further goodwill impairment has been recognised during the period as the recoverable amounts are higher than the carrying amounts for the rest CGUs (30 June 2019: Nil).

There is a potential risk for future impairment should there be a significant change in the economic outlook, versus those trends management anticipates in our forecasts, as a result of the ongoing impact of COVID-19.

With the exclusion of CGU's deemed sensitive to impairment from a reasonably possible change in key assumption, which have been reviewed in further detail below, management forecasts for 2021 anticipate growth of between 0% and 11% when compared to pre-COVID levels. Forecasts for the subsequent periods (years 2-5) applied an annual growth rate for revenue and expenses of between 3% and 11% based on the underlying economic environment in which the CGU operates. Beyond this period, management has applied an annual growth rate of 2%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current level of licenses. Management has applied discount rates to the cash flow projections between 11.5% and 20.9%.

The Sports B2C CGU (which comprises the B2C sports operation in Germany and Austria) is a significant CGU for the Group and has been significantly impacted by COVID-19. Management have assessed probability-based scenarios for the future cash flows of the CGU, which has resulted in an impairment of €5.4 million (30 June 2019: Nil). The recoverable amount of the CGU has been calculated as €19.4 million, based on value in use. The recoverable amount of the Sports B2C CGU has been determined using cashflow forecasts that include annual revenue growth rates of between 13% to 85% over the 2-5 year forecast period (when compared to pre-COVID levels), long term growth rate of 2% and discount rate of 19.96%. The recovery period from COVID is a significant management judgement and changes in this assessment and the probability of occurrence will have material impacts on the CGU net asset value.

Poker CGU is a significant CGU for the Group, with CGU net assets of €29.6 million. The recoverable amount of the Poker CGU has been determined using cashflow forecasts that include annual revenue growth rates of 2% over the 2-5 year forecast period, and 2% long term growth rate. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 6% or revenue growth was lower by 5%.

Bingo Retail CGU is a significant CGU for the Group, with CGU net assets of €28.5 million and has been significantly impacted by COVID-19. The recoverable amount of the Bingo Retail CGU has been determined using a probability assessment of the recovery period to return to pre-COVID levels, and cashflow forecasts that include annual revenue growth rates of between 0% to 2% over the 2-5 year forecast period, and 2% long term growth rate. The recoverable amount would equal the carrying amount of the CGU if the discount rate applied was higher by 2% or revenue growth was lower by 2% or the recovery period was extended.

NOTE 13 – INVESTMENTS

	30 June 2020 €'000	**30 June 2019 €'000**
Investment in joint ventures	22,404	574
Investment in associates	16,618	13,538
Investment in structured agreements	16,787	16,787
	55,809	30,899

During the period the Group acquired a new interest in associates for cash of €4.4 million.

NOTE 14 – ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2020 €'000	**30 June 2019 €'000**
Assets		
A. Property, plant and equipment	27,045	32,417
B. Casuals CGU	2,773	-
	29,818	32,417

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 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. In this respect, since 2019 the asset were classified separately under the category of assets held for sale.

   On 21 April 2020, the sale and purchase agreement of Area Sud has been finalised for total consideration of €18.8 million out of which €5 million already received on the sign off of the preliminary agreement. As a result of this transaction, the Group realised profit of €13.4 million in the statement of comprehensive income.

   On 21 July 2020, the sale and purchase agreement of Area Nord has been finalised for total consideration of €35.7 million.

B. On 22 November 2019, the Group announced that it was reviewing its Casual and Social Gaming Business. In H2 2019, the Board of Directors made the decision to dispose of the Casual and Social Gaming Businesses. Accordingly, Casual and Social Gaming Business were classified as a disposal Group held for sale and as a discontinued operation in the last annual financial statements.

On 29 June 2020, the Group entered into an agreement for the partial disposal of Casual and Social Gaming Business of “FTX” for total consideration of $1.0 million. As a result of this transaction, the Group realised profit of €0.6 million in the statement of comprehensive income, included in discontinued operations Note 6.

Efforts to sell the remaining disposal Group continue and a sale is expected by the end of 2020.

