Playtech plc

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

Results for the six months ended 30 June 2024

Excellent H1 2024 performance; B2B on track to meet medium-term target in FY24

Playtech (LSE: PTEC), the leading platform, content and services provider in the online gambling industry, today announces its results for the six months to 30 June 2024.

Financial summary[1]

	Reported			Adjusted[2]		
	H1 24 €'m	H1 23 €'m	Change %	H1 24 €'m	H1 23 €'m	Change %
Revenue	906.8	859.6	5%	906.8	859.6	5%
EBITDA	233.6	207.3	13%	243.0	219.9	11%
Post-tax profit[3]	10.0	3.1	223%	105.4	85.7	23%
Diluted EPS	3.2 €c	1.0 €c	220%	33.6 €c	27.5 €c	22%
Net debt	225.5	248.2	-9%			

Summary

- Adjusted EBITDA up 11% to €243.0 million, driven by strong performance across the B2B business.
- Good execution in B2B led to impressive top-line growth in the Americas; further benefitted from high operating leverage and tight cost control.
- Agreement reached on revised strategic agreement with Caliplay.
- Agreed sale of Snaitech for an enterprise value of €2.3 billion, with €1.7 billion – €1.8 billion to be returned to shareholders.
- On course to deliver FY 2024 Adjusted EBITDA slightly ahead of expectations[4].
- On track to be within the B2B Adjusted EBITDA medium-term target range of €200 million to €250 million in FY 2024, earlier than anticipated.

Divisional highlights

B2B

- Very strong B2B performance, with H1 2024 revenue up 14% to €382.2 million (H1 2023: €334.5 million).
- High operating leverage and a focus on cost control meant B2B Adjusted EBITDA increased by 38% to €112.3 million (H1 2023: €81.3 million), with Adjusted EBITDA margins up 510 bps.
- Continued strength within the Americas region, with revenue growth of 42% to €141.6 million (H1 2023: €99.7 million). Caliplay remains the key driver of growth, with increasing contributions from Wplay in Colombia, NorthStar in Canada and Parx in the US. Brazil continues to grow very strongly as it moves towards regulating.
- Significant progress made on executing the US and Canada strategy:
  - Revenue within the US and Canada is up over 200% versus H1 2023.
  - Expanded relationship with Rush Street and BetMGM as they launch in further states; launched with DraftKings in multiple states; successfully migrated Ocean Casino Resorts onto Playtech's platform.
  - Investment continues with headcount now over 270 as at end of H1 2024; with plans to increase this significantly in H2 2024 to meet expected demand.
  - Increase in the fair value of the equity investment in Hard Rock Digital to €118.5 million (FY 2023: €77.0 million) due to the performance of the business, aided by the relaunch of the Florida operations. Dividends received in H1 2024 of €1.6 million (H1 2023: €Nil).
- Live continues to see strong demand across key geographies:
  - Revenue from regulated markets up 17% in H1 2024 versus H1 2023.
  - Signed a new strategic partnership with MGM Resorts to produce proprietary, live casino content directly from the gaming floor at two of its resorts on the Las Vegas Strip
- Further progress diversifying revenue and customer base through the SaaS business model; revenues grew 44% to €33 million in H1 2024; on track to be within our medium-term revenue target of €60 million – €80 million in FY 2024, earlier than expected.
- Impairment loss of €112.3 million recognised in H1 2024 to reflect the impact on sports revenue due to the terms of the revised strategic agreement with Caliplay.

B2C

- Revenue within the B2C division was flat at €532.4 million (H1 2023: €532.1 million). Adjusted EBITDA declined by 6% to €130.7 million (H1 2023: €138.6 million).
- Snaitech revenue declined by 1% to €483.6 million (H1 2023: €488.4 million). Good growth in wagers against a tough comparative in H1 2023; offset by customer-friendly sporting results at the start of the year.
    - Retail revenue down 2% to €351.0 million (H1 2023: €357.0 million)
    - Online revenue up 1% to €132.6 million (H1 2023: €131.4 million)
- The Snai brand maintained its number one market share position (retail and online combined measured by GGR) across Italian betting brands in H1 2024.
- HAPPYBET reported Adjusted EBITDA loss of €6.6 million (H1 2023: €-6.1 million). Austrian business to be closed in H2 2024.
- Sun Bingo and Other B2C saw 17% revenue growth to €39.9 million (H1 2023: €34.1 million) mainly due to the launch of a new brand in H2 2023. Adjusted EBITDA was €2.3 million, down from €2.8 million in H1 23, due to higher marketing spend.

Corporate activity

- Agreement reached on revised strategic agreement with Caliplay, providing clarity on the future relationship and a strong platform to build on the significant growth delivered over the past nine years.
- Definitive agreement reached for the sale of Snaitech to Flutter:
    - Cash consideration of approximately €2,300 million calculated by reference to a debt and cash-free valuation basis and assuming a normalised level of working capital, representing an FY 2023 EV / Adjusted EBITDA multiple of 9x
    - Transaction expected to close by Q2 2025 following which Playtech intends to return €1,700 million - €1,800 million to shareholders by way of a special dividend with the final amount of the special dividend to be determined with reference to the capital needs of the ongoing Playtech business
    - From the proceeds, Playtech also intends to repay the outstanding amount on the bond due March 2026 of approximately €350 million, significantly strengthening the go-forward Group's balance sheet.

Financial activity

- Reported post-tax profit of €10.0 million in H1 2024, up from €3.1 million in H1 2023, due to the prior period including an overall reduction in the fair value of the derivative financial assets recognised in the income statement, and the derecognition of brought forward deferred tax assets. H1 2024 included an impairment related to sports, offset by an increase in fair values of equity investments and derivative financial assets.
- Group net debt as at 30 June 2024 was €225.5 million, resulting in leverage of 0.5x. On a proforma-basis adjusting for cash received from Caliplay post-period end, leverage reduces to 0.2x.

Current trading and outlook

- A solid start to H2 with normal seasonality; on track to deliver FY 2024 Adjusted EBITDA slightly ahead of expectations [4].
- On track to be within our B2B Adjusted EBITDA medium-term target range of €200 million to €250 million in FY 2024, earlier than anticipated.
- Strength of balance sheet further improved by strong cash generation and cash received from Caliplay, giving flexibility to pursue both organic and inorganic growth opportunities.
- The Board remains confident in Playtech's ability to execute on multiple growth opportunities across its key markets.

Mor Weizer, CEO, said:

"This set of results is further proof of the excellent progress we've made this year. We've executed our strategy to grow and improve the B2B business, delivering broad-based growth with strong contributions across our key markets, high operating leverage and tight cost control. We're also delighted to have agreed a revised strategic agreement with Caliplay, our partner in Mexico, which ensures we are well placed to capture significant growth in the coming years.

"Our plan to accelerate our presence in the US and Canada is already delivering, with revenues trebling in the period. We see a huge opportunity in this market and are pleased to have supported multiple customers with their own growth plans, while also delivering the first major milestone in our partnership with Hard Rock Digital. With US customers now able to experience Playtech-powered games in multiple states, soon our customers outside the US will get the opportunity to play games streamed direct from Las Vegas as part of our new agreement with MGM Resorts.

"A couple of weeks ago, we announced the sale of Snaitech to Flutter for €2.3 billion and our plan to return €1.7 – 1.8 billion to shareholders. Snaitech has been a key part of Playtech's growth in recent years and the team delivered another solid performance in the first half, despite the impact of customer-friendly sporting results. We are excited about what the future holds for the remaining Playtech business and we see plenty of opportunities ahead of us.

"We have started the second half of the year well and are on track to be within our B2B Adjusted EBITDA medium-term target range in FY 2024, earlier than expected. With a clear strategy, a strong balance sheet and a great team behind us, we remain very confident in Playtech's future prospects."

– Ends –

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[1]Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
[2]Adjusted numbers relate to certain non-cash and one-off items, as well as material reorganisation and acquisition-related costs. The Board of Directors believes that the adjusted results more closely represent the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8.
[3]Adjusted Profit refers to post-tax Profit from continuing operations attributable to the owners of the Company after the relevant adjustments as detailed above. Reported Profit refers to post-tax Profit from continuing operations attributable to the owners of the Company before adjustments.
[4]Including discontinued operations as for FY 2024 results, Snaitech expected to be included within discontinued operations. Expectations prior to trading statement issued on 16 September 2024.

Conference call and presentation

A presentation on the earnings will be held today in person at 9.00am at the London Stock Exchange, 10 Paternoster Square, EC4M 7LS, and accessible via a live audio webcast using this link:

https://www.investis-live.com/playtech/66e40b5be64efd1200125df9/pster

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

United Kingdom (Local): +44 20 3936 2999
United Kingdom (Toll-Free): +44 800 358 1035

Global Dial-In Numbers
Access Code: 827736

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

http://www.investors.playtech.com/results-centre/presentations.aspx

Forward looking statements

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

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

About Playtech

Founded in 1999 and with a listing in the equity shares (commercial companies) category on the Main Market of the London Stock Exchange, Playtech is a technology leader in the gambling industry with over 7,900 employees across 20 countries.

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

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

Chief Executive Officer's Review

Overview

The first half of 2024 saw Playtech continue to make good progress on its strategic priorities. The Company delivered Adjusted EBITDA ahead of expectations, driven mainly by a strong performance in the B2B division.

Playtech's B2B business prioritises opportunities in regulated or soon-to-be regulated markets, with a strong focus on high-growth regions such as the US and Canada, Latin America, and select European markets. A strong performance across these regions helped the B2B segment to generate revenue of €382.2 million in H1 2024, up 14% (+12% on a constant currency basis) vs a year ago (H1 2023: €334.5 million). B2B Adjusted EBITDA increased considerably, up 38% to €112.3 million (H1 2023: €81.3 million), driven by high operating leverage and tight cost control.

Strategic progress continues to be made in the fast-growing US market. Having previously laid the foundations for future growth by signing deals with multiple operators, 2024 saw a shift in focus towards execution and delivery. In H1 2024, we launched with several operators across multiple states including broadening our relationships with both Rush Street and BetMGM, and launching with DraftKings, Golden Nugget and Penn Entertainment in multiple states. Another highlight was the migration of Ocean Casino Resort's online casino platform onto Playtech's Player Account Management Plus system (PAM+).

As announced in June 2024, Playtech signed a new strategic partnership with MGM Resorts to produce proprietary, live casino content directly from the gaming floor at two of its resorts on the Las Vegas Strip. The partnership demonstrates the attractiveness of Playtech's technology to global brands, and our ability to bring to market innovative concepts.

In Latin America, Playtech has continued to see strong growth from Caliplay, which further solidified its leadership position in Mexico. Our other strategic agreements in Latin America also continue to perform well, with growing contributions from Wplay in Colombia and Galerabet in Brazil, in particular.

The resolution of the dispute with Caliplay has been a key priority for us, and we were pleased to announce earlier this month that we reached an agreement on the terms of a revised strategic agreement with Caliplay. During the past nine years, we have worked closely with Caliplay to create a successful and rapidly growing digital business in Mexico. The new agreement marks the beginning of an exciting new chapter that will build on the impressive progress to date, with a view to driving significant further growth for Caliplay in the future. See note 14 for further detail.

Playtech remains committed to diversifying its B2B division by driving growth through the SaaS business model. SaaS revenues grew 44% year on year to reach €33.0 million in H1 2024, as it remains on track to be within the medium-term goal of €60 - €80 million in annual revenue in 2024, earlier than expected.

Revenues from Playtech's B2C business were broadly flat at €532.4 million (H1 2023: €532.1 million) and Adjusted EBITDA decreased by 6% to €130.7 million (H1 2023: €138.6 million) due to the impact of customer-friendly sporting results in Snaitech, particularly at the start of the year. On an underlying basis, Snaitech saw good growth in wagers across both retail betting and online, whilst gaming machines performance normalised in line with market trends.

As announced earlier this month, a definitive agreement was reached for the sale of Snaitech to Flutter for a total enterprise value of €2,300 million. Under Playtech's ownership, Snaitech has grown into a high-quality business with a leading position in the Italian sports betting and gaming market. While Snaitech has been an important part of Playtech's growth in recent years, the transaction provides a large value creation event for shareholders following the fundamental business model transformation achieved since acquiring Snaitech in 2018. It also provides the opportunity for significant further upside from continued ownership of a pure-play B2B business.

I'd like to take this moment to extend my thanks to our talented colleagues around the world, without whom this strong financial performance would not be possible. The commitment and dedication they show to delivering best-in-class customer service is integral to maintaining our competitive advantage.

B2B

Regulated markets

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

Regulated markets saw revenue growth of 18% (16% on a constant currency basis) compared to H1 2023, driven by a strong performance from Caliplay in Mexico and growing contributions from the US, Canada, Colombia, Italy and Spain.

The Americas

Revenue from the Americas continued to grow at an impressive rate, with H1 2024 revenue up 42% (37% at constant currency) compared to H1 2023, with growth seen across several operators and countries.

US

Accelerating the Group's presence in the US remains a key strategic priority. Having laid the foundations for future growth by signing deals with multiple operators, in 2024 we have shifted our focus towards execution and delivery, driving revenue growth and expanding our capacity to meet the growing demand for our products.

In the first half of the year, we launched with several operators across multiple states. We launched with DraftKings and Golden Nugget for Casino and Live in Michigan, New Jersey and Pennsylvania. Rush Street ("BetRivers" brand) launched with Live Casino in Michigan, New Jersey and Pennsylvania. We also expanded our relationship with BetMGM as it launched Casino in Pennsylvania. Bet365 launched with both Casino and Live Casino in Pennsylvania, while we also launched Casino and Live with Penn Entertainment in both Michigan and Pennsylvania.

Ocean Casino Resort migrated its online casino platform in New Jersey onto Playtech, going live with both PAM+ and Casino, which marks another important step forward for Playtech as it is the second operator to use our PAM+ in the US. Platform deals are especially attractive given the value that accrues to Playtech when operators use both our PAM+ platform and content. Ocean Casino Resort is also the first US operator to go live with our BetBuddy product, Playtech's AI-enabled safer gambling technology.

We're pleased to report good progress in our strategic partnership with Hard Rock Digital ("HRD"). Earlier in 2024, we successfully completed the first major milestone in our partnership by delivering a range of games across slots, table games and live dealer through HRD's proprietary Hard Rock Bet platform in New Jersey.

We are working to increase our capacity in our New Jersey, Michigan and Pennsylvania studios to meet the rising demand for our products. Behind the Company's growing physical presence are a growing number of employees, with headcount now over 270 in the US at the end of H1 2024 and expected to grow further in the second half of the year.

Canada

We are pleased with the progress of our partnership with NorthStar, which delivered strong revenue growth, albeit from a low base. With the help of Playtech's technology and the strategic investment in 2023, as well as further short-term funding and strategic marketing contributions in 2024, NorthStar is well positioned for growth in Ontario and other Canadian markets in the future.

Playtech has further grown its exposure to the Canadian market having launched with Penn Entertainment for Casino and Live Casino and with Rush Street for Casino, both in Ontario in July 2024.

Latin America

Latin America continues to be a key market for Playtech due to its strong growth profile. Revenue from Latin America saw significant growth in the first half of 2024, up 34% (29% on a constant currency basis) to €128.3 million. This was largely driven by another very strong performance from Caliplay.

In Colombia, our strategic partnership with Wplay continues to go from strength to strength, enabling us to continue to benefit from this fast-growing market, and we are well positioned to capture further upside as this market continues to transition towards online.

We continue to see a shift towards greater regulation across Latin America, including in Brazil, Peru and Chile.

Brazil continues to advance on the path towards a regulated market following the presidential signing of new legislation for online gambling and sports betting at the end of 2023. Brazil is anticipated to be a significant, high-growth market given its large population and GDP. The market is set to launch at the start of 2025, and Playtech is well positioned to benefit early on given its strategic agreement with a leading Brazilian operator, Galerabet. In addition to Galerabet, Playtech has exposure to the Brazil market through supporting multiple B2B licensees expected to successfully obtain a Brazilian B2C operator licence.

In Peru, the gaming authority took another step towards launching by accepting applications for a licence, with the market set to launch at the end of 2024. Playtech is well-placed and went live with Betsson for Casino, Live Casino and Poker in July 2024. Similarly, in Chile, the online gambling bill passed the Lower Chamber in February 2024 and is currently awaiting approval from the Chilean Senate.

<u>Europe</u>

In Europe ex-UK, B2B revenue saw growth of 1% (0% at constant currency), with strong growth in Spain, Italy and Ireland. This was partly offset by declines in Greece, due to a contract loss, and in Poland, due to an EBITDA-neutral change in commercial terms with an operator.

We continue to see strong uptake for multiple products across some of our key markets:

- In Italy, we launched Casino and Live Casino with Betway, Betsson and NetBet.
- In Spain, we launched Casino and Live Casino with GoldenPark and Aupabet. We also launched Live Casino with Wanabet.
- In the Netherlands, we launched with LeoVegas for both Casino and Live Casino.

This broad set of agreements demonstrates the attractiveness of Playtech's range of products, the versatility and scalability of our business model and our ability to grow customer relationships over time.

Investment in studio infrastructure continues to remain a priority for the Live segment, including within Europe, where additional tables have been added in our facilities in Latvia, Romania and the UK, as demand for our content continues to increase.

UK

UK revenues saw an increase of 5% (+2% on a constant currency basis) compared to H1 2023. We saw good growth across multiple licensees, partly offset by a decline in revenue due to the impact of a customer insourcing their self-service betting terminals.

The UK remains an important market for Playtech and its customers, as well as being one of the largest and most mature regulated markets in the world, and we continue to launch new products with operators. For example, we launched Live with both Rank and Jumpman in H1 2024.

Playtech is uniquely advantaged given its market-leading technology and data, which put safety and responsible gambling at the centre of everything. The Company remains heavily involved in discussions around safer game design and will continue to be following the latest regulatory developments in the UK. This should further cement Playtech's reputation as the go-to platform for UK operators.

Unregulated markets

The Group's strategy is to focus on both regulated and regulating markets, although Playtech continues to have exposure to unregulated markets, many of which are expected to regulate in the future. Revenue from these unregulated markets was €71.6 million, down -1% (+1% on a constant currency basis) versus H1 2023, with growth in Brazil, partly offset by a decline in Asia, which is not a strategic market for the Group.

The Company is excited about the potential of the South African market, which has begun to regulate. It is a nascent but fast-growing market, which permits sports betting and live casino. Playtech has increased its exposure there, launching with both Betway and another Betway brand, Jackpotcity, for both Casino and Live Casino in 2024.

B2B – driving growth through innovation

SaaS

Playtech is also looking to diversify its revenue base through the SaaS business model, which targets the long-tail of providers that don't have access to PAM+.

I'm delighted that we are on track to reach the lower end of our medium-term SaaS revenue target of €60 million – €80 million by the end of 2024, earlier than expected. In H1 2024, SaaS enjoyed strong growth of 44% compared to H1 2023 to reach €33.0 million. We now have more than 500 brands live following the launch of our SaaS model in 2019.

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

Product developments

In June 2024, Playtech announced a partnership with MGM Resorts International to launch Live Casino content streamed directly from the gaming floors of two iconic Las Vegas Strip properties: Bellagio and MGM Grand. Live Casino content, branded as "MGM Live", will be licensed to operators for end-user play in regulated markets throughout the world outside the United States. The initial Live Casino offering will include roulette and baccarat games and allow online players to participate in the same game as players at the physical game table on the casino floor. The partnership is set to expand further, with access to several proprietary Playtech games as well as exclusive branded TV game shows, celebrity-hosted trivia shows and immersive entertainment experiences.

