Financial Statements

Financial Statements

Company information

Independent auditor's report

To the members of Playtech plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice.

We have audited the financial statements of Playtech plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of changes in equity, the consolidated and Company balance sheets, the consolidated statement of cash flows, notes to the financial statements and notes to the Company financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' process in determining the going concern assessment of the period to 30 June 2025;
- confirming the assessment and underlying projections were approved by the Board as well as being prepared by appropriate individuals with sufficient knowledge of the Group's markets, strategies and risks;
- understanding and assessing the key assumptions in the cash flow forecasts and challenging these against prior performance and our knowledge of the business and industry;
- confirming, through enquiry with the Directors, review of Board minutes and review of external resources for any key future events that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows;
- assessing the Directors' stress test scenarios and challenging whether other reasonably possible scenarios could occur;
- specifically assessing through a stress test the risk of the Caliplay outstanding receivables (see additional details below) not being recovered and no further cash being received in the going concern period as result of the ongoing dispute;
- assessing the Directors' reverse stress test to analyse the level of reduction in EBITDA that could be sustained before a covenant breach or liquidity event would be indicated;
- confirming the financing facilities, repayment terms and financial covenants to supporting documentation and evaluating the Directors' assessment of covenant compliance throughout the going concern assessment period to 30 June 2025;
- considering the impact of inflation including energy costs, other macroeconomic matters and climate change;
- reviewing post-year-end cash position to assess any potential deterioration in cash balances;
- challenging the Directors as to matters outside of the going concern assessment period, including the potential long-term impact of the dispute with Caliplay; and
- considering the adequacy of the disclosures relating to going concern included within the Annual Report against the requirements of the accounting standards, the impact of the dispute with Caliplay and the consistency of the disclosure against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Independent auditor's report continued

To the members of Playtech plc

Conclusions relating to going concern continued

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	The coverage achieved from the full scope audits which included significant and non-significant components was 92% (2022: 94%) of Group revenue and 90% (2022: 84%) of Group total assets. Further specific audit procedures were undertaken on non-significant components to ensure sufficient audit coverage.		
Key audit matters		**2023**	2022
	Revenue recognition	✓	✓
	Caliplay legal dispute	✓	✗
	Valuation and disclosure of the Playtech M&A Call Option relating to Caliplay	✓	✓
Group Materiality	€13.0 million (2022: €12.0 million) based on 3% (2022: 3%) of adjusted EBITDA.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole. We tailored the extent of the work to be performed at each component, either by us, as the Group audit team, or component auditors within the BDO network based on our assessment of the risk of material misstatement at each component.

Full scope audit procedures were performed on eight components; five of these were considered significant with the other three being undertaken to ensure appropriate audit coverage. Four of the significant components were audited by the Group audit team with the remaining significant component being audited by BDO Italy. The three other full scope audits were undertaken by the Group audit team, BDO Sweden and BDO Austria.

In respect of the remaining non-significant components, component auditors within the BDO network or the Group audit team performed review procedures or specific audit procedures on certain balances based on their relative size, risks in the business and our knowledge of those entities.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Our involvement with the component auditor of the significant component included attending key meetings as appropriate, directing the scope and approach of the audit and performing a detailed review of the audit files. The review of the audit files was undertaken with the support of our IT specialists. For the component auditors of the non-significant components we provided group instructions, directed the scope of their work and reviewed reporting returned to us.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- enquiries and challenge of management to understand the actions it has taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report;
- our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- review of the minutes of Board and Sustainability Committee meetings and other papers related to climate change and performing a risk assessment as to how the impact of the Group's commitments may affect the financial statements and our audit.

We also assessed the consistency of management's disclosures included as other information on page 150 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any key audit matters materially impacted by climate-related risks and related commitments.