	€’000
Consideration received	942
Net assets disposed of:	
Property, plant and equipment	17
Right of use assets	145
Non current assets	45
Trade and other receivables	585
Cash and cash equivalents	599
Trade and other payables	(742)
Lease liability	(194)
Tax liabilities	(99)
	356
Profit on disposal	586

Net consideration received after deducting cash and cash equivalents is €0.3 million.

NOTE 15 – LOANS AND BORROWINGS

The main credit facility of the Group is a revolving credit facility (RCF) up to €317.0 million available until November 2023 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 €307.3 million (30 June 2019: €Nil, 31 December 2019: €64.4 million).

Under the RCF, the covenant is monitored on a regular basis by the finance department and regularly reported to management to ensure compliance to the agreement.

The covenants have been relaxed as follows:

- Leverage: Net Debt/Adjusted EBITDA revised to 5:1 for the year ended 31 December 2020 and 4.5:1 for the last twelve months to 30 June 2021 (31 December 2019: 3:1)
- Interest cover: Adjusted EBITDA/Interest revised to 3:1 for the year ended 31 December 2020 and 3.5:1 for the last twelve months to 30 June 2021 (31 December 2019: 4:1)

The covenants will return to previous levels of 3x Net Debt/Adjusted EBITDA and 4x Interest/Adjusted EBITDA from the 31 December 2021 test onwards, or sooner should the Company decide to make shareholder distributions within those periods.

As at 30 June 2020, the Group has met these financial covenants.

NOTE 16 – BONDS

	Convertible bonds €'000	2018 Bond €'000	2019 Bond	Total €'000
As at 1 January 2019	287,149	523,706	-	810,855
Issue of bond	-	-	345,672	345,672
Notional interest on bonds	5,511	652	195	6,358
As at 30 June 2019	292,660	524,358	345,867	1,162,885
Notional interest on bonds	4,340	663	302	5,305
Repayment of bond	(297,000)	-	-	(297,000)
As at 31 December 2019	-	525,021	346,169	871,190
Notional interest on bonds	-	656	308	964
As at 30 June 2020	-	525,677	346,477	872,154

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.

Bonds

(a) 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 amortized over the period of the bond.

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

The fair value of the liability component of the bond at 30 June 2020 was €525.0 million (30 June 2019: €559.0 million, 31 December 2019: €552.0 million).

(b) 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 amortized over the period of the bond.

The issue price of 2019 Bond is 100% of its principal amount. The 2019 Bond bears interest from 7 March 2019 at the rate of 4.25% per cent 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 30 June 2020 was €347.0 million (30 June 2019: €371.3 million, 31 December 2019: €373.0 million).

As at 30 June, the Group has met the financial covenant of the 2018 and 2019 Bonds which is the following:
Interest cover: Interest/Adjusted EBITDA 2:1 (31 December 2019: 2:1)

NOTE 17 – DEFERRED AND CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY

	30 June 2020 €'000	30 June 2019 €'000
Non-current deferred and contingent consideration consists:		
Acquisition of Eyecon Limited	-	1,385
Acquisition of ACM Group	-	71,830
Acquisition of Rarestore Gaming PTY Limited	-	4,863
Interest in Aquila Global Group SAS ("Wplay")	4,041	-
Other acquisitions	699	1,355
	4,740	79,433
Non-current redemption liability consists:		
Acquisition of ECM Systems Holdings Limited	-	482
Acquisition of Statscore SP Z.O.O.	3,721	-
Other acquisition	-	188
	3,721	670
Total non-current deferred and contingent consideration and redemption liability	8,461	80,103
Current deferred and contingent consideration consists:		
Acquisition of Playtech BGT Sports Limited	20,779	5,000
Acquisition of ACM Group	-	3,220
Acquisition of Rarestore Gaming PTY Limited	-	129
Interest in Aquila Global Group SAS ("Wplay")	16,050	-
Other acquisitions	1,905	3,538
	38,734	11,887
Current redemption liability consists:		
Acquisition of Playtech BGT Sports Limited	-	31,238
Other acquisitions	48	-
	48	31,238
Total current deferred and contingent consideration and redemption liability	38,782	43,125

During the period, the Group exercised its option to acquire the remaining 10% of Playtech BGT Sports Limited for a total consideration of €41.6 million including settlement or previous contingent consideration liabilities and other contractual dues, which are payable in three installments, 50% was paid in the period and the remaining amount will be paid before the end of 2020. As a result of this acquisition, the put call option reserve decreased by €16.3 million and the liability is now treated as deferred consideration.