As the online gaming world expands, there is an ever-increasing demand to deliver new, engaging and immersive entertainment experiences for consumers.

In June 2024, Playtech launched Football Fiesta to celebrate Euro 2024, incorporating network leaderboards. This feature, which has proved extremely popular, allows players across multiple operator sites to compete on a single network leaderboard for a combined prize pool.

Throughout the first six months of 2024, Playtech designed and launched a number of highly successful bespoke games for a number of our long-standing brands, including Paddy Power and Entain. For Paddy Power, Playtech developed ‘Paddy’s Mansion Heist’, an immersive Live gameshow. For Entain, we partnered with ITV to launch ‘The Chase’, a fully bespoke Live gameshow modelled on the popular gameshow.

Other

As a result of the potential impact on sports revenue due to the revised terms of the strategic agreement with Caliplay, an impairment loss of €112.3 million has been recognised in H1 2024.

B2C

Playtech’s B2C business includes Snaitech, HAPPYBET and Sun Bingo and Other B2C operations. Overall, B2C revenues remained broadly flat at €532.4 million (H1 2023: €532.1 million). Adjusted EBITDA declined 6%, to €130.7 million (H1 2023: €138.6 million).

Snaitech

Revenue from Snaitech in Italy was broadly stable at -1% in H1 2024 compared to H1 2023, while Adjusted EBITDA saw a 5% decline compared to H1 2023. This overall performance was primarily due to customer-friendly sporting results at the start of the year.

The retail segment saw revenue and Adjusted EBITDA decline by 2% and 7%, respectively, versus H1 2023. The online business saw revenue growth of 1% and Adjusted EBITDA decline by 3% in the same timeframe.

While retail betting sales were down versus H1 2023, underlying volumes continue to see strong growth. Gaming Machines revenue was down 2% versus H1 2023, with growth in VLT revenue offset by a decline in AWP revenue. At the Adjusted EBITDA level, retail margins declined by 100 bps versus H1 2023, again due to the negative impact of the customer-friendly sporting results.

The online business saw slight growth in revenues, with casino performing well, offset by the customer-friendly results seen in sports betting. On an underlying basis, online saw solid growth in wagers in H1 2024 compared to H1 2023.

The under-penetration of the online segment continues to be a powerful structural tailwind for the business, with Snaitech well-placed to benefit given the strength of the Snai brand, the continuous improvements to apps and technology and a broadening of its content offering. Adjusted EBITDA margins remained high at 50% in H1 2024 versus 52% in H1 2023, despite the customer-friendly sporting results at the start of the year.

Snai maintained its number one market-leading position (retail and online combined measured by GGR) across Italian betting brands in H1 2024, reflecting its reputation for consistent operational and brand strength.

HAPPYBET

On the disposal of Snaitech, ownership of HAPPYBET will be transferred from Snaitech to Playtech. HAPPYBET revenues were down 7% in H1 2024 to €9.6 million (H1 2023 €10.3 million), driven by the rationalisation of retail sites in Germany and Austria. Adjusted EBITDA losses expanded to €6.6 million in H1 2024, versus a loss of €6.1 million in H1 2023, as a €2 million provision was taken in H1 2024 for the closure of the Austrian business.

Sun Bingo and Other B2C

Sun Bingo and Other B2C saw 17% revenue growth to €39.9 million (H1 2023: €34.1 million), mainly driven by the launch of an additional brand in H2 2023. Adjusted EBITDA declined by 18% to €2.3 million (H1 2023: €2.8 million), due to an acceleration in marketing spend in H1 2024.

Safer gambling and sustainability

As a business, the most impactful contribution that Playtech can make to the industry and in society is through the provision of technology to advance safer gambling and player protection. We are committed to supporting our licensees in this journey while growing our business sustainably and in a way that builds long-term value for all our stakeholders.

In the first half of 2024, we continued to make steady progress towards meeting our 2025 sustainability commitments. Highlights include:

- Launched BetBuddy, Playtech’s AI-enabled safer gambling technology, with two new brands, bringing the total to 18 brands in 11 jurisdictions.
- Enhanced Betbuddy’s capabilities to track and evaluate responsible gambling interactions with at risk players.
- Extended support for safer gambling research and education programmes in the US including a new collaboration with UNLV’s International Gaming Institute (IGI), as well as ongoing support for International Center for Responsible Gaming (ICGR) and the National Council on Problem Gambling’s Agility Grants programme.
- Committed to a near-term science-based emissions target, a 50.4% reduction in scope 1, 2 and 3 emissions by 2032 from a 2022 base year. The Company also committed to reach net-zero by 2040. In February 2024, both targets were validated by the Science Based Targets initiative.
- Recognised in the 4th edition of the Europe Climate Leaders 2024 listing, published in April 2024.
- Recognised for our progress in the most recent FTSE Female Leaders Review as well as at the Women in Gaming Awards.

Chief Financial Officer's review

Overview

Group performance

Overall, Playtech delivered strong financial results in H1 2024, with Adjusted EBITDA[1] of €243.0 million (H1 2023: €219.9 million), growing 11% compared to H1 2023. Total reported revenue was €906.8 million (H1 2023: €859.6 million), representing a 5% increase compared to H1 2023.

The strong performance was primarily driven by the B2B division's strong growth in regulated markets, with B2B revenues growing by 14% from €334.5 million in H1 2023 to €382.2 million in H1 2024. Adjusted EBITDA increased by 38% from €81.3 million in H1 2023 to €112.3 million in H1 2024, aided by high operating leverage and a focus on cost control. Strong growth was seen in the Americas, with Caliplay remaining a key driver. The good performance reflects the Group's strategy of focusing on opportunities in regulated and soon-to-be-regulated markets and is further analysed in this report.

In B2C, revenues of €532.4 million remain consistent with the prior year (H1 2023: €532.1 million), while Adjusted EBITDA of €130.7 million has decreased by 6% from €138.6 million in H1 2023. Whilst wagers in retail and online in Snaitech have increased period on period, this has been offset by sporting results which have been advantageous to customers in the early part of H1 2024 in particular, impacting both revenue and Adjusted EBITDA. We also note that H1 2023 is a tough comparable period, which benefitted from pent-up demand following the Football World Cup.

In September 2024 the Group made two significant announcements:

- Playtech entered into a revised strategic agreement with Caliplay, which is expected to complete in Q1 2025. Under these revised terms, Playtech will hold a 30.8% equity interest in Caliente Interactive, Inc. ("Cali Interactive"), which will be the new holding company of Caliplay, incorporated in the United States and be entitled to receive dividends alongside other shareholders. The revised arrangements are conditional upon Mexican antitrust approval. There is an agreed standstill of all the existing legal proceedings between Playtech, Caliente and Caliplay and those proceedings will be dismissed in full once the revised arrangements come into effect. Caliplay has resumed paying Playtech its fees, with more than €150 million having been received in September 2024, which included a settlement of the entirety of the amount outstanding at 31 December 2023 and a significant portion of the outstanding receivable relating to H1 2024. The remainder of the amount due was paid into an escrow account and will be released following completion of the revised strategic agreement and, in any event, by the end of 2025.
- The Group has entered into a definitive agreement for the sale of Snaitech to Flutter for a total enterprise value of €2,300 million on a debt and cash-free valuation basis and assuming a normalised level of working capital. IFRS 5 criteria has not been met as at 30 June 2024 and hence Snaitech is included in the continuing business. It is expected to be reclassified as discontinuing at year end.

Reported and Adjusted Profit

Adjusted profit before tax grew by 9% to €151.2 million (H1 2023: €139.3 million), driven mainly by the rise in Adjusted EBITDA and decrease in net financing costs, partly offset by the increase in amortisation and depreciation.

Reported profit before tax increased to €93.5 million (H1 2023: €79.6 million) which, in addition to the above, also includes the increase in the unrealised fair value of derivative financial assets and equity investments. This was partly offset by an impairment of the B2B Sports cash generating unit of €112.3 million which mostly reflects reduced future sports revenues from the revised Caliplay agreement and an impairment of €4.9 million in the IGS cash generating unit (H1 2023: no impairment). Total post-tax reported profit was €10.0 million (H1 2023: €3.1 million), with the movement in tax explained further in this report.

Balance sheet, liquidity and financing

The Group continues to maintain a strong balance sheet with Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €421.2 million as at 30 June 2024 (31 December 2023: €363.3 million). Net debt decreased to €225.5 million as at 30 June 2024 (31 December 2023: €282.8 million), and net debt/Adjusted EBITDA decreased to 0.5x (31 December 2023: 0.7x). On a proforma basis, adjusting for the cash received from Caliplay post period end, net debt/adjusted EBITDA reduces to 0.2x.

Group summary[3]

	H1 2024	H1 2023
	€'m	€'m
B2B	382.2	334.5
B2C	532.4	532.1
B2B licence fee – intercompany*	(7.8)	(7.0)
Total Group revenue	906.8	859.6
Adjusted costs	(663.8)	(639.7)
Adjusted EBITDA	243.0	219.9
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	233.6	207.3
Employee stock option expenses	2.6	2.9
Professional fees	6.8	4.6
Impairment of investment and receivables	—	5.1
Adjusted EBITDA	243.0	219.9
Adjusted EBITDA margin	27%	26%

*These are the B2B licence fees paid from the B2C divisions to B2B.

The Group's total Adjusted EBITDA increased by 11% to €243.0 million (H1 2023: €219.9 million). The adjusted items between reported and Adjusted EBITDA are explained in Note 8 of the interim financial statements.

Divisional performance

B2B

B2B revenue

	H1 2024	H1 2023	Change	Constant currency
	€'m	€'m	%	%
Americas	141.6	99.7	42%	37%
– USA and Canada	13.3	4.0	233%	233%
– Latin America	128.3	95.7	34%	29%
Europe excluding UK	97.8	96.6	1%	0%
UK	66.0	62.9	5%	2%
Rest of the World	5.2	3.3	58%	58%
Total regulated B2B revenue	310.6	262.5	18%	16%
Unregulated	71.6	72.0	-1%	1%
Total B2B revenue	382.2	334.5	14%	12%

Overall, B2B revenues increased by 14% (12% on a constant currency basis), largely due to an increase in the regulated B2B business.

Regulated B2B revenues[2] increased by 18%, driven by an increase in regulated markets in the Americas of 42% (37% on a constant currency basis).

In the US and Canada, revenue growth was driven by expansions and the launching of various new licensees as well as growth in Parx and NorthStar, as we are benefiting from the signing and launch of multiple brands in recent years. Growth in Latin America growth has been buoyed by the performance of Caliplay, as well as contributions from Wplay in Colombia, while the European market (excluding the UK) remains consistent. The loss of the OPAP contract in Greece as well as a change in commercial terms with an operator in Poland have been offset by growth in Spain, Ireland and Italy as we continue to see an uptake in our suite of products across key markets.

The UK is showing growth across existing and new licensees mainly in Live. This growth was slightly offset by a decline in revenue from Entain, as it continues to insource its SSBTs.

B2B costs

	H1 2024 **€'m**	H1 2023 €'m	Change %
Research and development	60.7	51.6	18%
General and administrative	43.4	42.6	2%
Sales and marketing	10.7	10.4	3%
Operations	155.1	148.6	4%
Total Adjusted B2B costs	269.9	253.2	7%

Total B2B revenue and costs			
B2B revenue	382.2	334.5	14%
B2B costs	(269.9)	(253.2)	7%
Total B2B Adjusted EBITDA	112.3	81.3	38%
Margin	29%	24%	

Research and development ("R&D") costs include, among others, employee-related costs, and office expenses for associated staff as well R&D IT costs. Expensed R&D costs increased by 18% to €60.7 million (H1 2023: €51.6 million), driven by a decrease in capitalized costs as well as an increase in employee-related costs. Capitalised development costs were 27% of total B2B R&D costs in H1 2024 (H1 2023: 35%). The decrease in the ratio of costs capitalised is mostly affected by the full impairment of the Sports CGU which effectively means the Group has stopped capitalising costs in H1 2024.

General and administrative costs include employee-related costs, proportion of office expenses, consulting and legal fees, as well as corporate costs such as audit and tax fees and listing expenses. These costs remain broadly flat at €43.4 million (H1 2023: €42.6 million) as a result of the Group's cost control strategy.

Similarly, sales and marketing costs remain broadly in line with the prior period at €10.7 million (H1 2023: €10.4 million).

Operations costs include costs relating to infrastructure and other operational projects, IT and security, and general day-to-day operational costs, including employee and office-apportioned costs and branded content fees. These costs increased by 4% to €155.1 million (H1 2023: €148.6 million), driven mainly by the Asia bad debt provision of €12.8 million and the increase in costs as the Group continue to expand its Live studios in North America, Peru, and Romania. These were offset by lower branded game fees (following changes in commercial terms with an operator in Poland with no effect on EBITDA), sports operational costs and reseller commissions.

B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by €31.0 million, 38%, to €112.3 million (H1 2023: €81.3 million), while EBITDA margin increased to 29% from 24% in H1 2023, driven by the movement in revenue and costs, as described above.

B2C

	H1 2024 **€'m**	H1 2023 €'m	Change %
Snaitech			
Revenue*	483.6	488.4	-1%
Costs	(348.6)	(346.5)	1%
Adjusted EBITDA	135.0	141.9	-5%
Margin	28%	29%	
Sun Bingo and Other B2C			
Revenue	39.9	34.1	17%
Costs	(37.6)	(31.3)	20%
Adjusted EBITDA	2.3	2.8	-18%
Margin	6%	8%	
HAPPYBET			

Revenue	9.6	10.3	-7%
Costs**	(16.2)	(16.4)	-1%
Adjusted EBITDA	(6.6)	(6.1)	
Margin	NA	NA	
B2C Adjusted EBITDA	130.7	138.6	-6%
Margin	25%	26%	

* Includes intercompany revenue from HAPPYBET of €0.7 million (H1 2023: €0.7 million).

** Includes intercompany costs from Snaitech of €0.7 million (H1 2023: €0.7 million).

Snaitech

Revenues decreased 1% from the prior period to €483.6 million (H1 2023: €488.4 million), with operating costs increasing by 1% to €348.6 million (H1 2023: €346.5 million) resulting in an Adjusted EBITDA decrease of 5% and a margin decrease of 120 bps.

The Snaitech retail segment revenue and Adjusted EBITDA declined by 2% and 7% respectively versus H1 2023, while the online business saw revenue growth of 1% and Adjusted EBITDA decreased by 3%.

The reduction in Adjusted EBITDA compared to H1 2023 largely stems from adverse sports betting results and while revenues have marginally decreased, wager volumes remain robust and grew by 12% in the retail betting segment and 5% in the online segment compared to H1 2023. In addition, the online market still provides further opportunity and Snaitech is well positioned to capitalise as online penetration continues to increase in Italy.

Sun Bingo and Other B2C

Revenue from the Sun Bingo business increased by 17% to €39.9 million (H1 2023: €34.1 million). Operating costs within Sun Bingo increased by 20% to €37.6 million to promote an additional brand launched in H2 2023 (H1 2023: €31.3 million), leading to an Adjusted EBITDA of €2.3 million (H1 2023: €2.8 million). The decrease in Adjusted EBITDA is purely attributed to an acceleration of marketing spend in H1 to fuel further growth.

Adjusted EBITDA continues to include the unwinding of the minimum guarantee prepayment of €2.4 million in the current year (H1 2023: €2.5 million), recognised as an expense over the revised period of the contract which was renegotiated in 2019.

HAPPYBET

Rationalisation of retail outlets in Austria and Germany in H1 gave rise to a 7% decrease in revenue to €9.6 million (H1 2023: €10.3 million), with costs decreasing by 1%. Adjusted EBITDA loss in the current period of €6.6 million (H1 2023: loss of €6.1 million) includes a €2.0 million provision for the wind-down of the Austrian business which is expected to complete in H2 2024 (H1 2023: included a €2.0 million expense for a historic litigation settlement).

Below EBITDA items

Depreciation and amortisation

Reported and adjusted depreciation increased by 19% to €26.3 million (H1 2023: €22.1 million). After deducting amortisation of acquired intangibles of €19.4 million (H1 2023: €20.6 million), adjusted amortisation increased by 24% to €45.8 million (H1 2023: €36.9 million) following the renewal of certain licences in Snaitech during H2 2023. The remainder of the balance under depreciation and amortisation of €10.9 million (H1 2023: €10.1 million) relates to IFRS 16 Leases and the recognition of the right-of-use asset amortisation.

Impairment of intangible assets

The reported impairment of intangible assets of €117.2 million (H1 2023: Nil) mainly relates to:

- the impairment of the IGS cash-generating unit (CGU) of €4.9 million, following the termination of two key contracts; and

- the impairment of the Sports B2B CGU of €112.3 million, was driven by the revised strategic agreement with Caliplay, which we expect to impact the sports revenue generated from 2025, as well as expected reductions in revenue from other sports licensees (H1 2023: €Nil, H2 2023: impairment of €72.2 million).

Finance income and finance costs

The reported and adjusted finance income of €16.0 million (H1 2023: €6.0 million) relates to net foreign exchange gain of €3.6 million (H1 2023: €3.0 million), interest received of €10.7 million (H1 2023: €3.0 million) and dividend income of €1.7 million, of which €1.6 million was from Hard Rock Digital (H1 2023: €Nil).

Reported finance costs include interest payable on bonds and other borrowings, bank facility fees, bank charges, interest expense on lease liabilities and expected credit losses on loan receivables. Reported finance costs increased by 16% to €23.4 million (H1 2023: €20.2 million), mainly due to the issuance of the 2023 Bond in June 2023. The difference between adjusted and reported finance costs is the movement in contingent consideration of €0.1 million (H1 2023: €1.3 million) relating to the acquisition of AUS GMTC PTY Ltd.

Unrealised fair value changes in derivative financial assets and equity investments

The unrealised fair value gain in derivative financial assets of €51.3 million (H1 2023: loss of €25.5 million) is due to the movement of the fair value of the various call options held by the Group which fall under the definition of derivatives within IFRS 9 Financial Instruments, with the most significant increase being a result of the uplift in the fair value of the Playtech M&A Call Option in Caliplay of €43.1 million.

The unrealised fair value gain of equity investments of €37.1 million (H1 2023: gain of €0.3 million) is mostly driven by the uplift in value of our small minority interest in Hard Rock Digital.

Further details on the fair value of the various call options and equity investments are disclosed in Note 14.

Taxation

A reported tax expense of €83.5 million (H1 2023: €76.5 million) arises on a reported profit before tax of €93.5 million (H1 2023: €79.6 million) compared to an expected charge of €23.4 million based on the UK headline rate of tax for the period of 25%. The key items for which the reported tax charge has been adjusted are: i) the derecognition of the deferred tax assets relating to UK tax losses and deferred tax assets resulting from a group restructuring of €36.5 million. These deferred tax assets were derecognised as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered; and ii) Unrealised fair value changes of equity investments on which a deferred tax liability is recognised of €6.3 million.

The total adjusted tax expense is €45.8 million (H1 2023: €53.6 million) which arises on an Adjusted Profit before tax of €151.2 million (H1 2023: €139.3 million). The total adjusted tax expense of €45.8 million consists of an income tax expense of €39.0 million (H1 2023: €21.4 million) and a deferred tax expense of €6.8 million (H1 2023: €32.2 million).

The Group’s effective adjusted tax rate for the current period is 30.2%. This rate is higher than the UK headline rate for the period of 25%. The key reasons for the differences are a mix of profits including subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate (which predominately relates to Snaitech based in Italy), current year tax losses not recognised for deferred tax purposes and expenses not deductible for tax purposes which include impairment of intangibles.