An overview of the scope of our audit continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (KAM)		How the scope of our audit addressed the key audit matter
Revenue recognition The Group's revenue streams and the related accounting policies applied during the period are detailed in Note 6 to the financial statements.	Revenue recognition was considered a KAM due to the complexity of the IT systems and the significant level of audit focus required. Our KAMs in respect of revenue consist of the following: **Playtech B2B gaming revenue** There is a risk over accuracy and existence of revenue due to the nature of the contracts in place, the complexity of the IT systems and the risk of manipulation or error in the underlying source data. **Snaitech B2C streams** There is a risk in respect of accuracy and existence of revenue due to the complexity of the IT systems and manipulation or error in the underlying source data.	We developed an understanding of the key revenue processes from inception to recognition in the financial statements and assessed the design and implementation of the controls over the Group's revenue cycles. This included undertaking test bets as part of our risk assessment procedures and tracing the underlying transactions to source data. In completing this work, we utilised our own IT specialists to assess the IT controls in respect of the key operating systems supporting the above transaction flows. Our IT specialists also reviewed the work completed by the IT specialists from the BDO Italy component team. Our testing approach for revenue was tailored for the different revenue streams and entities across the Group. **B2B gaming revenue** We tested B2B revenue recognised with the support of IT specialists by completing the following: • carried out end-to-end walkthroughs to understand the IT system, processes and controls in place; • tested the operating effectiveness of certain controls within the Group's main B2B operating system (IMS); • performed a full reconciliation of IMS to the billing database (used by management to calculate revenue for invoicing); • for a sample of customers and invoices, independently recalculated revenue based on the underlying source data to the contractual terms in place and agreed the invoices issued to cash receipt; • tested the adjustments to revenue made in respect of variable consideration where either customer incentives or other contractual variations or potential variations existed; • tested a sample of credit notes both during the year and post year end; and • for a sample of customers, analysed revenue for the year on a monthly basis to identify exceptions and, where considered necessary, undertook further testing including assessing the underlying source data. **B2C revenue in respect of Snaitech** We tested B2C revenue recognised with the support of IT specialists by completing the following: • carried out end-to-end walkthroughs to understand the IT system, processes and controls in place for each of the significant revenue sub-streams, being gaming machines, online gaming, online betting and retail betting; • tested the operating effectiveness of IT general controls, including user access controls, change management and data processing management; • tested the operating effectiveness of key revenue controls, including controls around data transfers between systems, controls ensuring the pre-approval of all bets by the government ADM system, the monthly reconciliation between SAP and ADM, and the accurate addition of all new revenue contracts onto SAP; • for online and retail betting, performed a reconciliation of total bets in the year from the operating platform to the government ADM reports; and • for a sample of transactions for all revenue streams, agreed the transactions to the underlying transactional system and through to cash receipts. **Key observation** Based on the work performed we did not identify any evidence of material manipulation or misstatements in the data and consider that revenue has been appropriately recognised.