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

	30 June 2020 €'000	30 June 2019 €'000
Acquisition of ACM Group	-	127,569
Acquisition of Eyecon Limited	24,703	27,932
Acquisition of Rarestone Gaming PTY Ltd	-	5,278
Acquisition of HPYBET Austria GmbH	15,000	15,000
Acquisition of Playtech BGT Sports	-	95,000
Acquisition of Statscore SP Z.O.O	15,000	-
Interest in Aquila Global Group SAS ("Wplay")	21,250	-
Other acquisitions	8,344	7,193
	84,297	**277,972**

NOTE 18 – CORPORATE AND GAMING TAXES PAYABLE

	30 June 2020 €'000	30 June 2019 €'000
Income tax payable	16,481	13,764
Gambling tax	120,231	106,907
	136,712	**120,671**

NOTE 19 – PROVISIONS FOR RISKS AND CHARGES

	Other provisions €'000	Provisions for tax disputes, litigations, contractual risks €'000	Total provisions €'000
As at 1 January 2019	1,453	10,642	12,095
On acquisitions	-	318	318
Charged to the statement of comprehensive income	246	917	1,163
Utilised / realized in the year	-	(230)	(230)
As at 30 June 2019	1,699	11,647	13,346
Charged to the statement of comprehensive income	246	6,112	6,358
Utilised / realized in the year	-	(196)	(196)
As at 31 December 2019	1,945	17,563	19,508
Charged to the statement of comprehensive income	246	(2,192)	(1,946)
Utilised / realized in the year	-	(886)	(886)
As at 30 June 2020	2,191	14,485	16,676

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 advisors and experts on legal and tax-related matters.

NOTE 20 – ACQUISITIONS DURING THE PERIOD

A. Acquisition of Statscore SP Z.O.O.

On 13 January 2020, the Group acquired an additional 40% of Statscore SP Z.O.O. ("Statscore") for total cash consideration of €6.5 million. Prior to the acquisition, the Group held 45% of Statscore which was accounted for as an associate. The historic cost of this interest was €2.0 million. The existing associate interest was fair valued on acquisition of the additional 40%. The fair value of the existing holding was valued at €8.0 million which resulted in a fair value gain of €6.5 million recognised in the statement of comprehensive income. The remaining 15% of the shares are held by the founder.

Additional consideration capped at €2.2 million in cash will be payable subject to the employment of the founder and achieving target EBITDA. In this respect, this has been treated as employment remuneration.

As part of the acquisition, the Group now holds a call option to purchase the remaining 15% of Statscore under two options as follows:

(1) To purchase 7.5% within three months of the third anniversary, regardless of whether the founder remains employed and certain conditions met. However, the option price depends on last twelve month EBITDA Target of €4.0 million and should be measured as follows, cap to €5.0 million cap.
   (a) If EBITDA Target is satisfied, then option price is seven times EBITDA of the last twelve months multiply with the percentage of the additional acquisition.
   (b) If EBITDA Target is not satisfied, then option price is five times EBITDA of the last twelve months multiply with the percentage of the additional acquisition.

(2) To purchase 7.5% within three months of the six years anniversary, regardless of whether the founder remains employed and certain conditions met. However, the option price depends on last twelve month EBITDA Target of €8.0 million and should be measured as follows, cap to €10 million:
   (a) If EBITDA Target is satisfied, then option price is nine times EBITDA of the last twelve months multiply with the percentage of the additional acquisition.
   (b) If EBITDA Target is not satisfied, then option price is seven times EBITDA of the last twelve months multiply with the percentage of the additional acquisition.

The founder has irrecoverable put option to require the Group to purchase the 15% of Statscore subject to certain conditions.