Adjusted Profit

	H1 2024 €’m	H1 2023 €’m
Reported profit	10.0	3.1
Employee stock option expenses	2.6	2.9
Professional fees	6.8	4.6
Impairment of investment and receivables	—	5.1
Fair value changes and finance costs on contingent consideration	0.1	1.3
Fair value changes of equity instruments	(37.1)	(0.3)
Fair value changes of derivative financial assets	(51.3)	25.5
Amortisation of intangible assets on acquisitions	19.4	20.6

Impairment of intangible assets	117.2	—
Deferred tax on acquisitions	(9.2)	(4.0)
Derecognition of brought forward deferred tax asset	25.8	23.4
Derecognition of brought forward deferred tax asset on group restructuring	10.7	—
Tax on unrealised fair value changes of derivative financial assets	4.1	—
Deferred tax on unrealised fair value changes of equity investment	6.3	—
Tax related to uncertain position	—	3.5
Adjusted Profit	105.4	85.7

The reconciling items in the table above are further explained in Note 8 of the interim financial statements. Reported post tax profit was €10.0 million (H1 2023: €3.1 million), mainly due to the increase in the fair value of the derivative financial assets and equity investments, partly offset by an increase in CGU impairments.

Adjusted EPS (in Euro cents)

	H1 2024	H1 2023
Adjusted basic EPS from profit attributable to the owners of the Company	34.6	28.4
Adjusted diluted EPS from profit attributable to the owners of the Company	33.6	27.5
Basic EPS from profit attributable to the owners of the Company	3.3	1.0
Diluted EPS from profit attributable to the owners of the Company	3.2	1.0

Basic EPS is calculated using the weighted average number of equity shares in issue during H1 2024 of 304.8 million (H1 2023: 302.3 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 2024 of 314.2 million (H1 2023: 311.3 million).

Cash flow

Cash conversion

Playtech continues to be cash-generative and delivered operating cash flows of €160.2 million (H1 2023: €225.2 million.

	H1 2024 €'m	H1 2023 €'m
Adjusted EBITDA	243.0	219.9
Net cash provided by operating activities	160.2	225.2
Cash conversion	66%	102%
Change in jackpot balances	(2.9)	0.3
Change in client funds and security deposits	(1.7)	11.0
Professional fees	6.8	4.6
ADM security deposit (Italian regulator)	(11.7)	(11.2)
Adjusted net cash provided by operating activities	150.7	229.9
Adjusted cash conversion	62%	105%

Operating cash flows decreased from €225.2 million in the prior period to €160.2 million in H1 2024, with the decline driven by the outstanding Caliplay receivable as further explained in Note 5 of the interim financial statements.

Adjusted cash conversion of 62% (H1 2023: 105%) is shown after adjusting for jackpot balances, client funds, professional fees and ADM security deposit. Again, the decrease in cash conversion relates to Caliplay.

Adjusting for the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits and client funds only impact the reported operating cash flow and not Adjusted EBITDA, while professional fees are excluded from Adjusted EBITDA but impact operating cash flow.

Cash flow statement analysis

Net cash outflows used in investing activities totalled €75 .8 million (H1 2023: €186.2 million), key items of which include:

- €72.0 million (H1 2023: €57.3 million) used in the acquisition of property, plant and equipment, intangibles and capitalised development costs.
- In H1 2023, €79.8 million for the acquisition of a small minority interest in Hard Rock Digital and €41.3 million cash payment in relation to a subcontractor option redemption.

Net cash outflows from financing activities totalled €31.6 million (H1 2023: inflow of €318.9 million.)

- H1 2023 includes net RCF withdrawal of €48.0 million and net proceeds received on the new 2023 Bond issued of €297.3 million.

Balance sheet, liquidity and financing

	30 June 2024	31 December 2023
	€'m	€'m
Cash and cash equivalents (net of ECL)	569.5	516.2
Cash held on behalf of clients, progressive jackpots and security deposits	(148.3)	(152.9)
Adjusted gross cash and cash equivalents	421.2	363.3
Bonds	646.7	646.1
Gross debt	646.7	646.1
Net debt	225.5	282.8
Last 12 months Adjusted EBITDA	455.4	432.3
Net debt/Adjusted EBITDA ratio	0.5	0.7

Cash

The Group continues to maintain a strong balance sheet with total cash and cash equivalents of €569.5 million at 30 June 2024 (31 December 2023: €516.2 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €421.2 million as at 30 June 2024 (31 December 2023: €363.3 million). The increase would have been higher, had it not been for the Caliplay dispute, which was resolved in September 2024, including a cash receipt of over €150 million (refer to Note 5).

Financing and net debt

As at 30 June 2024, the Group had the following borrowing facilities:

- €350.0 million 2019 Bond (31 December 2023: €350.0 million) (4.25% coupon, maturity 2026) which was raised in March 2019;
- Undrawn €277.0 million revolving credit facility (2022: undrawn); this facility is available until October 2025, with an option to extend by 12 months; and
- €300.0 million 2023 Bond (31 December 2023: €300.0 million) (5.875% coupon, maturity 2028) which was raised in June 2023.

Net debt, after deducting Adjusted gross cash, decreased to €225.5 million (31 December 2023: €282.8 million), with net debt/Adjusted EBITDA falling to 0.5x (2022: 0.7x). On a proforma basis adjusting for cash received from Caliplay in September 2024, net debt/adjusted EBITDA reduces to 0.2x.

Contingent consideration

Contingent consideration increased to €8.2 million (31 December 2023: €6.2 million), mostly due to the recognition of deferred consideration payable on the acquisition of the Tenlot El Salvador option (refer to Note 14C). The existing liability as at 30 June 2024 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration as at 30 June 2024	Payment date (based on maximum payable earnout)
Aus GMTC PTY Ltd	€46.7 million	€5.7 million	Q4 2025
Other	€2.5 million	€2.5 million	Various

Going concern

In adopting the going concern basis in the preparation of the financial statements, the Group has considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties, together with scenario planning and reverse stress tests completed for a period of 15 months from the approval of these financial statements.

Given the recent announcement published on 17 September 2024 on the definitive agreement for the sale of Snaitech S.p.A. to Flutter Entertainment Holdings Ireland Limited, the Directors have assessed two base case scenarios: one where the sale doesn't complete and one where the sale completes (expected by Q2 2025).

As per the going concern assessment under Note 2, under both of these scenarios, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence over the relevant going concern period and have therefore considered it appropriate to adopt the going concern basis of preparation in these interim financial statements.

1 Adjusted numbers throughout relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8 of the interim financial statements.
2 Core B2B refers to the Company's B2B business excluding unregulated Asia.
3 Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.

Chris McGinnis
Chief Financial Officer
28 September 2024

Directors' responsibilities

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

- the unaudited condensed consolidated financial statements have been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting; and
- the interim management report as required by rules 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules, includes a fair review of:
    - important events during the six months ended 30 June 2024 and their impact on the condensed consolidated financial statements; and
    - related parties' transactions and changes therein.

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

On behalf of the Board

Chris McGinnis
Chief Financial Officer
28 September 2024

INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated statement of cash flows and the related notes.

Basis for conclusion

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

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

Conclusions relating to going concern

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

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

Responsibilities of directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

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

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
55 Baker Street, London, W1U 7EU, UK
28 September 2024

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 2024 Actual €'m	 Adjusted €'m[1]	Six months ended 30 June 2023 Actual €'m	 Adjusted €'m[1]
Revenue	7	906.8	906.8	859.6	859.6
Distribution costs before depreciation and amortisation		(588.8)	(587.9)	(576.8)	(574.8)
Administrative expenses before depreciation and amortisation		(72.5)	(64.0)	(72.3)	(63.0)
Impairment of financial assets		(11.9)	(11.9)	(3.2)	(1.9)
EBITDA	8	233.6	243.0	207.3	219.9
Depreciation and amortisation		(102.4)	(83.0)	(89.7)	(69.1)
Impairment of intangible assets	9	(117.2)	—	—	—
Profit on disposal of property, plant and equipment and intangible assets		—	—	1.7	1.7
Finance income	10A	16.0	16.0	6.0	6.0
Finance costs	10B	(23.4)	(23.3)	(20.2)	(18.9)
Share of loss from associates	14A	(1.5)	(1.5)	(0.3)	(0.3)
Unrealised fair value changes of equity investments	14B	37.1	—	0.3	—
Unrealised fair value changes of derivative financial assets	14C	51.3	—	(25.5)	—
Profit before taxation	8	93.5	151.2	79.6	139.3
Income tax expense	8, 11	(83.5)	(45.8)	(76.5)	(53.6)
Profit for the period		10.0	105.4	3.1	85.7
Other comprehensive loss:					
Items that are or may be classified subsequently to profit or loss:					
Exchange gain/(loss) arising on translation of foreign operations		5.4	5.4	(5.0)	(5.0)
Other comprehensive income/(loss) for the period		5.4	5.4	(5.0)	(5.0)
Total comprehensive income/(loss) for the period		15.4	110.8	(1.9)	80.7
Profit for the period attributable to:					
Owners of the Company		10.2	105.6	3.1	85.7
Non-controlling interests		(0.2)	(0.2)	—	—
		10.0	105.4	3.1	85.7
Total comprehensive income/(loss) attributable to:					
Owners of the Company		15.6	111.0	(1.9)	80.7
Non-controlling interests		(0.2)	(0.2)	—	—
		15.4	110.8	(1.9)	80.7
Earnings per share attributable to the ordinary equity holders of the Company					
Profit or loss – total					
Basic (cents)	12	3.3	34.6	1.0	28.4
Diluted (cents)	12	3.2	33.6	1.0	27.5

1 Adjusted numbers relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results more closely represent the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 8.

Unaudited consolidated statement of changes in equity

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee Benefit Trust €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non-controlling interests €'m	Total equity €'m
Balance at 1 January 2024	611.8	0.4	1,219.2	(17.8)	(7.4)	1,806.2	—	1,806.2
Total comprehensive income for the period								
Profit for the period	—	—	10.2	—	—	10.2	(0.2)	10.0
Other comprehensive income for the period	—	—	—	—	5.4	5.4	—	5.4
Total comprehensive income/(loss) for the period	**—**	**—**	**10.2**	**—**	**5.4**	**15.6**	**(0.2)**	**15.4**
Transactions with the owners of the Company								
Contributions and distributions								
Exercise of options	—	—	(0.7)	0.7	—	—	—	—
Equity-settled share-based payment charge	—	—	2.6	—	—	2.6	—	2.6
Total contributions and distributions	—	—	1.9	0.7	—	2.6	—	2.6
Change in ownership interests								
Acquisition of subsidiary with non-controlling interests	—	—	—	—	—	—	(0.2)	(0.2)
Total changes in ownership interests	—	—	—	—	—	—	(0.2)	(0.2)
Total transactions with owners of the Company			1.9	0.7		2.6	(0.2)	2.4
Balance at 30 June 2024	**611.8**	**0.4**	**1,231.3**	**(17.1)**	**(2.0)**	**1,824.4**	**(0.4)**	**1,824.0**
Balance at 1 January 2023	**606.0**	**0.4**	**1,113.0**	**(17.2)**	**0.3**	**1,702.5**	**—**	**1,702.5**
Total comprehensive income for the period								
Profit for the period	—	—	3.1	—	—	3.1	—	3.1
Other comprehensive loss for the period	—	—	—	—	(5.0)	(5.0)	—	(5.0)
Total comprehensive income/(loss) for the period	—	—	3.1	—	(5.0)	(1.9)	—	(1.9)
Transactions with the owners of the Company								
Contributions and distributions								
Exercise of options	—	—	(9.4)	9.4	—	—	—	—
Equity-settled share-based payment charge	—	—	2.9	—	—	2.9	—	2.9
Transfer from treasury shares to Employee Benefit Trust	5.8	—	6.7	(12.5)	—	—	—	—
Total contributions and distributions	5.8	—	0.2	(3.1)	—	2.9	—	2.9
Total transactions with owners of the Company	5.8	—	0.2	(3.1)	—	2.9	—	2.9
Balance at 30 June 2023	611.8	0.4	1,116.3	(20.3)	(4.7)	1,703.5	—	1,703.5

Unaudited consolidated balance sheet

	Note	**30 June 2024 €'m**	31 December 2023 €'m
ASSETS			
Property, plant and equipment		339.5	350.2
Right of use assets		68.7	71.0
Intangible assets	13	732.5	881.2
Investments in associates	14A	50.0	51.5
Other investments	14B	132.4	92.8
Derivative financial assets	14C	886.3	827.8
Trade receivables		2.0	1.9
Deferred tax asset	21	25.0	62.5
Other non-current assets		148.5	137.0
Non-current assets		2,384.9	2,475.9
Trade receivables		295.1	207.1
Other receivables		98.2	100.5
Inventories		8.4	6.8
Cash and cash equivalents		569.5	516.2
		971.2	830.6
Assets classified as held for sale	15	19.6	19.3
Current assets		990.8	849.9
TOTAL ASSETS		3,375.7	3,325.8
EQUITY			
Additional paid in capital		611.8	611.8
Employee termination indemnities		0.4	0.4
Employee Benefit Trust		(17.1)	(17.8)
Foreign exchange reserve		(2.0)	(7.4)
Retained earnings		1,231.3	1,219.2
Equity attributable to equity holders of the Company		1,824.4	1,806.2
Non-controlling interests		(0.4)	—
TOTAL EQUITY	16	1,824.0	1,806.2
LIABILITIES			
Bonds	18	646.7	646.1
Lease liability		62.3	61.9
Deferred revenues		2.0	1.8
Deferred tax liability	21	164.6	161.6
Contingent consideration	20	6.0	5.8
Provisions for risks and charges	19	10.4	8.9
Other non-current liabilities		18.7	34.8
Non-current liabilities		910.7	920.9
Trade payables		53.6	66.9
Lease liability		21.8	24.9
Progressive operators' jackpots and security deposits		108.1	111.0
Client funds		40.2	41.9
Income tax payable		46.2	14.0
Gaming and other taxes payable		117.1	116.1
Deferred revenues		4.8	4.4
Contingent consideration	20	2.2	0.4
Provisions for risks and charges	19	1.8	0.6
Other payables		244.2	217.5
		640.0	597.7
Liabilities directly associated with assets classified as held for sale		1.0	1.0
Current liabilities		641.0	598.7
TOTAL LIABILITIES		1,551.7	1,519.6
TOTAL EQUITY AND LIABILITIES		3,375.7	3,325.8

The consolidated financial statements were approved by the Board and authorised for issue on 28 September 2024.

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

Unaudited consolidated statement of cash flows

	Note	**Six months ended 30 June 2024 €'m**	Six months ended 30 June 2023 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		10.0	3.1
Adjustments to reconcile net income to net cash provided by operating activities (see below)		161.6	237.9
Net taxes paid		(11.4)	(15.8)
Net cash from operating activities		160.2	225.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(13.6)	(9.5)
Loans repaid		1.7	0.4
Interest received		9.3	2.9
Dividend income		1.7	—
Acquisition of subsidiaries/assets under business combinations, net of cash acquired		(1.2)	(3.9)
Acquisition of property, plant and equipment		(15.6)	(17.8)
Acquisition of intangible assets		(33.4)	(11.1)
Capitalised development costs		(23.0)	(28.4)
Acquisition of investments at fair value through profit or loss	14B,C	(2.7)	(79.8)
Subcontractor option redemption		—	(41.3)
Proceeds from the sale of property, plant and equipment and intangible assets		1.0	2.3
Net cash used in investing activities		(75.8)	(186.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on bonds and loans and borrowings		(16.3)	(12.4)
Proceeds from loans and borrowings		—	48.0
Proceeds from the issuance of 2023 Bond, net of issue costs	18	—	297.3
Payment of contingent consideration		(0.2)	(0.1)
Principal paid on lease liability		(12.7)	(11.4)
Interest paid on lease liability		(2.4)	(2.5)
Net cash (used in)/from financing activities		(31.6)	318.9
INCREASE IN CASH AND CASH EQUIVALENTS		52.8	357.9
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		516.2	426.5
Exchange gain on cash and cash equivalents		0.5	1.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD		569.5	786.0

ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation on property, plant and equipment		26.3	22.1
Amortisation of intangible assets	13	65.2	57.5
Amortisation of right of use assets		12.1	11.4
Capitalisation of amortisation of right of use assets		(0.8)	(0.8)
Impact on early termination of lease contracts		(0.4)	(0.3)
Share of loss from associates	14A	1.5	0.3
Impairment of intangible assets	13	117.2	—
Impairment and expected credit losses on loans receivable		0.9	1.9
Impairment of investment	14B	—	1.3
Changes in fair value of equity investments	14B	(37.1)	(0.3)
Changes in fair value of derivative financial assets	14C	(51.3)	25.5
Dividend income		(1.7)	—
Interest on bonds and loans and borrowings		16.8	13.0
Interest on lease liability		2.4	2.5
Interest income		(10.8)	(3.7)
Income tax expense		83.5	76.5
Changes in equity-settled share-based payment		2.6	2.9
Movement in contingent consideration		0.1	1.3
Unrealised exchange gain		(2.8)	(2.9)
Profit on disposal of property, plant and equipment and intangible assets		(0.3)	(1.7)
Changes in operating assets and liabilities:			
Change in trade receivables		(88.5)	12.9
Change in other receivables		8.6	7.2
Change in inventories		(1.5)	(0.8)
Change in trade payables		(14.8)	(4.6)
Change in progressive operators, jackpots and security deposits		(2.9)	(0.3)
Change in client funds		(1.7)	(11.0)
Change in other payables		35.5	27.4
Change in provisions for risks and charges		2.9	1.2
Change in deferred revenues		0.6	(0.6)
		161.6	237.9

Notes to the financial statements

Note 1 – General
Playtech plc (the "Company") is an Isle of Man company. The registered office is located at St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE. Playtech plc is managed and controlled in the UK and, as a result, is UK tax resident.

These are the condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2024, comprising the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of preparation
These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with UK adopted IAS 34,"Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2023 ("last annual financial statements"). They do not include all the information required for a complete set of financial statements prepared in accordance with the IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 September 2024.

Going concern basis
In adopting the going concern basis in the preparation of the financial statements, the Directors have considered the current trading performance, financial position and liquidity of the Group, the principal and emerging risks and uncertainties together with scenario planning and reverse stress tests. The Directors have assessed going concern over a 15-month period to 31 December 2025 which aligns with the six-monthly covenant measurement period.

Given the recent announcement published on 17th of September 2024 on the definitive agreement for the sale of Snaitech S.p.A. and some of its subsidiaries (together "Snaitech B2C segment") to Flutter Entertainment Holdings Ireland Limited, the above assessment was completed on a base case scenario, which assumes the deal does not happen, as well as a supplementary base case scenario with only the Continuing Group's business following disposal, by assuming completion of this transaction occurs in H1 2025.

	30 June 2024 €'m	31 December 2023 €'m
Cash and cash equivalents	569.5	516.2
Cash held on behalf of clients, progressive jackpots and security deposits	(148.3)	(152.9)
Adjusted gross cash and cash equivalents	421.2	363.3

The increase in adjusted gross cash and cash equivalents from €363.3 million at 31 December 2023 to €421.2 million at 30 June 2024 is mainly the result of the continued strong performance of the Group throughout the year, partially offset by the uncollected debt from Caliplay, as the dispute was still ongoing as at period end (refer to Note 5). Following the post period end announcement released on 16th of September 2024, where both Playtech and Caliplay have reached a mutual agreement, Caliplay has resumed paying the Playtech Group its software and service fees with over €150 million of the unpaid fees received in September 2024, with the remaining amount relating to 30 June 2024 being held in escrow, to be released on the completion of the transaction (expected in Q1 2025) and, in any event, by the end of 2025.