Independent auditor's report continued

To the members of Playtech plc

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter (KAM)		How the scope of our audit addressed the key audit matter
Caliplay legal dispute The Directors' disclosure of the judgements and estimates surrounding the risks are detailed in Note 7 to the financial statements with accounting policies in respect of the revenue streams detailed in Note 6.	The legal dispute gives rise to a number of risks principally in respect of revenue recognition and recovery of associated receivables from Caliplay as well as the associated disclosures. There are also risks that may arise dependent on the outcome of the dispute such as impairment of goodwill, impairment of Parent Company investments and carrying value of deferred tax assets. Our KAM relating to the additional risks in revenue recognition arising from the Caliplay legal dispute is in respect of the following revenue streams: **B2B licence fee ("software fees")** Due to the dispute with Caliplay (as detailed in Note 7 to the financial statements), €32.3 million of invoices issued in the period from August to December 2023 in respect of the above services remained unpaid at the date of approval of the financial statements. Based on the claims made by Caliplay as to the reason for non-payment of invoices, there is a risk over whether performance obligations have been met and hence the existence and accuracy of revenue recognised. **Additional B2B services fee** The dispute with Caliplay has also resulted in the non-payment of the additional B2B services fee invoices issued to Caliplay for the period July to December 2023, which totalled €54.2 million. The non-payment has occurred simultaneously with the invoice dispute described above. It is related to Caliplay notifying the Group on 5 January 2024 of a significant provision that Caliplay alleges was made in its own financial statements on 3 January 2024, which reduces the Caliplay profit for the year. Due to the size of the provision notified to Playtech, Caliplay claims that the additional B2B services fee in the period July to September 2023 is €Nil and it is anticipated that it will further claim that the additional B2B services fee in the period October to December 2023 is also less than the amounts Playtech has invoiced. There is therefore a risk over the existence and accuracy of revenue recognised. **Recovery of receivable** With the support of its legal experts, the Group has reviewed Caliplay's response to Playtech's legal claim for payment in relation to all the invoices referred to above. Based on the information received, the Group does not consider Caliplay's claim or provision to have merit and as such recognised the receivable of €86.5 million and associated revenue in full in the year ended and as of 31 December 2023. There is therefore a risk in respect of the carrying value of the receivable. The Directors have also made a judgement that trading will continue with Caliplay until the contract expires in 2034. However, should this change such that future cash flows generated from Caliplay are materially impacted this gives rise to potential risks in respect of impairment of goodwill (Sports B2B and Services CGUs), impairment of Parent Company investments and reduction in carrying value of deferred tax assets. In respect of the overall legal dispute with Caliplay, there is a further risk that the disclosures (including any potential financial statement impact) in respect of the estimates and judgements are not complete and/or accurate.	Our testing approach consisted of the following: **Software fees** • In respect of the invoices issued in the period August to December 2023, we worked with our IT specialists to independently recalculate the invoice value. This was based on the underlying source data extracted from IMS and we assessed this against the revenue recognised. • With the support of external legal experts directly engaged by us, we reviewed the legal and contractual merits of the defence filed by Caliplay in respect of non-delivery of the performance obligations. • In addition we reviewed the privileged legal advice received by Playtech from its own legal experts (which was released to us confidentially on a limited waiver basis) to assess the claims made by Caliplay. • We assessed whether any contradictory evidence or legal position, including alternative case law, was apparent which was sufficiently compelling that it could impact the judgement reached by the Group. • We scrutinised management's accounting assessment under IFRS 15 in respect of recognition of revenue and challenged if the claims made by Caliplay meant that performance obligations had not been met and that Playtech was not entitled to the revenue. **Additional B2B services fee** • We agreed the invoices issued in the period July to December 2023 to profit information and monthly statements provided to Playtech by Caliplay. In respect of the month of December 2023 we agreed the adjustment made by the Group to remove the impact of the provision recorded by Caliplay. • With the support of our external legal experts, we reviewed the contractual matters in respect of the defence filed by Caliplay to Playtech's legal claim, as well as Playtech's own legal advice on this matter, to assess Playtech's position that the claim made by Caliplay as the basis for non-payment had no merit. • With the support of our relevant expert from BDO Mexico, we reviewed management's and management's expert's assessment of the merits of the significant provision recorded by Caliplay. **Recovery of receivable** In consideration of the recognition of the receivable, with the support of our experts we also considered the recoverability of the receivable by reference to the contractual terms, the ability of Caliplay to make the payment and the enforceability of judgements made in the UK against a Mexican business. In reaching its judgement that the receivable will be recovered in full, management was supported by a number of third-party experts. We assessed the objectivity, expertise and qualifications of the experts as well as reading their report and advice. **Disclosures** With the support of our technical specialists and based on our knowledge of the facts and circumstances, we reviewed the disclosures made in Note 7 to ensure they were sufficiently complete and accurate. **Key observations** Based on the contracts and legal arguments as at the date of approval of these financial statements, and having taken legal advice, Playtech believes the receivable and associated revenue should be recognised in full as it considers Caliplay's position to be without merit. Our assessment is that management's position is supportable having considered all the evidence presented to us, having considered alternative arguments, having challenged management on the basis for its judgements and having been assisted by experts from BDO Mexico and by external legal advice engaged specifically for the purposes of our audit and who reported directly to us. We draw your attention to Note 7 in the financial statements which sets out the key judgements and estimates and, where appropriate, their financial impact. As well as impacts on judgements in the current period, the disclosures set out further risks in respect of future periods if Playtech is not successful in its legal claim and future trading is impacted. This includes areas such as goodwill impairment, Parent Company investment impairment and carrying value of deferred tax assets. We assessed the disclosures given in Note 7 and consider that these sufficiently reflect the current position with respect to the Caliplay legal dispute and the impact on the financial statements and business.