The fair value of this option was recognised as a non-current redemption liability and this was reflected in the Groups' statement of changes in equity within the put/call option reserve. The fair value as at 30 June 2020 was €3.7 million. The fair value was calculated using Monte Carlo simulation methodology.

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

	Fair value on acquisition €'000
Property, plant and equipment	9
Intangible assets	3,506
Right of use of asset	116
Other non-current assets	5
Trade and other receivables	111
Cash and cash equivalent	60
Deferred tax liability	(666)
Tax liabilities	(2)
Lease liability	(131)
Trade payables and other payables	(562)

Non-controlling interest	(367)
Net identified assets (85% acquired)	2,079
Goodwill	12,398
Fair value of consideration	14,477

	€'000
Cash consideration	6,500
Fair value of existing equity interest	7,977
	14,477
Cash purchased	(60)
Net cash payable	14,417

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Customer relationship	514	16.7%
IP Technology	2,992	10%

The key assumptions used by management to determine the value in use of the Customer relationships within Statscore are as follows:

- The income approach, in particular the Relief from Royalty Method
- The discount rate assumed is equivalent to the WACC for the Customer relationships

The key assumptions used by management to determine the value in use of the IP Technology within Statscore are as follows:

- The MPEEM income approach
- The discount rate assumed is equivalent to the WACC for the IP Technology

The main factor leading to the recognition of goodwill is the assembled workforce with vast experience and strong record, other future revenue and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Statscore.

Management has not disclosed Statscore contribution to the Group's profit since the acquisition nor has disclosed the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2020, because the amounts are not material.

B. Acquisition of Best In Game S.r.l.

On 17 June 2020, the Group acquired 100% of Best In Game S.r.l.("Best In Game"), an Italian gaming company active in the online segment.

The Group paid total consideration of €13.3 million.

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

	Fair value on acquisition €'000
Intangible assets	3,047
Right of use of asset	38
Other receivables	329
Cash and cash equivalent	8,449
Other non current liabilities	(166)
Deferred tax liability	(815)
Lease liability	(38)
Trade payables and other payables	(160)

Progressive and operators jackpot	(84)
Client funds	(62)
Tax liabilities	(813)
Net identified assets	9,725
Goodwill	3,604
Fair value of consideration	13,329

	€'000
Cash consideration	13,329
Cash purchased	(8,449)
Net cash payable	4,880

Adjustments to fair value include the following:

	Amount €'000	**Amortisation %**
Customer relationship	2,922	12.5

The key assumptions used by management to determine the value in use of the Customer relationships within Best In Game are as follows:

- The income approach, in particular the Relief from Royalty Method
- The discount rate assumed is equivalent to the WACC for the Customer relationships

The main factor leading to the recognition of goodwill is synergies and further strategic aspects. The acquisition forms part of the Snaitech CGU and in accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Best In Game.

Management has not disclosed Best In Game contribution to the Group's profit since the acquisition nor has disclosed the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2020, because the amounts are not material.

NOTE 21 – ACQUISITIONS IN PREVIOUS PERIOD

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.

NOTE 22 – RELATED PARTIES

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

The joint ventures, structured agreements and associates are related parties of the Group by virtue of the Group's significant influence over those arrangements.

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

	Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000
Revenue		
Associates and joint ventures	2,065	944
Structured agreements	22,349	15,128
	24,414	16,072
Share of profit from joint ventures	121	823
Share of profit from associates	572	1,040
Operating expenses		
Structured agreements and associates	73	507
Interest income		
Structured agreements and associates	71	1,192

The following are the balances with related parties as at 30 June:

	30 June 2020 €'000	30 June 2019 €'000
Associates	3,268	-
Total non-current related parties receivable	3,268	-
Associates and joint ventures	1,319	4,879
Structured agreements	6,109	11,243
Total current related parties receivable	7,428	16,122
Structured agreements and associates	88	69
Total current related parties payable	88	69