The Directors have reviewed liquidity and covenant forecasts for the Group under the base case and supplementary base case scenario and have also considered sensitivities in respect of potential downside scenarios, reverse stress tests and the mitigating actions available to management.

The modelling of downside stress test scenarios assessed if there was a significant risk to the Group's liquidity and covenant compliance position. This includes risks such as not realising budget/forecasts across certain markets and any potential implications of changes in tax and other regulations.

Current financing arrangements

The Group's principal financing arrangements as at 30 June 2024 include a revolving credit facility (RCF) up to €277.0 million (which as at 30 June 2024 remains fully undrawn), the 2019 Bond amounting to €350.0 million and the 2023 Bond amounting to €300.0 million, which are repayable in March 2026 and June 2028 respectively. Under the base case scenario the RCF is available until October 2025, with the Group having the option to extend by 12 months. Under the supplementary base case scenario the current RCF is available until the Snaitech B2C segment deal completes.

The RCF is subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 17 and 18. As at 30 June 2024, the Group comfortably met its covenants, which were as follows:

- Leverage: Net Debt/Adjusted EBITDA to be less than 3.5:1 for the 12 months ended 30 June 2024 (2023: less than 3.5:1).
- Interest cover: Adjusted EBITDA/Interest to be over 4:1 for the 12 months ended 30 June 2024 (2023: over 4:1).

The Bonds only have one financial covenant, being the Fixed Charge Coverage Ratio (same as the Interest cover ratio for the RCF), which should equal or be greater than 2:1.

Base case scenario

If the Group's results and cash flows are in line with its base case projections as approved by the Board, it would not be in breach of the financial covenants for a period of no less than 15 months from approval of these financial statements (the "relevant going concern period"). This period covers the bank reporting requirements for June 2025 and December 2025. Under the base case scenario, the Group would not need to utilise its RCF facility over the going concern period.

Furthermore, following receipt of bank consent for the Snaitech B2C segment deal, the option to request an extension of the RCF was deferred to December 2024 (previously August 2024). If, on the remote probability this is not extended or only extended at a reduced facility (ultimately a decision of the lenders) then the Group is still comfortable that it has sufficient liquidity to be able to meet its financial liabilities as they fall due, over the relevant going concern period, without utilising the RCF.

Base case scenario stress test

The stress test assumes a worst-case scenario for the entire Group which includes additional sensitivities around Italy, the Americas and Asia, but with mitigations available (including salary bonus and capital expenditure reductions) if needed. Under this scenario, and due to the mitigation options available, the impact on Adjusted EBITDA is not material and the Group would still comfortably meet its covenants. From a liquidity perspective the Group would still not need to utilise the RCF.

The Group has also considered any matters outside of the going concern period, such as the renewal of the Italian licences which will result in a material cash outflow. This is currently expected to fall outside of the going concern period; however, should payment be required in the going concern period or shortly after, this does not give rise to any concerns over liquidity or covenant compliance.

Base case scenario reverse stress test

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

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

- current trading is performing above the base case;
- if the Group continues in its current form Adjusted EBITDA would have to fall by 85% in the 12 months to 31 December 2024, 83% in the 12 months to 30 June 2025 and 82% in the year ending 31 December 2025, compared to the base case, to cause a breach of covenants; and
- in the event that revenues decline to this point to drive the decrease in Adjusted EBITDA, additional mitigating actions are available to management which have not been factored into the reverse stress test scenario.

Supplementary base case scenario

Given the recent announcement published on 17th of September 2024 on the definitive agreement for the sale of Snaitech B2C segment, the Directors have also assessed a supplementary base case scenario with only the Continuing Group's business following disposal, considering all relevant conditions and parameters required, and assuming the deal completes in H1 2025.

The existing RCF (which is not expected to be utilised under the supplementary scenario) will be restructured to a new lower facility, with revised covenants. Further details on the new facility amount and financial covenants linked to the new RCF cannot be determined at this preliminary stage, therefore financial covenants tested under this scenario include only the Bond financial covenant. The Group is confident that a new RCF will be established which will become effective immediately post completion of the sale, with positive initial conversations being had with existing and potential new lenders already.

If the Continuing Group's results and cash flows are in line with its base case projections as approved by the Board, it would not be in breach of the bond financial covenants for a period of no less than 15 months from approval of these interim financial statements. In order for a breach to occur, the Adjusted EBITDA of the base case Continuing Group's forecast for the last twelve months ending 31 December 2024, 30 June 2025 and 31 December 2025 would have to drop by 68%, 58% and 56% respectively for a breach to occur, a probability that is considered remote as it ignores mitigating actions available to the Group.

Conclusion

Under both scenarios above, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence over the relevant going concern period and have therefore considered it appropriate to adopt the going concern basis in preparing these interim financial statements.

Note 3 – Functional and presentation currency

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

Note 4 – New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 7 and IFRS 7 - Statement of Cash Flows and Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Note 5 – Significant accounting judgements, estimates and assumptions
In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual events may differ from these estimates.

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

Judgements

Update on Caliplay dispute from 31 December 2023

Background

Following the announcement made on 16 September 2024 on the revised Tecnologia en Entretenimiento Caliplay, S.A.P.I. ("Caliplay") agreement, the following legal proceedings are on an agreed standstill and will be dismissed in full once the revised arrangements come into effect:

- As per the public announcement released by Playtech on 6 February 2023, the Group, through its subsidiary, PT Services Malta Limited ("PT Malta"), is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between Caliplay and PT Malta in relation to the Caliente Call Option. The Caliente Call Option is an option held by Caliplay where, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliplay could redeem PT Malta's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) Caliente would have the option to acquire PT Malta's 49% stake in Caliplay. The Group believes the Caliente Call Option has expired and first referred to its expiry having taken place in its interim report for the six-month period ended 30 June 2022, which was published on 22 September 2022. The Group has not changed its position with regards expiry. If the Caliente Call Option was declared as being exercisable and was exercised, this would extinguish the Playtech Call Option and the Playtech M&A Call Option (refer to Note 14A for details on these option arrangements).
- From H2 2023 the dispute with Caliplay also included litigation in relation to the B2B licensee fees and additional B2B services fees owed by Caliplay to Playtech under the terms of the Group's licence agreement. The dispute related to amounts that date back to July 2023 and as at 30 June 2024 still remained outstanding. The details of this dispute are further explained in Note 7 of the Group's audited financial statements for the year ended 31 December 2023.

Impact on revenue recognition and recovery of receivable

At 31 December 2023, the outstanding amount of the B2B licensee fee was €32.3 million and the outstanding amount of the additional B2B services fee was €54.2 million. The Group recognised the full outstanding amount of €86.5 million within its total revenue for the year ended 31 December 2023 and in line with its revenue recognition policies. In recognising the entire amount, the Group assessed that it was highly probable that there will not be a significant reversal of this revenue in a subsequent period. Following the entering into of the revised strategic agreement on 15 September 2024, Caliplay has resumed paying Playtech its fees, with more than €150 million having been received in September 2024, which included a settlement of the entirety of the amount outstanding at 31 December 2023 and a significant portion of the outstanding receivable relating to H1 2024, with the remainder of the balance due being paid into an escrow account. Consequently, the Group released €0.7 million from expected credit losses related to trade receivables as of 30 June 2024.

The Group in 2024 continues to recognise revenue from Caliplay in line with its current license agreement (which also includes any amounts held in escrow), as well as its revenue recognition polices and all of the overdue outstanding balances at 30 June 2024 were either repaid as part of the fees received in September 2024, or will be repaid once the funds held in escrow are released following completion of the revised strategic agreement (currently expected in Q1 2025) and, in any event, by the end of 2025. The Group has therefore made a judgement that the receivable amount at 30 June 2024 is fully recoverable. Under the terms of the settlement, and pending the revised strategic agreement coming into effect, Caliplay has agreed to continue paying its fees under the current license agreement in accordance with the current payment terms. Finally, the settlement includes late payment fees of €7.1 million.

Impact of revised arrangements at 30 June 2024

As at 30 June 2024 the revised strategic agreement was being negotiated with Caliplay and Corporacion Caliente S.A. de C.V. (“Caliente”), the majority owner of Caliplay. The Group made a judgement that as at 30 June 2024 it was highly probable that the parties would agree a settlement including the entry into of a revised strategic agreement. The revised strategic agreement was ultimately agreed on 15 September and is conditional upon Mexican antitrust approvals. This judgement had an impact on various areas of our interim financial statements including:

1. Sports CGU impairment review (refer to Note 13)
2. Valuation of the Playtech M&A Call Option (refer to Note 14)
3. The recoverability assessment of the deferred tax asset (see below)

Classification of Snaitech B2C segment as asset held for sale

An announcement was made on 17 September 2024 that Playtech Services (Cyprus) Limited, a subsidiary of the Group, has entered into a definitive agreement for the sale of Snaitech B2C segment (through a sale of its immediate parent company) to Flutter Entertainment Holdings Ireland Limited, a subsidiary of Flutter Entertainment plc ("Flutter"), for a total enterprise value of €2,300 million in cash. Completion of the sale, which is subject to certain conditions including relevant antitrust, gaming and other regulatory authority approvals, is currently expected by Q2 2025. The definition of asset held for sale involves a significant degree of judgement given that in order for an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable at the reporting date. The meaning of ‘highly probable’ is highly judgmental and therefore IFRS 5 Non-current Assets Held for Sale and Discontinued Operations sets out criteria for the sale to be considered as a highly probable as follows:

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

In applying the above criteria, it was determined that Snaitech B2C segment did not meet the definition of an asset held for sale at 30 June 2024. As at this date negotiations and due diligence were still ongoing and there was no certainty that a definitive agreement would have been reached. Therefore, Snaitech B2C segment was not classified as a discontinued operation at 30 June 2024. If it had, the results of the operations as detailed in Note 6 would have been reclassified to discontinued operations on the face of the unaudited consolidated statement of comprehensive income and assets / liabilities also reclassified to assets/liabilities held for sale on the unaudited consolidated balance sheet.

Estimates and assumptions

Impairment of non-financial assets

Cash-generating units

Impairment exists when the carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model (DCF). The cash flows are derived from the three-year budget, with CGU-specific assumptions for the subsequent two years. They do not include restructuring activities that the Group is not yet committed to or significant future investments that may enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rates used in years four and five and for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount of the different CGUs are disclosed and further explained in Note 13, including a sensitivity analysis for the CGUs that have lower headroom.

Investment in associates

In assessing impairment of investments in associates, management utilises various assumptions and estimates that include projections of future cash flows generated by the associate, determination of appropriate discount rates reflecting the risks associated with the investment, and consideration of market conditions relevant to the investee’s industry. The Group exercises judgement in evaluating impairment indicators and determining the amount of impairment loss, if any. This involves assessing the recoverable amount of the investment based on available information and making decisions regarding the appropriateness of key assumptions used in impairment testing.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group’s belief that its tax return positions are supportable, the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made. Where management conclude that it is not probable that the taxation authority will accept an uncertain tax treatment, they calculate the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment is reflected by using the expected value – the sum of the probabilities and the weighted amounts in a range of possible outcomes. More details are included in Note 19.

Deferred tax asset

In evaluating the Group's ability to recover our deferred tax assets in the jurisdiction from which they arise, management considers all available positive and negative evidence, projected future taxable income, tax-planning strategies and results of recent operations. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Judgement is required in determining the initial recognition and the subsequent carrying value of the deferred tax asset. Deferred tax asset is only able to be recognised to the extent that utilisation is considered probable. It is possible that a change in profit forecasts or risk factors could result in a material change to the income tax expense and deferred tax asset in future periods.

Deferred tax asset in the UK

As a result of the Group's internal restructuring in January 2021, the Group is entitled to UK tax deductions in respect of certain goodwill and intangible assets. A deferred tax asset was recognised as the tax base of the goodwill and intangible assets is in excess of the book value base of those assets. At the beginning of the period, the net recognised deferred tax asset amounted to €47.2 million. During the period, the Group derecognised €16.0 million of this deferred tax asset as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty that the Group would be able to generate taxable profits which will arise in the next 3 years from the balance sheet date. As at 30 June 2024, the deferred tax asset recognised in respect of future tax deductions for goodwill and intangible assets is €31.2 million. In addition, a total of €41.0 million of deferred tax asset has not been recognised in respect of the benefit of future tax deductions related to the goodwill and intangible assets which will arise more than three years after the balance sheet date.

Deferred tax assets are reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of their being recovered within a reasonably foreseeable timeframe, which is broadly in line with our viability assessment and the cash flow forecasts period used in our CGU impairment assessment. The Group updated its forecasts, following changes in assumptions made to the forecasts during 2024, due to certain changes in the current period to the expected profit profile within its UK business unit that carries significant losses, including expected changes to profitability based on the revised arrangements with Caliplay (Note 5). This forms a change in accounting estimate and resulted in a reversal of €25.8 million in the current year of previously recognised deferred tax assets in respect of UK tax losses brought forward.

As at 30 June 2024, there is a deferred tax asset of €6.5 million in respect of UK tax losses and excess interest expense (31 December 2023: €27.3 million). Based on the current forecasts, these losses will be fully utilised over the forecast period. Remaining UK tax losses and excess interest expense of €96.2 million (31 December 2023: €67.0 million) have not been recognised as at 30 June 2024 as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered.

Any future changes in the tax law or the structure of the Group could have a significant effect on the use of the tax deductions, including the period over which the deductions can be utilised.

Deferred tax assets in Italy

The Group has utilised its tax losses in Italy and therefore has €Nil deferred tax asset as at 30 June 2024 (31 December 2023: €2.1 million) in respect of tax losses in Italy.

Impairment of financial assets

The Group undertook a review of trade receivables and other financial assets, as applicable, and their expected credit losses (ECLs). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures, were revised. The Group's financial assets consist of trade and loans receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit ratings for each financial institution, while ECL on trade and loans receivables was based on past default experience and an assessment of the future economic environment.

In respect of the Group's Asian licensees' business model an additional ECL risk was identified due to increase in collection days and uncertainty over timing of receipt of funds. An additional provision was made in the period ended 30 June 2024 of €12.8 million (H1 2023: €Nil).

Measurement of fair values of equity investments and equity call options

The Group's equity investments and, where applicable (based on the judgements applied above), equity call options held by the Group, are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair value.

In estimating the fair value of an asset and liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third-party qualified valuers to assist in performing the valuation. The Group works closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model.

As mentioned in Note 14, the Group has:

- investments in listed securities where the fair values of these equity shares are determined by reference to published price quotations in an active market;
- equity investments in entities that are not listed, accounted at fair value through profit or loss under IFRS 9; and

- derivative financial assets (call options in instruments containing potential voting rights and warrants), which are accounted at fair value through profit or loss under IFRS 9.

The fair values of the equity investments that are not listed, and of the derivative financial assets, rely on non-observable inputs that require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs. Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, DCF analysis and other valuation techniques commonly used by market participants. Upon the use of DCF method, the Group assumes that the expected cash flows are based on the EBITDA.

The Group only uses models with unobservable inputs for the valuation of certain unquoted equity investments. In these cases, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs; for example, as a result of illiquidity in the market. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. Unobservable inputs are determined based on the best information available. Further details on the fair value of assets are disclosed in Note 14.

The following table shows the carrying amount and fair value of non-current assets, as disclosed in Note 14, including their levels in the fair value hierarchy.

	Carrying amount	**Fair value**		
	30 June 2024 €'m	**Level 1 €'m**	**Level 2 €'m**	**Level 3 €'m**
Non-current assets				
Other investments (Note 14B)	132.4	13.9	—	118.5
Derivative financial assets (Note 14C)	886.3	—	—	886.3
	1,018.7	13.9	—	1,004.8

	Carrying amount	Fair value		
	31 December 2023 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
Non-current assets				
Other investments (Note 14B)	92.8	15.8	—	77.0
Derivative financial assets (Note 14C)	827.8	—	—	827.8
	920.6	15.8	—	904.8

Note 6 – Segment information

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

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

The operating segments identified are:

- B2B: Providing technology to gambling operators globally through a revenue share model and, in certain agreements, taking a higher share in exchange for additional services;
- B2C – Snaitech: Acting directly as an operator in Italy and generating revenues from online gambling, gaming machines and retail betting;
- B2C – Sun Bingo and Other B2C: Acting directly as an operator in the UK market and generating revenues from online gambling; and
- B2C – HAPPYBET: Acting directly as an operator in Germany and Austria and generating revenues from online gambling and retail betting.

The Group-wide profit measure is Adjusted EBITDA (see Note 8).

Six months ended 30 June 2024	**B2B €'m**	**Snaitech €'m**	**Sun Bingo and Other B2C €'m**	**HAPPYBET €'m**	**Intercompany B2C €'m**	**Total B2C €'m**	**Intercompany €'m**	**Total €'m**
Revenue	382.2	483.6	39.9	9.6	(0.7)	532.4	(7.8)	906.8
Adjusted EBITDA	112.3	135.0	2.3	(6.6)	—	130.7	—	243.0
Total assets	2,090.2	1,172.3	100.8	12.4	—	1,285.5	—	3,375.7
Total liabilities	1,049.3	467.0	28.8	6.6	—	502.4	—	1,551.7

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

The above net cash inflow does not include the disposal proceeds.

Note 7 – Revenue from contracts with customers

The Group has disaggregated revenue into various categories in the following tables 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.

Revenue analysis by geographical location of licensee, product type and regulated vs unregulated by geographical major markets

The revenues from B2B (consisting of licensee fee, fixed-fee income, revenue received from the sale of hardware, cost-based revenue and additional B2B services fee) and B2C are described in Note 6D of the Group audited financial statements for the year ended 31 December 2023.

Upon signing a software licence agreement with a new licensee, the Group verifies its gambling licence (jurisdiction) and registers it accordingly to the Group's database. The table below shows the revenues generated from the jurisdictions of the licensee.

Playtech has disclosed jurisdictions with revenue greater than 10% of the total Group revenue separately and categorised the remaining revenue by wider jurisdictions, being Rest of Europe, Latin America (LATAM) and Rest of World.