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter (KAM)		How the scope of our audit addressed the key audit matter
Valuation and disclosure of the Playtech M&A Call Option over Caliplay Disclosure of the judgements and estimates surrounding the risks are detailed in Notes 7 and 21 to the financial statements with accounting policies detailed in Note 6.	This was considered a KAM due to the level of audit team effort, and the degree of complexity, judgement and estimation required in the valuation as well as associated disclosures. The risk was compounded in the current year by the existence of the ongoing dispute between the Group and Caliplay. The valuation requires judgement in terms of the inputs and the methodology applied to calculate the fair value of €730.2 million (2022: €524.0 million). With the support of management's expert, the Group determined the fair value based on a discounted cash flow (DCF) approach. This approach is consistent with the approach used as of 31 December 2022. The DCF approach includes risk due to the estimates and judgements required, with these further compounded in the current year due to the ongoing litigation between the Group and Caliplay. Part of the ongoing dispute relates to whether Caliplay still holds an option which permits it to redeem the additional B2B services fee element of the agreement, upon which the Group has sought a declaration from the English Court. The redemption option is stated as being exercisable for a period of 45 days following the approval of the audited accounts of Caliplay for the year ended 31 December 2021 (the "2021 Option"). The Group believes the option has expired and whilst Caliplay has not sought to exercise the option to date, Caliplay has made it clear that it considers the option has not yet expired. Should it be declared by the English Court that Caliplay still has its redemption option and Caliplay then exercises said option, this would cancel the Playtech M&A Call Option held by the Group. In arriving at the fair value of the equity Call Option derivative, the Group has made a judgement that the option has expired. The English Court may determine that the option is exercisable and Caliplay may then choose to exercise it. In this situation, the amount payable by Caliplay to the Group upon exercise would either be agreed between the parties or, failing that, would be determined by an independent investment bank valuing the Group's current entitlement to receive the additional B2B services fee until 31 December 2034. There is a risk therefore that should the option be exercisable this may materially affect the fair value of the equity Call Option held by the Group. The legal dispute with Caliplay has developed through 2023 with the additional dispute concerning the software fees and the additional B2B services fee detailed above. This additional dispute gives rise to further risks in respect of the cash flows used to determine the fair value of the Playtech M&A Call Option together with the assumptions applied to those cash flows, principally those in respect of discount rate, exit date and method of exit. Due to the ongoing dispute, the Group has also changed its assessment of the probability of exercise in respect of a further redemption option held by Caliplay having previously considered the probability of this being exercised as nil. This redemption option states that from 1 January 2025 (the "2025 Option"), 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, then 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. If such change of control were to take place and the right to redeem or acquire were to occur, then this would extinguish the Playtech Call Option (to the extent not exercised prior thereto) and the Playtech M&A Call Option. The exercise of this option would require a payment by Caliplay to the Group, calculated by reference to the services fee to the period to 31 December 2034 as per the 2021 redemption option detailed above. Finally, during the year there was a reduction of the percentage right to Caliplay shares that a service provider of the Group which provided services to Caliplay on behalf of the Group held under its services agreement. This was partly redeemed through a €41.3 million redemption payment being made by the Group. As the value of this right was previously deducted from the fair value of the Playtech M&A Call Option, as the right has reduced, this therefore forms part of the uplift in the period. There is a risk that the accounting for the redemption payment is not appropriate.	With the support of our valuation, IT and financial modelling experts, we challenged the key assumptions used by the Group in the discounted cash flow model. To do this we: • challenged the cash flows used and key assumptions underlying the cash flows, assessing them by reference to historical performance and where possible by reference to future growth rates compared to third-party market data; • recalculated the discount rates and challenged as to whether appropriate risk premiums had been applied both in respect of the growth forecasts and also the ongoing dispute; • challenged the probabilities applied to the both the option exit route and the timing of exercise, including a scenario in which the exit date extended beyond the scenarios modelled by management; • assessed the discounts applied to the valuation for potential restrictions on the sale of the shares post exercise; • assessed the accounting approach to the reduction of the rights that a service provider to the Group held under its service agreement to the Caliplay shares; • assessed the sensitivity analysis performed to changes in key assumptions (such as discount rate, EBITDA margin, exit multiple and exit date); • considered any additional sensitivities required based on the audit team's assessment of the key inputs and judgements; • in respect of the dispute with Caliplay relating to the 2021 Option, assessed the Group's judgement and associated disclosures over the impact of the dispute in respect of the valuation of the Playtech M&A Call Option. This included reviewing third-party legal advice received by the Group as well as our own review of the contractual terms; • challenged the impact and probability of exercise of the 2025 Option; • confirmed to contractual terms the expected share holdings of the Group on exercise of the options; and • checked the underlying models for mathematical accuracy. In respect of the valuation of the options, management was supported by a third-party expert. We assessed the objectivity, expertise and qualifications of the expert. **Key observations** Based on the work performed we consider that the fair value is reasonable, the sensitivities demonstrate the susceptibility of the fair value to change in assumptions and the disclosures meet with the requirements of the accounting framework.