NOTE 23 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Financing liabilities including accrued interest	At 1 January 2020	Financing cash flows	Non-cash items Acquisition of subsidiary (Note 20)	Other changes	At 30 June 2020
	€'000	€'000	€'000	€'000	€'000
Loans and borrowings (Note 15)	65,114	243,617	-	(905)	307,826
2018 Bond (Note 16)	529,378	(9,938)	-	10,566	530,006
2019 Bond (Note 16)	350,884	(7,438)	-	7,650	351,096
Deferred and contingent consideration and redemption liability (Note 17)	61,125	(26,144)	4,814	7,448	47,243
Lease liability	90,789	(14,019)	168	8,642	85,580
Total	1,097,290	186,078	4,982	33,401	1,321,751

Financing liabilities including accrued interest – Restated**	At 1 January 2019	Financing cash flows	Non-cash items Acquisition of subsidiary	Other changes	At 30 June 2019
	€'000	€'000	€'000	€'000	€'000
Loans and borrowings (Note 15)	695	(412)	-	169	452
Convertible bond (Note 16)	287,323	-	-	6,253	293,576
2018 Bond (Note 16)	528,062	(9,938)	-	10,509	528,633
2019 Bond (Note 16)	-	345,672	-	4,882	350,554
Deferred and contingent consideration and redemption liability (Note 17)	158,839	(39,933)	-	4,322	123,228
Lease liability	90,867	(13,860)	4,594	9,919	91,520
Total	1,065,786	281,529	4,594	36,054	1,387,963

NOTE 24 – 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 or potential legal actions related to its business. Based on the information currently available, and taking into consideration the existing provisions for risks, the Group currently 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, where appropriate, 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 potential claims and/or proceedings regarding complex legal matters, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the stage at which they are in the claims and disputes process, the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these matters, 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 disputes and/or proceedings underway. For a certain dispute which is at an early stage and where no proceedings have commenced, the Group has a reasonable expectation that no liability will arise, should a liability arise (which may be offset by a reimbursement), it is currently not possible to accurately estimate this.

Such disputes give rise to a contingent liability only and no provision has been made in relation to them. The Group monitors the status of its disputes and, where appropriate, consults with its advisors 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. Judgment is required to interpret international tax laws relating to ecommerce 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 25 – CORRECTION OF ERROR

During H2 2019, the Group discovered that the opening balance of the application of the IFRS 16 was incorrectly recognized in the interim financial statements for the period ended 30 June 2019. As a consequence, the right of use assets, lease liability, depreciation of right of use of assets and interest on lease liability have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Group's interim condensed financial statements.

(i) Consolidated statement of financial position

30 June 2019	Impact of correction of error		
	As previously reported	**Adjustments**	**As restated**
	€'000	**€'000**	**€'000**
Right of use assets	97,164	(11,905)	85,259
Others	3,257,245	-	3,257,245
Total assets	**3,354,409**	**(11,905)**	**3,342,504**
Lease liability	108,377	(16,857)	91,520
Others	1,956,240	-	1,956,240
Total liabilities	**2,064,617**	**(16,857)**	**2,047,760**
Retained earnings	668,054	4,952	673,006
Others	621,738	-	621,738
Total equity	**1,289,792**	**4,952**	**1,294,744**

The impact on the opening retained earnings as at 1 January 2019 was €1.5 million.

(ii) Consolidated statement of comprehensive income

30 June 2019	Impact of correction of error - Actual			Impact of correction of error - Adjusted		
	As previously reported	**Adjustments**	**As restated**	**As previously reported**	**Adjustments**	**As restated**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
EBITDA	162,428	(452)	161,976	193,311	(452)	192,859
Depreciation and amortization	(107,263)	(942)	(108,205)	(77,390)	(942)	(78,332)
Net finance costs	(24,623)	4,821	(19,802)	(25,134)	4,821	(20,313)
Others	(12,534)	-	(12,534)	(18,811)	-	(18,811)
Profit for the period	**18,008**	**3,427**	**21,435**	**71,976**	**3,427**	**75,403**
Total comprehensive income for the period	**20,193**	**3,427**	**23,620**	**74,161**	**3,427**	**77,588**

NOTE 26 – EVENTS AFTER THE REPORTING DATE

As disclosed in Note 14, on 21 July 2020, the sale and purchase agreement relating to the land treated as held for sale (Area Nord) has been finalised for total consideration of €35.7 million resulting to an estimated profit of €9.0 million.