Six months ended 30 June 2024

Primary geographic markets	**B2B €'m**	**Snaitech €'m**	**Sun Bingo and Other B2C €'m**	**HAPPYBET €'m**	**Intercompany B2C €'m**	**Total B2C €'m**	**Intercompany €'m**	**Total €'m**
Italy	21.0	482.9	—	—	—	482.9	(5.8)	498.1
Mexico	117.3	—	—	—	—	—	—	117.3
UK	66.5	—	39.9	—	—	39.9	(2.0)	104.4
Rest of Europe	107.7	0.7	—	9.6	(0.7)	9.6	—	117.3
LATAM	32.8	—	—	—	—	—	—	32.8
Rest of World	36.9	—	—	—	—	—	—	36.9
	382.2	483.6	39.9	9.6	(0.7)	532.4	(7.8)	906.8

Product type	**B2B €'m**	**B2C €'m**	**Intercompany €'m**	**Total €'m**
B2B licensee fee	255.4	—	—	255.4
B2B fixed-fee income	32.4	—	—	32.4
B2B cost-based revenue	36.6	—	—	36.6
B2B revenue received from the sale of hardware	3.8	—	—	3.8
Additional B2B services fee	54.0	—	—	54.0
Total B2B	382.2	—	—	382.2
Snaitech	—	483.6	(5.8)	477.8
Sun Bingo and Other B2C	—	39.9	(2.0)	37.9
HAPPYBET	—	9.6	—	9.6
Intercompany	—	(0.7)	—	(0.7)
Total B2C	—	532.4	(7.8)	524.6
Total	382.2	532.4	(7.8)	906.8

	€'m
Regulated – Americas	
– US and Canada	**13.3**
– Latin America	**128.3**
Regulated – Europe (excluding UK)	**97.8**
Regulated – UK	**66.0**
Regulated – Rest of World	**5.2**
Total regulated B2B revenue	**310.6**
Unregulated	**71.6**
Total B2B revenue	**382.2**

Six months ended 30 June 2023

Primary geographic markets	B2B €'m	Snaitech €'m	Sun Bingo and Other B2C €'m	HAPPYBET €'m	Intercompany B2C €'m	Total B2C €'m	Intercompany €'m	Total €'m
Italy	17.5	487.7	—	—	—	487.7	(5.3)	499.9
Mexico	89.3	—	—	—	—	—	—	89.3
UK	63.3	—	34.1	—	—	34.1	(1.7)	95.7
Rest of Europe	116.3	0.7	—	10.3	(0.7)	10.3	—	126.6
LATAM	17.3	—	—	—	—	—	—	17.3
Rest of World	30.8	—	—	—	—	—	—	30.8
	334.5	488.4	34.1	10.3	(0.7)	532.1	(7.0)	859.6

Product type	B2B €'m	B2C €'m	Intercompany €'m	Total €'m
B2B licensee fee	235.9	—	—	235.9
B2B fixed-fee income	6.7	—	—	6.7
B2B cost-based revenue	28.1	—	—	28.1
B2B revenue received from the sale of hardware	6.5	—	—	6.5
Additional B2B services fee	57.3	—	—	57.3
Total B2B	334.5	—	—	334.5
Snaitech	—	488.4	(5.2)	483.2
Sun Bingo and Other B2C	—	34.1	(1.8)	32.3
HAPPYBET	—	10.3	—	10.3
Intercompany	—	(0.7)	—	(0.7)
Total B2C	—	532.1	(7.0)	525.1
Total	334.5	532.1	(7.0)	859.6

	€'m
Regulated – Americas	
– US and Canada	4.0
– Latin America	95.7
Regulated – Europe (excluding UK)	96.6
Regulated – UK	62.9
Regulated – Rest of World	3.3
Total regulated B2B revenue	262.5
Unregulated	72.0
Total B2B revenue	334.5

There were no changes in the Group's revenue measurement policies and procedures in 2024 and 2023. The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months. For the period ended 30 June 2024, Playtech recognised revenue from a single customer totalling approximately 11.9% of the Group's total revenue (for the period ended 30 June 2023: a single customer totalling approximately 10.3%).

The Group's contract liabilities, in other words deferred income, primarily include advance payment for hardware and services and also include certain fixed fees paid by the licensee in the beginning of the contract. Deferred income as at 30 June 2024 was €6.8 million (31 December 2023: €6.2 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 in understanding the Group's financial performance. The definitions of adjusted items and underlying adjusted results are disclosed in Note 6 paragraph U of the Group audited financial statements for the year ended 31 December 2023.

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

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

Six months ended 30 June 2024	**Revenue €'m**	**EBITDA – B2B €'m**	**EBITDA – B2C €'m**	**EBITDA €'m**	**Profit before tax €'m**	**Profit attributable to the owners of the Company €'m**
Reported as actual	906.8	103.4	130.2	233.6	93.5	10.2
Employee stock option expenses[1]	—	2.3	0.3	2.6	2.6	2.6
Professional fees[2]	—	6.6	0.2	6.8	6.8	6.8
Fair value changes and finance costs on contingent consideration[3]	—	—	—	—	0.1	0.1
Fair value changes of equity instruments[4]	—	—	—	—	(37.1)	(37.1)
Fair value change of derivative financial assets[4]	—	—	—	—	(51.3)	(51.3)
Amortisation of intangible assets on acquisitions[5]	—	—	—	—	19.4	19.4
Impairment of intangible assets[6]	—	—	—	—	117.2	117.2
Deferred tax on acquisitions[5]	—	—	—	—	—	(9.2)
Derecognition of brought forward deferred tax asset[7]	—	—	—	—	—	25.8
Derecognition of brought forward deferred tax asset on group restructuring [8]	—	—	—	—	—	10.7
Tax on unrealised fair value changes of derivative financial assets[9]	—	—	—	—	—	4.1
Deferred tax on unrealised fair value changes of equity investments[10]	—	—	—	—	—	6.3
Adjusted measure	906.8	112.3	130.7	243.0	151.2	105.6

1 Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.
2 The vast majority of the professional fees relate to the Caliplay disputes (Note 5). These expenses are not considered ongoing costs of operations and therefore are excluded.
3 Fair value changes and finance costs on contingent consideration mostly related to the acquisition of AUS GMTC. These expenses are not considered ongoing costs of operations and therefore are excluded.
4 Fair value changes of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.
5 Amortisation and deferred tax on intangible assets acquired through business combinations. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.
6 Impairment of intangible assets mainly relates to the impairment of IGS CGU of €4.9 million and Sports B2B CGU €112.3 million. Refer to Note 13.
7 The reported tax expense has been adjusted for the derecognition of a deferred tax asset of €25.8 million relating to UK tax losses. This was adjusted because the losses in relation to the derecognised amount were generated over a number of years and therefore distorts the effective tax rate for the period. Refer to Notes 5, 11 and 21.
8 The reported tax expense has been adjusted for the derecognition of a deferred tax asset relating to the Group reorganisation in January 2021. Of the total reversal in H1 2024 of €16.0 million, €10.7 million was recognised in prior periods and therefore adjusted so that it does not distort the effective tax rate for the period. Refer to Note 5.
9 This current tax charge relates to unrealised fair value changes of derivative financial assets which is also adjusted. See Note 11.
10 Tax on unrealised fair value changes of equity investments is adjusted to match the treatment of the equity investment fair value movement which is also adjusted.

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

1 Employee stock option expenses relate to non-cash expenses of the Group and differ from year to year based on share price and the number of options granted.
2 The vast majority of the professional fees relate to the acquisition of Hard Rock Digital (Note 14B). These expenses are not considered ongoing costs of operations and therefore are excluded.
3 Impairment of investments and other receivables that do not relate to the ordinary operations of the Group.
4 Fair value changes and finance costs on contingent consideration mostly related to the acquisition of AUS GMTC. These expenses are not considered ongoing costs of operations and therefore are excluded.
5 Fair value changes of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.
6 Amortisation and deferred tax on intangible assets acquired through business combinations. Costs directly related to acquisitions are not considered ongoing costs of operations and therefore are excluded.
7 The reported tax expense has been adjusted for the derecognition of a deferred tax asset of €23.4 million relating to UK tax losses. This was adjusted because the losses in relation to the derecognised amount were generated over a number of years and therefore distorts the effective tax rate for the year. Refer to Notes 5, 11 and 21.
8 Change in estimates related to uncertain overseas tax positions in respect of prior years which have now been settled with the relevant tax authority.

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

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Tax on profit or loss for the year	83.5	76.5
Adjusted for:		
Deferred tax on intangible assets on acquisitions	9.2	4.0
Derecognition of brought forward deferred tax asset	(25.8)	(23.4)
Derecognition of brought forward deferred tax asset on group restructuring	(10.7)	—
Tax on unrealised fair value changes of derivative financial assets	(4.1)	—
Deferred tax on unrealised fair value changes of equity investment	(6.3)	—
Tax related to uncertain positions	—	(3.5)
Adjusted tax	45.8	53.6

Note 9 – Impairment of property, plant and equipment and intangible assets

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m

Impairment of property, plant and equipment	—	—
Impairment of intangible assets (Note 13)	117.2	—
	117.2	—

Note 10 – Finance income and costs

A. Finance income

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Interest income	10.7	3.0
Dividend income	1.7	—
Net foreign exchange gain	3.6	3.0
	16.0	6.0

B. Finance costs

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Interest on bonds	(16.8)	(11.7)
Interest on lease liability	(2.4)	(2.5)
Interest on loans and borrowings and other	(0.5)	(1.9)
Bank facility fees	(1.1)	(1.1)
Bank charges	(1.6)	(1.3)
Movement in contingent consideration	(0.1)	(1.3)
Expected credit loss on loans receivable	(0.9)	(0.4)
	(23.4)	(20.2)
Net finance costs	(7.4)	(14.2)

Note 11 – Tax expense

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Current tax expense		
Income tax expense for the current period	40.5	13.5
Income tax relating to prior years	2.4	11.1
Withholding tax	0.1	0.3
Total current tax expense	43.0	24.9
Deferred tax		
Origination and reversal of temporary differences	4.0	28.2
Deferred tax movements relating to prior years	36.5	23.4
Total deferred tax expense	40.5	51.6
Total tax expense	83.5	76.5

Reported tax charge

A reported tax charge of €83.5 million arises on a profit before income tax of €93.5 million compared to an expected charge of €23.4 million (H1 2023: a tax charge of €76.5 million on profit before income tax of €79.6 million). The reported tax expense includes adjustments in respect of prior years relating to current tax and deferred tax of €38.9 million (H1 2023: €34.5 million). The prior year adjustment in respect of deferred tax of €36.5 million relates to the derecognition of the deferred tax assets relating to UK tax losses and deferred tax assets resulting from a group restructuring. These deferred tax assets were derecognised as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered. The Group's effective tax rate for the current period is 89%. This is higher than the UK headline rate of tax for the period of 25%, due mainly to the following factors:

- Profits of subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate, this includes Snaitech profits in Italy.
- The write-down of a deferred tax asset of €36.5 million in respect of UK tax attributes. Further details of this write-down are included in Note 5.
- Current year tax losses and excess interest not recognised for deferred tax purposes. The tax losses and excess interest mainly relate to the UK Group companies and amount to €7.5 million.
- Expenses not deductible for tax purposes including impairment of intangible assets.

Changes in tax rates and factors affecting the future tax charge

The most significant elements of the Group's income arise in the UK where the tax rate for the current period is 25%. Deferred tax balances have been calculated using the tax rates upon which the balance is expected to unwind.

The Group adopted the amendments to IAS 12 issued in May 2023, which provide a temporary mandatory exception from the requirement to recognise and disclose deferred taxes arising from enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Under these amendments, any Pillar Two taxes incurred by the Group will be accounted for as current taxes from 1 January 2024. The impact of the Pillar Two rules for the period ended 30 June 2024 is to increase the current tax charge by €4.1 million.

Deferred tax

The deferred tax asset and liability are measured at the enacted or substantively enacted tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Note 12 – Earnings per share

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

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Actual €'m	**Adjusted €'m**	Actual €'m	Adjusted €'m
Profit attributable to the owners of the Company	10.2	105.6	3.1	85.7
Basic (cents)	3.3	34.6	1.0	28.4
Diluted (cents)	3.2	33.6	1.0	27.5

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Actual Number	**Adjusted Number**	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	304,830,919	304,830,919	302,327,498	302,327,498
Denominator – diluted				
Weighted average number of equity shares	304,830,919	304,830,919	302,327,498	302,327,498
Weighted average number of option shares	9,345,203	9,345,203	9,013,439	9,013,439
Weighted average number of shares	314,176,122	314,176,122	311,340,937	311,340,937

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

Note 13 – Intangible assets

	€'m
Net book value at 1 January 2024	881.2
Additions	31.0
Assets acquired through business combinations	2.7
Amortization charge for the period	(65.2)
Impairment	(117.2)
Net book value at 30 June 2024	732.5

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to cash-generating units (CGUs), as set out below:

	30 June 2024 €'m	31 December 2023 €'m
Snai[1]	266.5	263.4
AUS GMTC	4.4	4.4
Bingo retail	9.5	9.5
Casino	50.8	50.8
Poker	15.6	15.6
Quickspin	10.2	10.2
Sports B2B	—	60.3
VB retail	4.6	4.6
Services	109.9	109.9
Sports B2C	0.3	0.3
MixZone[2]	1.2	—
	473.0	529.0

[1] The majority of the increase in goodwill relates to Snai's acquisition of U4LINE S.r.l. in H1 2024, a small company that carries out AWP management activities for a total consideration of €0.8 million. As a result of this transaction, the Group recognised almost €1.5 million of goodwill.

[2] In January 2024, the Group acquired 48.32% of MixZone Ltd ('MixZone'). Based on the agreed terms, Playtech also appointed a director to MixZone's Board of Directors who also holds shares in MixZone. Combining Playtech's and the director's shareholding, the total shareholding in MixZone is 50.71%. The Group assessed that it holds power over MixZone due to the fact that collectively it holds over 50% of the voting power at both the board and shareholder levels. Therefore, MixZone is treated as subsidiary of the Group and its results are consolidated in the Group results since the point of acquisition.

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

With the exception of CGUs which have been fully impaired to date, a comparison of the year-to-date June 2024 results against the 2024 budget has been carried out for all units and a further comparison of the 2024 forecast (year to date June 2024 actuals with July-December 2024 forecast) to 2024 budget, has also been reviewed, to enable further conclusions to be drawn on the actual and forecasted performance of each unit.

As a result of the above reviews, management has performed a detailed assessment on five CGUs that are behind budget. These include the CGUs affected by material changes to the cash flows following the revised strategic agreement with Caliplay, being Sports B2B and Services. The assessment reflects management's judgment that as at 30 June 2024 there was a high probability that the negotiations for the revised arrangements were going to successfully complete (refer to Note 5).

During the detailed review, the recoverable amount of each CGU is determined from value in use calculations based on cash flow projections covering five years (using updated forecasts where needed) plus a terminal value which has been adjusted to take into account each CGU's major events as expected in future periods. Beyond this period, management has applied an annual growth rate of 2%. A potential risk for future impairment exists should there be a significant change in the economic outlook versus those trends management anticipates in its forecasts due to the occurrence of these events.

Management includes appropriate capital expenditure requirements to support the forecast growth and assumes the maintenance of the current level of licences. Management also applies post-tax discount rates to the cash flow projections as outlined below.

30 June 2024 CGUs with an indication of impairment

IGS CGU

The recoverable amount of the IGS CGU, with a carrying value of €4.9 million, has been determined using a cash flow forecast that includes annual revenue growth rates ranging between a decline of 19.9% to an increase of 59.0%, over the one to five-year forecast period (31 December 2023: annual revenue growth rates between 5.0% and 26.0%), a 2.0% long-term growth rate (31 December 2023: 2.0% long-term growth rate) and a post-tax discount rate of 14.7% (31 December 2023: post-tax discount rate of 20.9%).

Following the termination of two key contracts, the recoverable amount of this CGU is €Nil and hence the carrying value of €4.9 million has been impaired in full as at 30 June 2024.

Quickspin CGU

Quickspin CGU which is in the final stages of its restructuring process, has seen lower performance in the last few years. Despite the delays in launching of new licensees planned in the year, it is expected that these would come into play within the second half of 2024. The recoverable amount of this CGU of €32.7 million, with a carrying value of €30.0 million at 30 June 2024, has been determined using a cash flow forecast that includes annual revenue growth rates between 3.1% and 5.0% over the one to five-year forecast period (31 December 2023: annual revenue growth rates between 5.0% and 7.2%), 2.0% long-term growth rate (31 December 2023: 2.0% long-term growth rate) and a post-tax discount rate of 12.2% (31 December 2023: post-tax discount rate of 12.4%).

The recoverable amount would equal the carrying value of the CGU if:

- the discount rate applied was higher by 7.6%, i.e. reaching a post-tax discount rate of 13.1%; or
- the revenue growth was lower by 0.3% when compared to the forecasted average five-year growth.

VB Retail CGU

The recoverable amount of the VB Retail CGU showed signs of underperformance during H1 2024, mainly due to delays in new licensee launching, which however are fully planned to be introduced in the second half of 2024. The recoverable amount of this CGU of €40.8 million, with a carrying value of €26.9 million at 30 June 2024, has been determined using a cash flow forecast that includes annual revenue growth rates between 4.0% and 8.0% over the one to five-year forecast period (31 December 2023: annual revenue growth rates between 8.0% and 13.0%), 2.0% long-term growth rate (31 December 2023: 2.0% long-term growth rate) and a post-tax discount rate of 12.4% (31 December 2023: post-tax discount rate of 12.7%). The recoverable amount would equal the carrying value of the CGU if:

- the discount rate applied was higher by 40.1%, i.e. reaching a post-tax discount rate of 17.4%; or
- the revenue growth was lower by 2.0% when compared to the forecasted average five-year growth.

Services CGU

Following the announcement made on the revised strategic agreement relating to Caliplay, where amongst other things Playtech is to enter into a revised eight-year B2B software licence and services agreement, the Playtech Group will no longer receive the additional B2B services fee from Caliplay and will cease to be obliged to provide certain services to which those fees relate. The revised arrangements are conditional upon Mexican antitrust approval and closing is expected to take place in Q1 2025. However, as per Note 5, a judgement was made that it is highly probable that the conditions will be met and as such management has considered the impact of the loss of the additional B2B services fee has on this CGU. The results of this review indicated no impairment.

The recoverable amount of the Services CGU, with a carrying amount of €117.0 million at 30 June 2024, has been determined using a cash flow forecast that includes annual revenue growth rates ranging from negative 32.0% and positive 7.0% over the one to five-year forecast period (31 December 2023: annual revenue growth rates ranged between negative 7.0% and positive 6.2%), a 2.0% long-term growth rate (31 December 2023: 2.0% long-term growth rate) and a post-tax discount rate of 15.9% (31 December 2023: post-tax discount rate of 18.3%).

Sports B2B CGU

The recoverable amount of the Sports B2B CGU, with a carrying value of €128.9 million, has been determined using a cash flow forecast that includes annual revenue growth rates ranging between a decline of 6.5% to an increase 3.0%, over the one to five-year forecast period (31 December 2023: annual revenue growth rates ranging from a decline of 20.0% and an increase of 15.0%), a 2.0% long-term growth rate (31 December 2023: 2.0% long-term growth rate) and a post-tax discount rate of 13.7% (31 December 2023: post-tax discount rate of 13.7%).

Following the announcement of the revised strategic agreement with Caliplay, which will impact the sports revenue generated from 2025 (when the conditions are met and the revised arrangements become effective), in addition to further expected reductions in revenue from other sports licensees, the recoverable amount of €16.6 million does not exceed the carrying value as stated above (pre-impairment) and therefore an impairment loss of €112.3 million was recognised in the period ended 30 June 2024 (31 December 2023: impairment of €72.2 million due to the termination of two key contracts). Following the impairment posted, all assets have been impaired to the recoverable amount.

Note 14 – Investments and derivative financial assets

Introduction

Below is a breakdown of the relevant assets at 30 June 2024 and 31 December 2023 per the consolidated balance sheet:

	30 June 2024 €'m	31 December 2023 €'m
A. Investments in associates	50.0	51.5
B. Other investments	132.4	92.8
C. Derivative financial assets	886.3	827.8
	1,068.7	972.1

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

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Profit or loss		
A. Share of loss from associates	(1.5)	(0.3)
B. Unrealised fair value changes of equity investments	37.1	0.3
C. Unrealised fair value changes of derivative financial assets	51.3	(25.5)
Other comprehensive income		
Foreign exchange movement from the derivative call options and equity investments held in non-Euro functional currency subsidiaries	5.3	(3.6)
	92.2	(29.1)

Where the underlying derivative call option and equity investments are held in a non-Euro functional currency entity, the foreign exchange movement is recorded through other comprehensive income. As at 30 June 2024, the foreign exchange movement of the derivative call options held in Caliplay, LSports and NorthStar (Note 14C) is recorded in profit or loss as these options are held in Euro functional currency entities. The foreign exchange movement of the derivative call options held in Wplay, Onjoc, Tenbet and Tenlot El Salvador S.A. de C.V ('Tenlot El Salvador') (Note 14C) and the small minority equity investment in Hard Rock Digital (Note 14B) are recorded through other comprehensive income as these are held in USD functional currency entities.