Independent auditor's report continued

To the members of Playtech plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2023	2022	**2023**	2022
Materiality	**€13.0 million**	€12.0 million	**€6.5 million**	€6.0 million
Basis for determining materiality	**3% of adjusted EBITDA**	3% of adjusted EBITDA	**50% of Group materiality**	50% of Group materiality
Rationale for the benchmark applied	**Adjusted EBITDA is the key metric used by analysts and the Directors in assessing the performance of the business and in banking covenants and is the metric expected to influence economic decisions of users of the financial statements.**	Adjusted EBITDA is the key metric used by analysts and the Directors in assessing the performance of the business and in banking covenants and is the metric expected to influence economic decisions of users of the financial statements.	**2% of total assets capped at 50% of Group materiality. This was calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk.**	2% of total assets capped at 50% of Group materiality. This was calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk.
Performance materiality	**€8.5 million**	€7.8 million	**€4.2 million**	€3.9 million
Basis for determining performance materiality	**65% of Group materiality**	65% of Group materiality	**65% of Parent Company materiality**	65% of Parent Company materiality
Rationale for the percentage applied for performance materiality	**This was set by the audit team in reference to the level of adjustments identified in the prior year, the level of sampling work required and the number of components.**	This was set by the audit team in reference to the level of adjustments identified in the prior year, the level of sampling work required and the number of components.	**This was set by the audit team in reference to the level of adjustments identified in the prior year.**	This was set by the audit team in reference to the level of adjustments identified in the prior year.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 19% and 51% (2022: 25% and 60%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €2.5 million to €6.6 million (2022: €3 million to €7 million). In the audit of each component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to it all individual audit differences in excess of €260k (2022: €240k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Directors' Remuneration Report

The Parent Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The Directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the Company were a UK registered listed company. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 147. • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 101.
Other Code provisions	• The Directors' statement on fair, balanced and understandable set out on page 146. • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 101. • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 95 to 100. • The section describing the work of the Audit Committee set out on pages 124 to 128.

Responsibilities of Directors

As explained more fully in the Director's report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report continued

To the members of Playtech plc

Auditor's responsibilities for the audit of the financial statements continued

Extent to which the audit was capable of detecting non-compliance with laws and regulations

We design procedures in line with our responsibilities, outlined above, to detect non-compliance with laws and regulations. We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and our knowledge of the industry.

We focused on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Isle of Man Companies Act 2006, the UK Listing Rules, certain gaming licence requirements, UK adopted International Accounting Standards and tax legislation.