The recognition and valuation methodologies for each category are explained in each of the relevant sections below, including key judgements made under each arrangement as described in Note 5 of these interim financial statements.

A. Investments in associates

Balance sheet

	30 June 2024 €'m	31 December 2023 €'m
Caliplay	—	—
ALFEA SPA	1.7	1.7
Galera	—	—
LSports	36.1	35.2
Stats International	—	—
NorthStar	6.8	9.0
Sporting News Holdings Limited	5.4	5.6
Total investment in equity accounted associates	50.0	51.5

Profit and loss impact

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Share of profit in LSports	0.9	0.8
Share of loss in NorthStar	(2.2)	(1.1)
Share of loss in Sporting News Holdings Limited	(0.2)	—
Total profit and loss impact	(1.5)	(0.3)

Movement on the balance sheet

	ALFEA SPA €'m	**LSports €'m**	**NorthStar €'m**	**Sporting News Holdings Limited €'m**	**Total €'m**
Balance as at 31 December 2023/1 January 2024	1.7	35.2	9.0	5.6	51.5
Share of profit/(loss)	—	0.9	(2.2)	(0.2)	(1.5)
Balance as at 30 June 2024	**1.7**	**36.1**	**6.8**	**5.4**	**50.0**

Caliplay

Background

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

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

During 2021, Caliplay redeemed its share at par from September Holdings, which resulted in Caliente owning substantially all of the shares in Caliplay. The terms of the existing structured agreement were varied, with the following key changes:

- A new additional option (in addition to the Playtech Call Option) was granted to the Group which allowed the Group to take up to a 49% equity interest in a new acquisition vehicle should Caliplay be subject to a corporate transaction – this additional option is only exercisable in connection with a corporate transaction and therefore was not exercisable at 30 June 2024 or 31 December 2023 (the "Playtech M&A Call Option").
- Caliente received a put option which would require Playtech to acquire September Holding Company B.V. for a nominal amount (the "September Put Option"). This option has been exercised and the parties are in the process of transferring legal ownership of September Holding Company B.V. to the Group.

The Group has no equity holding in Caliplay and is currently providing services to Caliplay including technical and general strategic support services for which it receives income (including an additional B2B services fee as described in Note 7 of the Group audited financial statements for the year ended 31 December 2023). If either the Playtech Call Option or the Playtech M&A Call Option is exercised, the Group would no longer be entitled to receive the additional B2B services fee (and will cease to provide certain related services) which for the period ended 30 June 2024 was €54.0 million (H1 2023: €57.3 million).

In addition to the above, from 1 January 2025, if there is a change of control of Caliplay or any member of the Caliente group which holds a regulatory permit under which Caliplay operates, each of the Group and Caliente shall be entitled (but not obligated), within 60 days of the time of such change of control, to require that the Caliente group redeems the Group's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) acquires Playtech's 49% stake in Caliplay (together the "COC Option"). If such change of control were to take place and the right to redeem/acquire were to occur, this would extinguish the Playtech Call Option (to the extent not exercised prior thereto) and the Playtech M&A Call Option. The COC option was considered in the valuation of the Playtech M&A Option (refer to Note 14C).

Finally, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliplay also had an option to redeem the Group's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) Caliente would have the option to acquire Playtech's 49% stake in Caliplay (together the "Caliente Call Option"). As per the public announcement made by the Group on 6 February 2023, the Group is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between the parties in relation to the Caliente Call Option. The Group believes the Caliente Call Option has expired and referred to its expiry having taken place in its interim report for the six-month period ended 30 June 2022, which was published on 22 September 2022. If the Caliente Call Option was declared as being exercisable and was exercised, this would extinguish the Playtech Call Option and the Playtech M&A Call Option. The Group had not changed its position with regard to this assumption as at 30 June 2024 as the matter was still unresolved with the English litigation still ongoing.

Post 30 June 2024 and as per the public announcement made on 16 September 2024, the Group agreed a revised strategic agreement related to Caliplay. Under these revised terms, Playtech will hold a 30.8% equity interest in Caliente Interactive, Inc. ("Cali Interactive"), which will be the new holding company of Caliplay, incorporated in the United States and be entitled to receive dividends alongside other shareholders in Cali Interactive. Playtech will also have the right to appoint a Director to the Board of Cali Interactive. The revised arrangements are conditional upon Mexican antitrust approval and closing is expected to take place in Q1 2025. In the meantime, there is an agreed standstill of all the existing legal proceedings between Caliente, Caliplay and Playtech which were disclosed in the audited accounts for the year ended 31 December 2023 and in Note 5 of these interim financial statements (including the point of disagreement on the Caliente Call Option), and those proceedings will be dismissed in full once the revised arrangements come into effect. The revised arrangements, with discussions well progressed as at 30 June 2024 have been considered as part of the valuation. On closing of the revised arrangements, the Playtech Call Option, the Caliente Call Option and the COC Option will cease to exist and the Playtech M&A Call Option will have been exercised. Refer to Note 14C for further details.

Assessment of control and significant influence

As at 30 June 2024 and 31 December 2023 it was assessed that the Group did not have control over Caliplay, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- Despite the Group previously having a nominated director on the Caliplay board in 2020 and having consent rights on certain decisions (in each case, removed in 2021), there was no ability to control the relevant activities.
- The Playtech Call Option or the Playtech M&A Call Option, if exercised, would result in Playtech having up to 49% of the voting rights and would not result in Playtech having control.
- Whilst the Group currently does receive variable returns from its strategic agreement, it does not have the power to direct relevant activities so any variation cannot arise from such a power.

As at 30 June 2024 and 31 December 2023, the Group has significant influence over Caliplay because it meets one or more of the criteria under IAS 28, paragraph 6 as follows:

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

Accounting for each of the options

The Playtech Call Option was exercisable at 30 June 2024 and 31 December 2023, although it still had not exercised the option as at 30 June 2024. As the Group has significant influence and the option is exercisable, the investment is recognised as an investment in associate using the equity accounting method which includes having current access to profits and losses. The cost of the investment was previously deemed to be the loan given through September Holdings of €16.8 million, which at the time was assessed under IAS 28, paragraph 38 as not recoverable for the foreseeable future and part of the overall investment in the entity.

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

The Playtech M&A Call Option is not currently exercisable (although it will become exercisable and will be exercised in connection with the closing of the revised strategic agreement) and therefore in accordance with IAS 28, paragraph 14 has been recognised as derivative financial asset, and disclosed separately under part C of this Note.

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

Below is the financial information of Caliplay:

	30 June 2024[1] €'m	31 December 2023[1] €'m
Current assets	377.6	215.0
Non-current assets	24.6	23.9
Current liabilities	(262.0)	(123.6)
Equity	140.2	115.3

	Six months ended 30 June 2024[1] €'m	Twelve months ended 31 December 2023[1] €'m
Revenue	464.1	759.4
Profit from continuing operations	33.0	58.8
Other comprehensive (loss)/income, net of tax	(11.8)	10.4
Total comprehensive income	21.2	69.2

1 The 2024 and 2023 balances above have been provided by Caliplay and are based on US GAAP, rather than management accounts.

Investment in ALFEA SPA

The Group has held 30.7% equity shares in ALFEA SPA since June 2018. At 30 June 2024, the Group's value of the investment in ALFEA SPA was €1.7 million (31 December 2023: €1.7 million). No share of profit was recognised in profit or loss for the period ended 30 June 2024 (H1 2023: no share of profit was recognised in profit or loss).

Investment in Galera

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

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

In addition to the investment amount paid, Playtech made available to Galera a line of credit up to $20.0 million. In 2022, an amendment was signed to the original framework agreement to increase the credit line to $45.0 million. As at 30 June 2024, an amount of €42.0 million, which is included in loans receivable under other non-current assets, has been drawn down (31 December 2023: €39.2 million). A further amount of €1.4 million has been loaned in the period ended 30 June 2024. The loan is required to be repaid to Playtech prior to any dividend distribution to the current shareholders of Galera. Galera has repaid €0.5 million of the loan in the period ended 30 June 2024. The Group recognised an allowance for expected credit losses for the loan to Galera of €2.0 million as at 30 June 2024 (H1 2023: €1.6 million, 31 December 2023: €1.6 million).

In respect of the loan receivable from Galera, even though the framework agreement does not state a set repayment term, management has assessed that this should still be recognised as a loan as opposed to part of the overall investment in associate in line with IAS 28. The Directors have made a judgement that the loan will be settled from operational cash flows as opposed to being settled as part of an overall transaction. If the Group had determined that the loan was part of the overall investment in associate, an additional cumulative €18.6 million share of loss of associate would have been recorded in retained earnings since the investment was made, of which €1.3 million would have been recognised in 2024 in the profit or loss (2023: if the Group had determined that the loan was part of the overall investment in associate, an additional cumulative €17.3 million share of loss of associate would have been recorded in retained earnings since the investment was made, of which €1.9 million and €1.7 million would have been recognised in H1 2023 and H2 2023 in profit or loss respectively).

On 6 November 2023, Ocean 88 acquired 60% of F12.bet. Playtech loaned Ocean 88 the amount of $10.1 million (€9.5 million) for the acquisition of F12.bet. As at 30 June 2024, this amount was €9.8 million and is included in loans receivable under other non-current assets (31 December 2023: €9.5 million). The loan is repayable within five years from the disbursement date, in November 2028. The Group recognised an allowance for expected credit losses for the additional loan to Galera of €0.5 million as at 30 June 2024 (H2 2023: €0.4 million).

On 15 May 2024, Playtech loaned an additional $10.0 million (€9.2 million) to Ocean 88 to acquire 60% of Luva.bet. that would make Luva.bet part of F12 Group. Luva.bet is a recently established operator targeting the Brazilian market which commenced operations in April 2023. As at 30 June 2024, an amount of €9.2 million is included in loans receivable under other non-current assets. The loan is repayable within five years from the disbursement date, in November 2028. The Group recognised an allowance for expected credit losses for the additional loan to Galera of €0.4 million as at 30 June 2024.

Playtech has assessed whether it holds power to control Galera and it was concluded that this is not the case. Even if the option is exercised, it would only result in a 40% voting right over the operating entity and therefore no control.

Under the agreement in place:

- the standard operator income to be generated from services provided to Galera when combined with the additional B2B services fee, the loan and certain other contractual rights, are all indicators of significant influence; and
- the Group provides standard B2B services (similar to services provided to other B2B customers) as well as additional services to Galera that Galera requires to assist it in successfully running its operations, which could be considered essential technical information.

Considering the above factors, the Group has significant influence under IAS 28, paragraph 6 over Galera.

As the option is currently exercisable and gives Playtech access to the returns associated with the ownership interest, the investment is treated as an investment in associate. Playtech's interest in Galera is accounted for using the equity method in the consolidated financial statements. Galera is currently loss-making. If the call option is exercised by Playtech, the Group will no longer provide certain services and as such will no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil in the period ended 30 June 2024 (H1 2023: €Nil).

The cost of the investment was deemed to be the price paid for the option of $5.0 million (€4.2 million), which was reduced to €Nil through the recognition of the Group's share of losses.

Investment in LSports

Background

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

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

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

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

Furthermore, the Group has an option to acquire up to 49% (so an additional 18%) of the equity of LSports ("LSports Option"). The LSports Option is exercisable under the following conditions:

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

The exercise price of the option will be equal to the product of:

i. the % of the aggregate shares purchased upon exercise of the PT option out of all shares of the company multiplied by

ii. the greater of either:

   a. LSports EBITDA preceding the time of exercise as reflected in the company's annual audited financial statements for that year, multiplied by a factor of 7; or

   b. €115.0 million.

The fair value of the option acquired was €1.4 million, which was part of the total consideration of €36.7 million. As at 30 June 2024, the fair value of the LSports derivative financial asset is €4.8 million (31 December 2023: €4.8 million). The difference between the fair value of the derivative financial asset better 30 June 2024 and 31 December 2023 is €Nil (the difference of €3.4 million between the fair value at 31 December 2023 and the fair value at 31 December 2022 has been recognised in profit or loss for the year ended 31 December 2023).

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

Assessment of control and significant influence

As at the date of acquisition, 30 June 2024 and 31 December 2023, it was assessed that the Group did not have control over LSports, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- despite the appointment and representation on the board of directors by a Playtech employee as at 30 June 2024, there is still no ability to control the relevant activities, as the total number of directors including the Playtech appointed director is five;
- Playtech has neither the ability to change any members of the board nor of the management of LSports; and
- as at 30 June 2024 and 31 December 2023 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

As at 30 June 2024 and 31 December 2023, the Group has significant influence over LSports because it meets one or more of the criteria under IAS 28, paragraph 6, the main one being the Playtech employee appointed on the board of LSports, enabling it to therefore participate in policy-making processes, including decisions about dividends and/or other distributions. As a result of this assessment, LSports has been recognised as an investment in associate.

The LSports option, which was not exercisable at 30 June 2024, is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9 and disclosed separately under part C of this Note. The LSports option was exercised earlier than the expected exercise date, in September 2024 for €19.8 million. This increased the Group's total shareholding to 49%.

Purchase Price Allocation (PPA)

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

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. The total share of profit recognised in profit or loss in the period ended 30 June 2024 from the investment is LSports was €0.9 million (H1 2023: €0.8 million, H2 2023: €1.3 million). This includes the amortisation of intangibles and the release of the deferred tax liability arising on acquisition, and the share of the LSports profits, with a corresponding entry against the investment in associate.

During 2024, the Group did not receive a dividend from LSports. In 2023, dividend of €1.8 million received from LSports which reduced the investment in associate value in the consolidated balance sheet).

Investment in Stats International

Background

In January 2022, the Group provided a $2.3 million loan to Stats International Limited ("Stats"), at an interest rate of 3.5% and a repayment date of 30 June 2024. As at 30 June 2024, the carrying value of the loan was €2.3 million (31 December 2023: €2.2 million).

The Stats group's business activities are focused on securing rights in connection with sporting competitions and the exploitation of the same, typically in exchange for the payment of certain fees and provision of analytical and statistical services by the Stats group to the relevant rightsholder. The initial focus of the Stats group is on Brazilian sports competitions.

In May 2023, the Group and Stats signed an amended loan agreement which, amongst other things, changed the repayment obligations such that the final repayment date will be 31 December 2026 and the loan agreement will be novated from Stats to Jewelrock (Stats' sole shareholder) in consideration of $1. Moreover, a framework agreement was signed between Stats and

Playtech whereby Playtech, for a €1 consideration, has been granted the option to acquire from Jewelrock 36% of the issued share capital of Stats.

Finally, Playtech entered into a service agreement whereby Playtech provides Stats its business development and knowledge-sharing services in connection with the operational and industry standard procedures of Stats in exchange for additional B2B services fee as per Note 7. As the business is still a start-up, the additional B2B services fee as at 30 June 2024 was €Nil (H1 2023: €Nil). Once the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee.

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

Playtech has assessed whether it holds power to control the investee and it was concluded that this is not the case. Even if the option is exercised, it would only result in a 36% voting right over the operating entity and therefore no control.

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

The cost of the option, which was considered to be the inherent value of Playtech allowing the loan repayment date to be extended, is considered negligible. No share of profits/losses have been recognised as at 30 June 2024 and 30 June 2023 in profit or loss as these were immaterial.

Investment in NorthStar

Background

NorthStar Gaming Inc. is a Canadian gaming brand which was incorporated under the laws of Ontario in Q4 2021. In Q2 2022, NorthStar Gaming Inc. received its licence from the Alcohol and Gaming Commission of Ontario (AGCO) and launched its online gaming site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated casino offering, including the most popular slot offerings and live dealer games. The principal reason of the acquisition is the attractive opportunity considered by Playtech to increase its footprint in the growing Canadian betting data market segment.

In December 2022, the Group issued NorthStar Gaming Inc. a convertible loan of CAD 12.25 million with conditions being that upon the completion of a reverse takeover (RTO) transaction the loan could be converted into common shares, A warrants and B warrants of the post-RTO consolidated entity. Baden Resources, a company which was listed on the TSX, entered into a conditional agreement to acquire NorthStar Gaming Inc. for shares (i.e. complete an RTO of NorthStar Gaming Inc). The fair value of the loan as at 31 December 2022 was €8.4 million.

In March 2023, the RTO was completed and Baden Resources changed its name to NorthStar Gaming Holdings (“NorthStar”). These events triggered the automatic conversion of the Group’s convertible loan into common shares in NorthStar Gaming Inc. (effective immediately prior to closing) and then immediately thereafter on closing those shares were exchanged for NorthStar common shares.

When the loan was converted into NorthStar common shares the Group also became the holder of NorthStar Warrants (half of which are exercisable at CAD 0.85 per share and the other half at CAD 0.90 per share) which, if exercised, would result in the Group further increasing its shareholding in NorthStar. These warrants expire on the fifth anniversary of their issue.

In September 2023, the Group entered into a subscription agreement with NorthStar whereby additional shares and warrants (half of which are exercisable at CAD 0.36 per share and the other half at CAD 0.40 per share, in each case expiring on the fifth anniversary of their issue) were acquired for CAD 5.0 million. At the time of this investment, which closed in October 2023, Playtech also loaned NorthStar an 8% senior convertible debenture for CAD 5.0 million.

Playtech owns approximately 25.8% as at 30 June 2024 (31 December 2023: 27.5%) of the issued and outstanding common shares of NorthStar. If the convertible debenture were to be converted into common shares and all of the Group’s warrants were to be exercised, the Group could potentially further increase its stake beyond 40% of the issued and outstanding common shares.

The Group’s convertible debenture has been classified at fair value through profit or loss based on IFRS 9 criteria. As at 30 June 2024, an amount of CAD 5.0 million (€3.6 million), which is included in loans receivable from related parties, (31 December 2023: €3.4 million). The loan is required to be repaid to Playtech by October 2026 or upon conversion (to the extent not fully converted) once conversion criteria are met.

In April 2024, the Group signed a promissory note with NorthStar for the amount of CAD 3.0 million (€2.1 million), which is included in current assets as loans receivable from related parties. The principal and the outstanding interest under the promissory note are required to be paid the earliest of:

i. 12 months from April 2024,

ii. the date on which Playtech declares the Indebtedness to be immediately due and payable following the occurrence of an event of default (as defined in agreement between Playtech and NorthStar),

iii. the date on which NorthStar or any of its subsidiaries complete an offering of debt or equity securities to one or more third parties that, when aggregated with any other financing completed, results in gross proceeds to NorthStar and its subsidiaries of at least CAD 10 million.

The fair value of all of Playtech’s warrants is €Nil as at 30 June 2024 (31 December 2023: €Nil) (refer Note 14C).

Assessment of control and significant influence

As at the date of acquisition and 30 June 2024 the Group did not have control over NorthStar, even after additional investment made in H2 2023, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- despite representation on the NorthStar board of directors by Playtech's CFO and one more Playtech employee at 31 December 2023 and 30 June 2024, there is still no ability to control the relevant activities, as the total number of appointed directors is eight; and
- Playtech has neither the ability to change any other members of the NorthStar board nor the management of NorthStar.

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

As at 30 June 2024 and 31 December 2023, the Group has significant influence over NorthStar because it meets one or more of the criteria under IAS 28, paragraph 6, the main one being that it has two appointed members sitting on the board of NorthStar, enabling it to therefore participate in policy-making processes, including decisions about dividends and/or other distributions. As a result of this assessment NorthStar has been recognised as an investment in associate.

The NorthStar warrants are fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9 (refer to Note 14C).

In September 2024 a further promissory note to the valued of CAD 3.0 million was issued to NorthStar to assist the company with its growth plans whilst the work on establishing more medium to long term financing.

Purchase Price Allocation (PPA)

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

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. Up until October 2023, Playtech's shareholding was diluted to 15% due to NorthStar issuing more shares as part of an acquisition they completed in May 2023. Playtech's shareholding for June 2024 was 25.8% (31 December 2023: 27.5%). The total share of loss recognised in profit or loss in the period ended 30 June 2024 from the investment in NorthStar was €2.2 million (H2 2023: €1.7 million and H1 2023: €1.1 million). This includes the amortisation of intangibles, arising on acquisition, and the share of NorthStar's losses, with a corresponding entry against the investment in associate.

Investment in Sporting News Holdings Limited

Background

In August 2023, the Group acquired 12.6% of Sporting News Holdings Limited ("TSN"), for a total consideration of $6.3 million (€5.8 million).

TSN's principal activities are the sale of digital advertising and the offering of media services, the provision of multimedia sports content across internet-enabled digital platforms and the distribution directly to customers and business clients around the world. The company is incorporated in the Isle of Man. The principal reason of the acquisition is the attractive opportunity considered by Playtech to increase its footprint in the growing sports and media market segment.

Assessment of control and significant influence

As at the date of acquisition and 30 June 2024 it was assessed that the Group did not have control over TSN, because it does not meet the criteria of IFRS 10 Consolidated Financial Statements, paragraph 7 due to the following:

- despite Playtech having the right to appoint a director on the TSN board, as at 30 June 2024 and 31 December 2023, one had not yet been appointed. Playtech has preferred to only appoint an observer to the board. Moreover, once Playtech appoints a director, there is still no ability to control the relevant activities, as the total number of directors including potentially one Playtech appointed director will be five; and
- Playtech has neither the ability to change any members of the board nor of the management of TSN.

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

As at 30 June 2024, the Group has significant influence over TSN because it meets one or more of the criteria under IAS 28, paragraph 6, the main one being Playtech having the ability to appoint a member on the board of TSN, enabling it to therefore participate in policy-making processes, including decisions about dividends and/or other distributions. As a result of this assessment TSN has been recognised as an investment in associate.

The cost of the investment was deemed to be the consideration paid for the shares of $6.3 million (€5.8 million), which was reduced by €0.2 million by 31 December 2023 through the recognition of the Group's share of losses. The total share of loss recognised in profit or loss in the period ended 30 June 2024 from the investment in TSN was €0.2 million.

Other investments in associates that are fair valued under IFRS9 per IAS 28, paragraph 14

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

- Wplay;
- Tenbet (Costa Rica);
- Onjoc (Panama); and
- Tenlot El Salvador S.A. de C.V

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

B. Other investments

Balance sheet

	30 June 2024 €'m	31 December 2023 €'m
Listed investments	13.9	15.8
Investment in Tenlot Guatemala	—	—
Investment in Tentech Costa Rica	—	—
Investment in Gameco	—	—
Investment in Hard Rock Digital	118.5	77.0
Total other investments	132.4	92.8

Statement of comprehensive income

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Profit and loss		
Change in fair value of equity investments	37.1	0.3
Impairment of investment in Gameco (included in the impairment of financial assets)	—	1.3
	37.1	1.6
Other comprehensive income		
Foreign exchange movement from equity investments held in a non-Euro functional subsidiary	2.5	(1.7)

Listed investments

The Group has shares in listed securities, noting that new shares in listed securities were purchased during the year ended 31 December 2023 for €14.3 million. The fair values of these equity shares are determined by reference to published price quotations in an active market. For the period ended 30 June 2024, the fair values of these listed securities decreased by €1.9 million (H1 2023: increase of €0.3 million, H2 2023: decrease of €0.2).

Investment in Tenlot Guatemala

In 2020, the Group entered into an agreement with Tenlot Guatemala, a member of the Tenlot Group. Tenlot Guatemala, which is in the lottery business in Guatemala, commenced its activity in 2018.

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

The fair value of the equity holding as at 30 June 2024 and 31 December 2023 was €Nil because of changes to market conditions which led to changes in its original business plans. The fair value of the equity holding has decreased by €4.4 million in the year ended 31 December 2023.

In addition, the Group was granted a 10% equity holding in Super Sports S.A. at no additional cost. The Group also has an option to acquire an additional 80% equity holding in Super Sports S.A. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil for the period ended 30 June 2024 (2023: €Nil). There are no conditions attached to the exercise of the option.

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

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

It therefore satisfies all the criteria of control under IFRS 10, paragraph 7 and, as such, at 30 June 2024 Super Sports S.A. has been consolidated in the consolidated financial statements of the Group, noting that this is not material from a Group perspective.

Investment in Tentech Costa Rica

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

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

The fair value of the equity holding as at 30 June 2024 and 31 December 2023 was €Nil because of changes to market conditions which led to changes in its original business plans. The fair value of the equity holding has decreased by €2.3 million in the year ended 31 December 2023.

Investment in Gameco

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

The 7.1% equity holding in the newly formed group was accounted at fair value through profit or loss under IFRS 9 at 31 December 2022. As at 30 June 2024 and 31 December 2023, the fair value of the equity holding has been impaired down to €Nil.

Investment in Hard Rock Digital

In March 2023, the Group invested $85.0 million (€79.8 million in March 2023, €77.0 million at 31 December 2023) in Hard Rock Digital (HRD) in exchange for a small minority interest in a combination of equity shares and warrants. HRD is the exclusive Hard Rock International and Seminole Gaming vehicle for interactive gaming and sports betting on a global basis. During late 2023 and 2024 positive outcomes were received in respect of claims made in both the Federal and Supreme Courts. Following this, sports betting was re-launched in Florida.

The Group assessed whether the warrants meet the definition of a separate derivative as per IFRS 9. A financial instrument or other contract should have all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract (sometimes called the "underlying");
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

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

Furthermore, the equity investment does not meet the definition of held for trading, as the investment was acquired for long-term investment purposes and with no current intention for sale. The investment was therefore classified as an investment held at fair value through profit or loss with initial and subsequent recognition at fair value, with any subsequent gain/loss recognised in profit or loss.

In H1 2024, we received a dividend of €1.6 million (H1 2023: €Nil), recognised in finance income.

Valuation

The Group has assessed the fair value of the investment at 30 June 2024 by applying a DCF approach with a market exit multiple assumption to the two CGUs within the investment. The discount rate and exit multiples used were within the range of 19-25% and 7.7x - 10.0x respectively. Due to the small minority interest and the limited influence Playtech has over HRD, the Group included a discount for lack of control of 10%, as well as a 15%-20% discount for lack of marketability due to the shares not being publicly traded.

As at 30 June 2024, the fair value of the equity investment in HRD increased to €118.5 million ($127.0 million). The difference of €41.5 million between the fair value at 31 December 2023 of €77.0 million and the fair value at 30 June 2024 has been recognised as follows:

a. €39.0 million derived from the fair value increase of the equity investment calculated using the DCF model in profit or loss for the period ended 30 June 2024. The increase was mainly driven by the performance of the business, which was aided by the relaunch of the Florida operations.

b. €2.5 million derived from the fair value increase due to the exchange rate fluctuation of USD to EUR (as the equity investment is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income for the period ended 30 June 2024.

Sensitivity analysis

The assumptions and judgements made in the valuation of the equity investment as at 30 June 2024 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A plus or minus shift of 5% to the discount rates used will result in a fair value of the equity investment in the range of €73.7 million – €150.2 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the equity investment within the range of €103.6 million – €133.4 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the equity investment within the range of €88.6 million – €139.0 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the equity investment within the range of €71.8 million – €151.2 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the equity investment within the range of €61.6 million – $178.2 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the equity investment within the range of €91.4 million – €137.2 million.

C. Derivative financial assets

Balance sheet

	30 June 2024 €'m	31 December 2023 €'m
Playtech M&A Call Option (Caliplay)	773.3	730.2

Wplay	99.7	88.0
Onjoc	3.7	3.1
Tenbet	0.4	1.7
Tenlot El Salvador S.A. de C.V	4.4	—
NorthStar warrants (Note 14A)	—	—
LSports (Note 14A)	4.8	4.8
Total derivative financial assets	886.3	827.8

Statement of comprehensive income impact

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Caliplay		
Fair value change of Playtech M&A Call Option	21.7	(22.5)
Foreign exchange movement to profit or loss	21.4	(9.0)
Wplay		
Fair value change in Wplay	9.0	7.2
Foreign exchange movement recognised in other comprehensive income	2.7	(1.6)
Onjoc		
Fair value change in Onjoc	0.5	0.3
Foreign exchange movement recognised in other comprehensive income	0.1	(0.1)
Tenbet		
Fair value change in Tenbet	(1.3)	(1.6)
Foreign exchange movement recognised in other comprehensive income	—	(0.2)
LSports		
Fair value change of call option (Note 14A)	—	0.1
Total comprehensive income impact	54.1	(27.4)

Caliplay

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

As further disclosed in Note 14A, at 30 June 2024 Playtech was well progressed in negotiating a revised strategic agreement with Caliente in which the Playtech M&A Call Option currently held by Playtech would be revised and ultimately resulting, on closing of the revised arrangements, in Playtech holding a 30.8% equity shareholding pursuant to the exercise of the Playtech M&A Call Option in the newly incorporated US holding company of Caliplay (the "Equity Right"), with the 30.8% shareholding being achieved after taking account of the rights of its service providers. The completion of these revised arrangements, which were announced on 16 September 2024, is conditional upon Mexican antitrust approval and closing is expected to take place in Q1 2025. Furthermore, there is currently an agreed standstill of all current legal proceedings between Caliente, Caliplay and Playtech, and those proceedings will be dismissed in full once the revised arrangements come into effect. Under the Equity Right scenario, Playtech would no longer be entitled to the additional B2B services fee, but will have certain customary shareholder rights, including the right to appoint a Director to the Board of Cali Interactive for so long as Playtech's equity interest is at least 15% of Cali Interactive. Subject to available cash and applicable law, Playtech and all other Cali Interactive stockholders will receive dividends, at least quarterly, pursuant to an agreed dividend policy. Whilst the resultant 30.8% shareholding on closing of the revised arrangements is less than the percentage interest (after taking account of the rights of the Playtech Group's service providers) which the Playtech Group would have held in Caliplay were it to have exercised the Playtech M&A Call Option, the Playtech Group was willing to accept this reduced interest in the context of the terms of these revised arrangements taken as a whole which include (i) the resultant settlement and dismissal of all legal proceedings between Caliente, Caliplay and Playtech; (ii) the receipt (and/or payment into escrow) of the entirety of the outstanding fees owing to the Playtech Group; (iii) Playtech holding shares in a newly incorporated US holding company of Caliplay; and (iv) the Caliente Call Option and the COC Option (and the Playtech Call Option) ceasing to exist with the Playtech M&A Call Option having been exercised.

As at 30 June 2024, the Group assessed that it was highly probable that the revised arrangements are agreed and signed and as such valued both scenarios being:

1. The value of the existing Playtech M&A Option, which similar to the 31 December 2023 valuation, used a discounted cash flow (DCF) approach with a market exit multiple assumption; and
2. The value of the Equity Right, which relied on broadly the same methodology (i.e. a DCF approach with a market exit multiple assumption) and set of cash flows as the Playtech M&A Call Option with key differences discussed further below.

As at 30 June 2024, the valuation methodology used for the overall value of the Playtech M&A Call Option was weighted between the resulting values above.

Valuation

The Group has assessed the overall fair value of the Playtech M&A Option as at 30 June 2024 by allocating a 75% weighting to the Equity Right value as it was more likely than not at 30 June 2024 that the revised arrangements would be agreed and announced (although still subject to completion), with the other 25% weighting being allocated to the Playtech M&A Call Option under the same existing terms.

Existing Playtech M&A Call Option

The discount rate used at 30 June 2024 was 19% (31 December 2023: 20%). This includes the same company-specific risk premium to capture the ongoing risk due to the legal proceedings with Caliplay, which would remain under this scenario. The decrease in the discount rate from 31 December 2023 was due to movements in market factors.

The Group also made assumptions on the probability of a possible transaction that may be completed on a number of exit date scenarios over a five-year period, until December 2028 (and ignoring the Equity Right scenario). Management did not model a scenario of no exit as this is considered highly remote. The Group used a compound annual growth rate of 16.4% (31 December 2023: 17.0%) on revenue over the forecasted cash flow period, an average Adjusted EBITDA margin of 31.8% (31 December 2023: 31.3%) and an exit multiple of 7.7x (31 December 2023: 7.7x). It was deemed appropriate to keep the exit multiple at the lower end of expected range due to the fact that the dispute was still ongoing at 30 June 2024. Due to the uncertainty at 30 June 2024 as to how the exercise of the Playtech M&A Call Option may occur and the potential for the shares to be held on any exercise to not be immediately realisable, the Group included an additional discount for lack of marketability (DLOM) for two years of 10% (31 December 2023: 10.0%).

Furthermore, Playtech's share in Caliplay was adjusted to reflect the rights to Caliplay shares that a service provider has under its services agreement with the Group. Finally, taking account of matters arising in the period, Playtech has included some probability weighted scenarios to consider the impact of the COC Option as explained in part A of this Note, noting that the probabilities assigned to this scenario are above zero but low.

Equity Right valuation

The Group has removed the additional company-specific risk premium in the discount rate used for the valuation of the Equity Right as under the completion of this scenario there will no longer be a dispute and therefore used a market participant base discount rate of 15%. In arriving at the DCF/exit multiple value of the Equity Right, the same business plan used as that for the valuation of the Playtech M&A Call Option, however, excluding the cash flows for H2 2024, as the equity right can only be effective from 1 January 2025. The Group included a DLOM/ DLOC (discount for lack of control) of 15% to reflect the terms of the equity holding.

As at 30 June 2024, the fair value of the Playtech M&A Call Option using the weighted Playtech M&A Call option and Equity Right was $828.8 million (2023: $805.8 million) which converted to €773.3 million (2023: €730.2 million). The period-on-period change in the fair value of the Playtech M&A call option is a combination of an uplift:

- due to the favorable movement in the USD to EUR foreign exchange rate; and
- due to rolling the valuation forward by six months, decrease in the discount rate and updated balance sheet position.

These were partially offset by:

- the small updates to the cash flow forecasts;
- the changes in the assumed exercise dates and associated DLOMs; and
- the change in the methodology (75% weighting to Equity Right).

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2024 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A plus or minus 5% in the discount rate under each scenario would result in a fair value of the derivative financial asset in the range of €751.1 million – €792.2 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €736.2 million – €810.8 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €697.9 million – €848.1 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €660.6 million – €901.3 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €562.6 million – €1,047.8 million.
- A plus or minus 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €710.0 million – €836.9 million.
- A plus or minus 2.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €646.6 million – €899.5 million.
- If the incremental annual DLOM on option fluctuates by 2.5% (to 2.5% and 7.5% instead of 5%) it will result in a fair value of the derivative financial asset within the range of €762.3 million – €784.7 million.
- A 5% fluctuation on the DLOM of 10% applied post the exercise date under each scenario to reflect an assumed lock-in period after the option is exercised will result in a fair value of the derivative financial asset within the range of €764.2 million – €782.8 million.

Wplay

In August 2019, Playtech entered into a structured agreement with Aquila Global Group SAS ("Wplay"), which has a licence to operate online gaming products and services in Colombia. Under the agreement, the Group provides Wplay its technology products, where it receives standard operator revenue and additional B2B services fee as per Note 7. The Group has no shareholding in Wplay.

Playtech has a call option to acquire a 49.9% equity holding in the Wplay business. As at 30 June 2024 the option exercise date was February 2025 or earlier if an M&A event takes place. If the call option is exercised by Playtech, the Group would no longer provide certain services and as such will no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil million for the period ended 30 June 2024 (H1 2023: €Nil million, H2 2024 :€1.2 million).

The payment of €22.4 million made to Wplay in 2019 and 2020 was considered to be the payment made for the option in Wplay.

Assessment of control and significant influence

The Group concluded that it does not control Wplay but has significant influence over it. Refer to Note 21 in the Group audited financial statements for the year ended 31 December 2023 for the assessment. As the option is not currently exercisable, the Group has an investment in associate but with no access to profits. As such, the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

The Group has given two loans to Wplay, with an outstanding balance at 31 December 2023 of €1.3 million, included in loans receivable from related parties. The loans were repaid during H1 2024.

Valuation

The fair value of the option at 30 June 2024 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 21% (31 December 2023: 22%), a decrease reflecting the maturity stage of the Wplay business, as well as a discount for illiquidity and control until the expected Playtech exit date of February 2025 (31 December 2023: expected exit date of February 2025). The Group used a compound annual growth rate of 6.7% (31 December 2023: 8.2%) over the forecasted cash flow period, an average Adjusted EBITDA margin of 27.9% (31 December 2023: 28.5%) and an exit multiple of 10.8x (31 December 2023: 10.2x). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point, therefore no further discounts were applied post transaction. Furthermore, Playtech's share in Wplay was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 30 June 2024, the fair value of the Wplay derivative financial asset is €99.7 million. The difference of €11.7 million between the fair value at 31 December 2023 of €88.0 million and the fair value at 30 June 2024 has been recognised as follows:

a. €9.0 million derived from the fair value increase of the derivative call option calculated using the DCF model in profit or loss for the period ended 30 June 2024. The increase was due to the decrease in the discount rate and increase of the exit multiple as the business is more mature. Moreover, Wplay's net debt position has improved as at 30 June 2024 compared to 31 December 2023 and the assumed exercise date of February 2025 is getting closer.

b. €2.7 million derived from the fair value increase due to the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income for the period ended 30 June 2024.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2024 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 16% to 26% will result in a fair value of the derivative financial asset in the range of €86.3 million – €116.1 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €94.9 million – €104.5 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €90.1 million – €109.2 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €95.3 million – €104.1 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €91.0 million – €108.6 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €92.5 million – €106.8 million.
- If the expected Playtech exit date is extended by one year, the fair value of the derivative financial asset will decrease to €94.5 million.

Onjoc

In June 2020, Playtech entered into a framework agreement with ONJOC CORP. ("Onjoc"), which holds a licence to operate online sports betting, gaming and gambling activities in Panama. The Group has no equity holding in Onjoc but has an option to acquire 50%. Under the agreement the Group provides Onjoc its technology products, where it receives standard operator revenue and additional B2B services fee as per Note 7. If the option is exercised, the Group would no longer provide certain services and, as such, would no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil in the period ended 30 June 2024 (H1 2023: €Nil, H2 2023: €Nil). The option can be exercised any time subject to Onjoc having $15.0 million of Gross Gaming Revenue (GGR) over a consecutive 12-month period.

Assessment of control and significant influence

The Group concluded that it does not control Onjoc but has significant influence over it. Refer to Note 21 in the Group audited financial statements for the year ended 31 December 2023 for the assessment. As the option is not currently exercisable, the

Group has an investment in associate but with no access to profits. As such, the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

The Group has given an interest-bearing loan to Onjoc of €2.4 million (31 December 2023: €2.3 million) which is due for repayment in October 2025 and is included in loans receivable from related parties.