Our procedures in respect of the above included:

- enquiries with the finance team, in-house legal counsel, the Head of Compliance and the Group Tax Director;
- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of internal audit reports;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures;
- use of own knowledge in respect of regulatory changes in the industry;
- involvement of tax and financial crime specialists in the audit; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Extent to which the audit was capable of detecting irregularities, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management, the Audit Committee and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud;
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team including involvement of our forensic specialists as to how and where fraud might occur in the financial statements;
- review of internal audit and whistleblowing reports;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition. Our procedures in respect of assessing fraud risk included:

- testing a sample of journal entries throughout the year split between a random sample of journals and those meeting defined fraud risk criteria, by agreeing to supporting documentation;
- testing a sample of journal entries posted to revenue, including those with unusual account combinations;
- identifying and assessing any journals posted by unexpected users or users with privileged IT access rights;
- reviewing any unusual or related party transactions that do not appear to be within the ordinary course of business;
- detailed substantive testing on revenue (refer to the KAMs section for more detail);
- challenging assumptions and judgements made by management in its significant accounting estimates and judgements, including the impact of the Caliplay matter described in the KAMs section above, impairment testing, the measurement of provisions, valuation of derivative instruments, assessment of expected credit losses and recognition of deferred tax assets; and
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams which were deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 9 October 2023 and section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Oliver Chinneck (Recognised Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 March 2024
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 Actual €'m	2023 Adjusted €'m[1]	2022 Actual €'m[2]	2022 Adjusted €'m[1,2]
Continuing operations					
Revenue	10	**1,706.7**	1,706.7	1,601.8	1,601.8
Distribution costs before depreciation and amortisation		**(1,147.1)**	(1,145.1)	(1,077.5)	(1,073.5)
Administrative expenses before depreciation and amortisation		**(146.7)**	(124.3)	(147.3)	(118.2)
Impairment of financial assets		**(6.4)**	(5.0)	(14.7)	(14.7)
EBITDA	11	**406.5**	432.3	362.3	395.4
Depreciation and amortisation		**(194.4)**	(151.8)	(170.1)	(128.1)
Impairment of property, plant and equipment and intangible assets	13	**(89.8)**	—	(38.5)	—
Profit on disposal of property, plant and equipment and intangible assets		**1.4**	1.4	—	—
Finance income	14A	**12.3**	12.3	11.6	11.6
Finance costs	14B	**(46.2)**	(42.9)	(62.8)	(59.7)
Share of loss from associates	21A	**(0.8)**	(0.8)	(3.8)	(3.8)
Unrealised fair value changes of equity investments	21B	**(6.6)**	—	(0.3)	—
Unrealised fair value changes of derivative financial assets	21C	**153.4**	—	6.0	—
Loss on disposal of subsidiary	21A	**—**	—	(8.8)	—
Profit before taxation	11	**235.8**	250.5	95.6	215.4
Income tax expense	11, 15	**(130.7)**	(93.7)	(55.0)	(54.9)
Profit from continuing operations	11	**105.1**	156.8	40.6	160.5
Profit from discontinued operations, net of tax	9	**—**	—	47.0	41.2
Profit for the year – total		**105.1**	156.8	87.6	201.7
Other comprehensive loss:					
Items that are or may be classified subsequently to profit or loss:					
Exchange loss arising on translation of foreign operations		**(7.7)**	(7.7)	(0.2)	(0.2)
Recycling of foreign exchange loss on disposal of foreign discontinued operations		**—**	—	23.2	23.2
Items that will not be classified to profit or loss:					
Gain on remeasurement of employee termination indemnities		**—**	—	0.9	0.9
Other comprehensive (loss)/income for the year		**(7.7)**	(7.7)	23.9	23.9
Total comprehensive income for the year		**97.4**	149.1	111.5	225.6
Profit for the year attributable to the owners of the Company		**105.1**	156.8	87.6	201.7
Total comprehensive income attributable to the owners of the Company		**97.4**	149.1	111.5	225.6
Earnings per share attributable to the ordinary equity holders of the Company					
Profit or loss – total					
Basic (cents)	16	**34.7**	51.7	29.2	67.2
Diluted (cents)	16	**33.7**	50.2	28.1	64.7
Profit or loss from continuing operations					
Basic (cents)	16	**34.7**	51.7	13.5	53.5
Diluted (cents)	16	**33.7**	50.2	13.0	51.5

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 11.

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

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Additional paid in capital €'m	Employee termination indemnities €'m	Retained earnings €'m	Employee Benefit Trust €'m	Put/call options reserve €'m	Foreign exchange reserve €'m	Total attributable to equity holders of Company €'m	Non-controlling interests €'m	Total equity €'m
Balance at 1 January 2022	**606.0**	**(0.5)**	**1,025.0**	**(23.2)**	**(3.7)**	**(22.7)**	**1,580.9**	**0.3**	**1,581.2**
Adjustment on initial recognition of IAS 12 amendment (Note 4A)	—	—	1.5	—	—	—	1.5	—	1.5
Adjusted balance at 1 January 2022	**606.0**	**(0.5)**	**1,026.5**	**(23.2)**	**(3.7)**	**(22.7)**	**1,582.4**	**0.3**	**1,582.7**
Total comprehensive income for the year									
Profit for the year	—	—	87.6	—	—	—	87.6	—	87.6
Other comprehensive income for the year	—	0.9	—	—	—	23.0	23.9	—	23.9
Total comprehensive income for the year	**—**	**0.9**	**87.6**	**—**	**—**	**23.0**	**111.5**	**—**	**111.5**
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	—	—	(6.0)	6.0	—	—	—	—	—
Equity-settled share-based payment charge	—	—	8.3	—	—	—	8.3	—	8.3
Total contributions and distributions	**—**	**—**	**2.3**	**6.0**	**—**	**—**	**8.3**	**—**	**8.3**
Change in ownership interests									
Acquisition of non-controlling interest without change in control	—	—	(3.4)	—	3.7	—	0.3	(0.3)	—
Total changes in ownership interests	**—**	**—**	**(3.4)**	**—**	**3.7**	**—**	**0.3**	**(0.3)**	**—**
Total transactions with owners of the Company	**—**	**—**	**(1.1)**	**6.0**	**3.7**	**—**	**8.6**	**(0.3)**	**8.3**
Balance at 31 December 2022/1 January 2023	**606.0**	**0.4**	**1,113.0**	**(17.2)**	**—**	**0.3**	**1,702.5**	**—**	**1,702.5**
Total comprehensive income for the year									
Profit for the year	—	—	105.1	—	—	—	105.1	—	105.1
Other comprehensive loss for the year	—	—	—	—	—	(7.7)	(7.7)	—	(7.7)
Total comprehensive income for the year	**—**	**—**	**105.1**	**—**	**—**	**(7.7)**	**97.4**	**—**	**97.4**
Transactions with the owners of the Company									
Contributions and distributions									
Exercise of options	—	—	(11.9)	11.9	—	—	—	—	—
Equity-settled share-based payment charge	—	—	6.3	—	—	—	6.3	—	6.3
Transfer from treasury shares to Employee Benefit Trust	5.8	—	6.7	(12.5)	—	—	—	—	—
Total contributions and distributions	**5.8**	**—**	**1.1**	**(0.6)**	**—**	**—**	**6.3**	**—**	**6.3**
Total transactions with owners of the Company	**5.8**	**—**	**1.1**	**(0.6)**	**—**	**—**	**6.3**	**—**	**6.3**
Balance at 31 December 2023	**611.8**	**0.4**	**1,219.2**	**(17.8)**	**—**	**(7.4)**	**1,806.2**	**—**	**1,806.2**