Valuation

The fair value of the option at 30 June 2024 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 33% (31 December 2023: 32%) reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date of December 2028 (31 December 2023: expected exit date of December 2028). The Group used a compound annual growth rate of 49.2% (31 December 2023: 49.2%) over the forecasted cash flow period and an average Adjusted EBITDA margin of 26.3% (31 December 2023: 24.2%). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point, therefore no further discounts applied post transaction. Furthermore, Playtech's share in Onjoc was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 30 June 2024, the fair value of the Onjoc derivative financial asset is €3.7 million. The difference of €0.6 million between the fair value at 31 December 2023 of €3.1 million and the fair value at 30 June 2024 has been recognised as follows:

a. €0.5 million derived from the fair value increase of the derivative call option calculated using the DCF model in profit or loss in the period ended 30 June 2024. This increase is mostly due to Tenbet's improved net debt position as at 30 June 2024 compared to 31 December 2023 and the assumed exercise date getting closer.

b. €0.1 million derived from the fair value increase from the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income in the period ended 30 June 2024.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 30 June 2024 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 28% to 38% will result in a fair value of the derivative financial asset in the range of €3.0 million – €4.4 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €3.5 million – €3.9 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €3.3 million – €4.1 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €2.8 million – €4.6 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €1.9 million – €5.6 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €3.0 million – €4.4 million.

Tenbet Costa Rica

In addition to the 6% equity holding in Tentech CR S.A as per section B of this Note, the Group has an option to acquire 81% equity holding in Tenbet. Tenbet, which is another member of the Tenlot Group, operates online bingo games and casino side games. Playtech provides certain services to Tenbet in return for its additional B2B services fee. The Group has no equity holding in Tenbet but has an option to acquire 81% equity. If the option is exercised, the Group would no longer provide certain services to Tenbet and, as such, would no longer be entitled to the additional B2B services fee. The additional B2B services fee was €Nil in the period ended 30 June 2024 (H1 2023: €Nil, H2 2023: €Nil). In H1 2023, the Group signed an amendment to the Tenbet agreement in which the option can be exercised at any time from July 2024 (previously 35 months of Tenbet going live). In H2 2023, the Group signed an amendment to the Tenbet agreement in which the option can be exercised at any time from 1 January 2025 based on the condition that Tenbet has generated at least once, prior to the exercise, accumulative GGR (as defined in the agreement) of at least $10.0 million, in a consecutive 12-month period.

Under the existing agreements, the Group has provided Tenbet with a credit facility of €5.0 million, out of which €4.7 million had been drawn down as at 30 June 2024 (31 December 2023: €4.2 million).

Assessment of control and significant influence

The Group concluded that it does not control Tenbet but has significant influence over it. Refer to Note 21 in the Group audited financial statements for the year ended 31 December 2023 for the assessment. As the option is not currently exercisable, the Group has an investment in associate but with no access to profits. As such, the option is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9.

Valuation

The fair value of the option at 30 June 2024 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 34% (31 December 2023: 33%) reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date of December 2028 (31 December 2023: expected exit date of December 2028). The Group used a compound annual growth rate of 91% (31 December 2023: 96.2%) over the forecasted cash flow period and an average Adjusted EBITDA margin of 1.1% (31 December 2023: average of 0.9%). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point. Furthermore, Playtech's share in Tenbet was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 30 June 2024, the fair value of the Tenbet derivative financial asset is €0.4 million. The difference of €1.3 million between the fair value at 31 December 2023 of €1.7 million and the fair value at 30 June 2024 has been recognised as follows:

a. €1.3 million derived from the fair value decrease of the derivative call option calculated using the DCF model in profit or loss in the period ended 30 June 2024. This decrease is mostly due to the revised cash flow forecasts used in the valuation which have been downgraded based on Tenbet's current performance.

b. €Nil million derived from the fair value decrease from the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income in the period ended 30 June 2024.

Tenlot El Salvador S.A. de C.V

During the period, the Group entered into a new structured agreement with Tenlot El Salvador S.A. de C.V. (Tenlot El Salvador), which has a license to operate online betting and gaming on behalf the national lottery of El Salvador. Under the agreement the Group will provide Tenlot El Salvador its technological platform, as well as operational and other related services, where it will receive in return standard operator revenue and additional B2B services fee as per Note 7. The additional B2B services fee was €Nil in the period ended 30 June 2024.The Group has no shareholding in Tenlot El Salvador.

Under the structured agreement, Playtech has paid Tenlot El Salvador an amount of $2.9 million with an additional $1.9 million to be paid in instalments upon certain conditions being met, in exchange for an option to acquire 70% of the shares in Tenlot El Salvador. The option can be exercisable at any time after 18 months from February 2024 subject to Tenlot El Salvador generating at least once prior to the exercise, a cumulative gross gaming revenue of at least $10.0 million in any consecutive period of 12 months.

Playtech also made available to Tenlot El Salvador a $5.5 million line of credit out. As at 30 June 2024, the amount remains undrawn.

Assessment of control and significant influence

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

- Playtech does not have the ability to direct Tenlot El Salvador's activities as it has no voting representation on the board of directors (or equivalent) or people in managerial positions;
- Playtech has neither the ability to appoint, nor change, any members of the board of Tenlot El Salvador; and
- as at 30 June 2024, the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

Valuation

As at 30 June 2024, the fair value of the Tenlot El Salvador derivative financial asset is €4.4 million. Since the date the derivative was acquired until 30 June 2024, there have been no changes in the operations of Tenlot El Salvador that would indicate that the fair value of the derivative financial asset would be different to the original arm's length price payable of $4.8 million (€4.4 million).

Note 15 – Assets held for sale

	30 June 2024 €'m	31 December 2023 €'m
Assets		
Property, plant and equipment	19.6	19.3

During 2021, the Group entered into a binding agreement for the disposal of a real estate area in Milan for a total consideration of €20.0 million. Accordingly, the real estate was classified as held for sale. Of the total consideration, €1.0 million was received during the year ended 31 December 2021. The advance received was classified as part of the liabilities directly associated with assets classified as held for sale.

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

Note 16 – Shareholders' equity

A. Share capital

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

	30 June 2024 Number of shares	31 December 2023 Number of shares
Authorised[1]	N/A	N/A
Issued and paid up	309,294,243	309,294,243

1 The Company has no authorised share capital, but the Directors are authorised to issue up to 1,000,000,000 shares of no par value.

The table below shows the movement of the shares:

	Shares in issue/ circulation Number of shares	Treasury shares	Shares held by EBT	Total
At 1 January 2023	300,988,316	2,937,550	5,368,377	309,294,243
Transfer from treasury shares to EBT	—	(2,937,550)	2,937,550	—
Exercise of options	2,915,544	—	(2,915,544)	—
At 30 June 2023	303,903,860	—	5,390,383	309,294,243
Exercise of options	788,947	—	(788,947)	—
At 31 December 2023/1 January 2024	304,692,807	—	4,601,436	309,294,243
Exercise of options	229,834	—	(229,834)	—
At 30 June 2024	304,922,641	—	4,371,602	309,294,243

B. Employee Benefit Trust

In 2014, the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total of €48.5 million.

In 2021, the Company transferred 7,028,339 shares held by the Company in treasury to the Employee Benefit Trust for a total of €22.6 million.

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

During the year period ended 30 June 2024, 229,834 shares (for the year ended 31 December 2023: 3,704,491) were issued at a cost of €0.7 million (2023: €11.9 million). As at 30 June 2024, a balance of 4,371,602 shares (31 December 2023: 4,601,436 shares) remains in the EBT with a cost of €17.1 million (31 December 2023: €17.8 million).

C. Share options exercised

During the period ended 30 June 2024 269,442 (for the year ended 31 December 2023: 3,880,633) share options were exercised, of which 39,608 were cash settled (31 December 2023: 176,142).

D. Distribution of dividends

During 2024 the Group did not pay any dividends.

E. Reserves

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

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

Note 17 – Loans and borrowings

The main credit facility of the Group is a revolving credit facility (RCF) up to €277.0 million and is available until October 2025, with an option to extend by 12 months. Interest payable on the loan is based on SONIA depending on the currency of each withdrawal. As at the reporting date the credit facility drawn amounted to €Nil (31 December 2023: €Nil).

Under the RCF, the covenants are monitored on a regular basis by the finance department, including modelling future projected cash flows under a number of scenarios to stress-test any risk of covenant breaches, the results of which are reported to management and the Board of Directors. The covenants are as follows:

- Leverage: Net Debt/Adjusted EBITDA to be less than 3.5:1 for the 12 months ended 30 June 2024 (31 December 2023: less than 3.5:1).
- Interest cover: Adjusted EBITDA/Interest to be over 4:1 for the 12 months ended 30 June 2024 (2023: over 4:1).

As at 30 June 2024 and 31 December 2023 the Group met these financial covenants.

Note 18 – Bonds

	2018 Bond €'m	2019 Bond €'m	2023 Bond €'m	Total €'m
At 1 January 2023	199.6	348.0	—	547.6
Issue of new bond	—	—	297.3	297.3
Release of capitalised expenses	0.3	0.3	—	0.6
30 June 2023	199.9	348.3	297.3	845.5
Repayment of bonds	(200.0)	—	—	(200.0)
Release of capitalised expenses	0.1	0.3	0.2	0.6
At 31 December 2023/1 January 2024	—	348.6	297.5	646.1
Release of capitalised expenses	—	0.3	0.3	0.6
At 30 June 2024	—	348.9	297.8	646.7

Bonds

(a) 2018 Bond

On 12 October 2018, the Group issued €530.0 million of senior secured notes (the "2018 Bond") maturing in October 2023. The net proceeds of issuing the 2018 Bond after deducting commissions and other direct costs of issue totalled €523.4 million.

Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2018 Bond.

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

During the year ended 31 December 2022, the Group made a partial repayment towards the 2018 Bond of €330.0 million. It was then fully repaid in 2023.

(b) 2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes (the "2019 Bond") maturing in March 2026. The net proceeds of issuing the 2019 Bond after deducting commissions and other direct costs of issue totalled €345.7 million.

Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2019 Bond.

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

(c) 2023 Bond

On 28 June 2023, the Group issued €300.0 million of senior secured notes (the "2023 Bond") maturing in June 2028. The net proceeds of issuing the 2023 Bond after deducting commissions and other direct costs of issue totalled €297.2 million.

Commissions and other direct costs of issue have been offset against the principal balance and are amortised over the period of the 2023 Bond.

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

As at 30 June 2024 and 31 December 2023, the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/Interest ratio, for the combined 2019 and 2023 Bonds.

Note 19 – Provisions for risks and charges, litigation and contingent liabilities

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

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

Movements of the provisions outstanding as at 30 June 2024 are shown below:

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 1 January 2024	5.7	0.8	3.0	9.5
Provisions made during the year	—	—	3.6	3.6
Provisions used during the year	—	—	(0.2)	(0.2)
Provisions reversed during the year	—	(0.5)	(0.2)	(0.7)
Balance at 30 June 2024	5.7	0.3	6.2	12.2

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m

31 December 2023				
Non-current	5.7	0.3	2.9	8.9
Current	—	0.5	0.1	0.6
	5.7	0.8	3.0	9.5
30 June 2024				
Non-current	5.7	0.3	4.4	10.4
Current	—	—	1.8	1.8
	5.7	0.3	6.2	12.2

Provision for legal and regulatory issues

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

Contractual claims

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

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

Accounting for uncertain tax positions

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

Note 20 – Contingent consideration

	30 June 2024 €'m	31 December 2023 €'m
Non-current contingent consideration		
Acquisition of Aus GMTC PTY Ltd	5.7	5.4
Others	0.3	0.4
Total non-current contingent consideration	6.0	5.8
Current contingent consideration consists of:		
Other acquisitions	2.2	0.4
Total current contingent consideration	2.2	0.4
Total contingent consideration	8.2	6.2

The maximum contingent consideration payable is as follows:

	30 June 2024 €'m	31 December 2023 €'m
Acquisition of Aus GMTC PTY Ltd	46.7	45.3
Other acquisitions	2.5	0.8
	49.2	46.1

On 30 August 2022, the Group acquired 100% of the share capital of Aus GMTC PTY Ltd ("Aus GMTC") which creates content and online games.

The Group paid a total cash consideration of €2.9 million ($3.0 million), with an additional consideration (capped at $50.0 million) in cash payable in 2025 based on a pre-defined EBITDA calculation resulting from the performance of the developed games active during the year ending 30 September 2025. The consideration is calculated based on four times the pre-defined EBITDA for that year, less the cash consideration already paid, plus the €1.8 million loan provided to the acquired company pre-acquisition.

The fair value of the contingent consideration at the acquisition date was €6.8 million made up from €2.9 million being cash consideration and €3.9 million non-current contingent consideration. Subsequent changes in fair value are primarily due to changes in the projected EBITDA as at 31 December 2023 and 30 June 2024. The fair value measurement of the contingent consideration is categorized within Level 3 of the fair value hierarchy. The future consideration is €5.7 million as at 30 June 2024, was discounted using a rate of 12% based on Damodaran's latest valuation methodology and parameters and is calculated based on the estimated future EBITDA of the studio. The €1.8 million loan provided to the company pre-acquisition has been deducted against the future consideration, in line with the purchase agreement.

Note 21 – Deferred tax

The movement on the deferred tax is as shown below:

	€'m
Balance at 1 January 2024	99.1
Charge to profit or loss (Note 11)	40.5
At 30 June 2024	139.6

	30 June 2024 €'m	31 December 2023 €'m
Split as:		
Deferred tax liability	(164.6)	(161.6)
Deferred tax asset	25.0	62.5
	(139.6)	(99.1)

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

As at 30 June 2024, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carried forward, with the latter only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Please refer to Notes 5 and 11 for the assessment performed on the recognition of deferred tax in the period.

Details of the deferred tax outstanding as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024 €'m	31 December 2023 €'m
Deferred tax recognised on Group restructuring	31.2	47.2
Tax losses	2.5	29.7
Other temporary and deductible differences	(17.1)	(6.4)
Deferred tax on acquisitions	(72.0)	(81.2)
Intangible assets	(84.2)	(88.4)
	(139.6)	(99.1)

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

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Accelerated capital allowances	(6.8)	(0.8)
Other temporary and deductible differences	(6.5)	(26.7)
Tax losses	(27.2)	(24.1)
	(40.5)	(51.6)

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.

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

	Six months ended 30 June 2024 €'m	Six months ended 30 June 2023 €'m
Revenue		
Investments in associates	122.4	96.4
Interest income		
Investments in associates	1.4	0.7
Operating expenses		
Investments in associates	3.0	0.6
Dividend income		
Investments in associates	0.1	0.9

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

The following amounts were outstanding at the reporting date:

	30 June 2024 €'m	31 December 2023 €'m
Trade receivables		
Investments in associates	196.0	99.1
Other receivables		
Investments in associates	—	0.3
Loans and interest receivable – current		
Investments in associates	2.1	1.3
Loans and interest receivable – non-current		
Investments in associates	74.5	60.9

The loans and interest receivables above do not include the expected credit losses. For the period ended 30 June 2024, the Group recognised a provision for expected credit losses of €Nil million relating to amounts owed by related parties in less than one year (31 December 2023: €0.1 million) and €3.4 million for more than one year (31 December 2023: €2.4 million).

The loans due from related parties are further disclosed in Note 14.

The Group is aware that a partnership in which a member of key management personnel (who is not a Board member) has a non-controlling interest provides certain advisory and consulting services to third-party service providers of the Group in connection with certain of the Group's structured and other commercial agreements. The partnership contracts with and is compensated by the third-party service providers, and the Group has no direct arrangement with the partnership. The total paid to this partnership by the third-party service providers was €1.6 million (Six months ended 30 June 2023: €11.2 million).

Note 23 – Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					
	Loans and borrowings €'m	**Bonds €'m**	**Interest on loans and borrowings and bonds €'m**	**Contingent consideration €'m**	**Lease liabilities €'m**	**Total €'m**
Balance at 1 January 2024	—	646.1	5.9	6.2	86.8	745.0
Changes from financing cash flows						
Interest payable on bonds and loans and borrowings	—	—	(16.3)	—	—	(16.3)
Payment of contingent consideration	—	—	—	(0.2)		(0.2)
Principal paid on lease liability	—	—	—	—	(12.7)	(12.7)
Interest paid on lease liability	—	—	—	—	(2.4)	(2.4)
Total changes from financing cash flows	—	—	(16.3)	(0.2)	(15.1)	(31.6)
Other changes						
Liability related						
New leases	—	—	—	—	9.6	9.6
Contingent consideration on acquisition of investments	—	—	—	2.4	—	2.4
Interest on bonds and loans and borrowings	—	0.6	16.2	—	—	16.8
Interest on lease liability	—	—	—	—	2.4	2.4
Movement in contingent consideration	—	—	—	0.1		0.1
Payment of contingent consideration related to investments	—	—	—	(0.6)	—	(0.6)
Foreign exchange difference	—	—	—	0.3	0.4	0.7
Total liability-related other changes	—	0.6	16.2	2.2	12.4	31.4
Balance at 30 June 2024	—	646.7	5.8	8.2	84.1	744.8

	Liabilities					
	Loans and borrowings €'m	**Bonds €'m**	**Interest on loans and borrowings and bonds €'m**	**Contingent consideration €'m**	**Lease liabilities €'m**	**Total €'m**
Balance at 1 January 2023	—	547.6	7.3	2.9	85.8	643.6
Changes from financing cash flows						
Interest payable on bonds and loans and borrowings	—	—	(12.4)	—	—	(12.4)
Proceeds from loans and borrowings	48.0	—	—	—	—	48.0
Proceeds from the issuance of bonds	—	297.3	—	—	—	297.3
Payment of contingent consideration	—	—	—	(0.1)	—	(0.1)
Principal paid on lease liability	—	—	—	—	(11.4)	(11.4)
Interest paid on lease liability	—	—	—	—	(2.5)	(2.5)

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

Note 24 – Events after the reporting date

On 17 September 2024, the Group announced that it had entered into a definitive agreement to sell the Snaitech B2C CGU. The potential sale is subject to certain regulatory conditions and is expected to complete by Q2 2025. The full announcement can be found here: https://otp.tools.investis.com/clients/uk/playtech2/rns/regulatory-story.aspx?newsid=1864850&cid=263

In September 2024 the Group announced that it had reached an agreement on the terms of its strategic agreement with Caliplay. Under the amended terms, Playtech will:

- Hold a 30.8% equity interest in Caliente Interactive, Inc. ("Cali Interactive"), which will be the new holding company of Caliplay (the "Caliplay Group"), incorporated in the United States
- Be entitled to receive dividends alongside other shareholders in Cali Interactive. Playtech will also have the right to appoint a Director to the Board of Cali Interactive
- Enter into a revised eight-year B2B software licence and services agreement
- Receive from Cali Interactive an additional US$140.0 million paid in cash, phased over a four-year period

The full announcement can be found here: https://otp.tools.investis.com/clients/uk/playtech2/rns/regulatory-story.aspx?newsid=1864339&cid=263 . The revised arrangements are conditional upon Mexican antitrust approval and closing is expected to take place in Q1 2025. There is an agreed standstill of all current legal proceedings between Caliente, Caliplay and Playtech, and those proceedings will be dismissed in full once the revised arrangements come into effect. In addition, Caliplay has resumed paying the Playtech Group its software and services fees (refer to Note 5).

The LSports option, which is not currently exercisable, is fair valued as per paragraph 14 of IAS 28 and shown as a derivative financial asset in accordance with IFRS 9 and disclosed separately under Note14C. The LSports option was exercised earlier than the expected exercise date, in September 2024 for €19.8 million. This increased the Group's total shareholding to 49%.

In September 2024, Playtech gave Northstar a further promissory note to the valued of CAD3.0 million to assist the company with its growth plans whilst the work on establishing more medium to long term financing.