Consolidated balance sheet

As at 31 December 2023

	Note	2023 €'m	2022 €'m[1]	2021 €'m[1]
ASSETS				
Property, plant and equipment	18	**350.2**	341.4	329.7
Right of use assets	19	**71.0**	71.6	73.8
Intangible assets	20	**881.2**	980.9	1,046.1
Investments in associates	21A	**51.5**	36.6	5.2
Other investments	21B	**92.8**	9.2	8.1
Derivative financial assets	21C	**827.8**	636.4	622.2
Trade receivables	23	**1.9**	1.1	6.6
Deferred tax asset	33	**62.5**	114.0	104.4
Other non-current assets	22	**137.0**	109.6	104.4
Non-current assets		**2,475.9**	2,300.8	2,300.5
Trade receivables	23	**207.1**	163.9	178.5
Other receivables	24	**100.5**	107.6	87.1
Inventories		**6.8**	5.5	4.9
Cash and cash equivalents	25	**516.2**	426.5	575.4
		830.6	703.5	845.9
Assets classified as held for sale	26	**19.3**	19.6	507.4
Current assets		**849.9**	723.1	1,353.3
TOTAL ASSETS		**3,325.8**	3,023.9	3,653.8
EQUITY				
Additional paid in capital		**611.8**	606.0	606.0
Employee termination indemnities		**0.4**	0.4	(0.5)
Employee Benefit Trust		**(17.8)**	(17.2)	(23.2)
Put/call options reserve		**—**	—	(3.7)
Foreign exchange reserve		**(7.4)**	0.3	(22.7)
Retained earnings		**1,219.2**	1,113.0	1,026.5
Equity attributable to equity holders of the Company		**1,806.2**	1,702.5	1,582.4
Non-controlling interests		**—**	—	0.3
TOTAL EQUITY	27	**1,806.2**	1,702.5	1,582.7
LIABILITIES				
Loans and borrowings	28	**—**	—	167.1
Bonds	29	**646.1**	348.0	875.0
Lease liability	19	**61.9**	54.0	69.8
Deferred revenues		**1.8**	1.0	2.9
Deferred tax liability	33	**161.6**	124.8	88.9
Contingent consideration	31	**5.8**	2.3	6.0
Provisions for risks and charges	30	**8.9**	10.0	13.5
Other non-current liabilities	34	**34.8**	24.9	12.8
Non-current liabilities		**920.9**	565.0	1,236.0

Consolidated balance sheet continued

As at 31 December 2023

	Note	2023 €'m	2022 €'m[1]	2021 €'m[1]
LIABILITIES continued				
Bonds	29	**—**	199.6	—
Trade payables	32	**66.9**	61.2	41.3
Lease liability	19	**24.9**	31.8	20.3
Progressive operators' jackpots and security deposits	25	**111.0**	114.3	110.7
Client funds	25	**41.9**	39.8	30.4
Income tax payable		**14.0**	17.3	2.6
Gaming and other taxes payable	35	**116.1**	112.8	105.4
Deferred revenues		**4.4**	5.0	5.2
Contingent consideration	31	**0.4**	0.6	5.0
Provisions for risks and charges	30	**0.6**	3.9	3.2
Other payables	34	**217.5**	169.1	166.2
		597.7	755.4	490.3
Liabilities directly associated with assets classified as held for sale	26	**1.0**	1.0	344.8
Current liabilities		**598.7**	756.4	835.1
TOTAL LIABILITIES		**1,519.6**	1,321.4	2,071.1
TOTAL EQUITY AND LIABILITIES		**3,325.8**	3,023.9	3,653.8

The consolidated financial statements were approved by the Board and authorised for issue on 26 March 2024.

Mor Weizer
Chief Executive Officer

Chris McGinnis
Chief Financial Officer

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

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	2023 €'m	2022 €'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**105.1**	87.6
Adjustments to reconcile net income to net cash provided by operating activities (see below)		**307.7**	337.1
Net taxes paid		**(45.9)**	(13.8)
Net cash from operating activities		**366.9**	410.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Net loans granted/repaid	22	**(23.4)**	(30.4)
Dividend income		**1.5**	—
Acquisition of subsidiaries/assets under business combinations, net of cash acquired		**(3.6)**	(2.9)
Acquisition of property, plant and equipment		**(57.6)**	(54.0)
Acquisition of intangible assets		**(35.7)**	(10.1)
Capitalised development costs		**(56.7)**	(61.3)
Acquisition of investment in associates	21A	**(9.2)**	(30.2)
Acquisition of investments at fair value through profit or loss	21B	**(94.1)**	—
Subcontractor option redemption	21C	**(41.3)**	—
Proceeds from the sale of property, plant and equipment and intangible assets		**2.5**	0.8
Disposal of Financial segment, net of cash disposed		**—**	(169.8)
Disposal of subsidiary, net of cash disposed		**—**	(0.4)
Net cash used in investing activities		**(317.6)**	(358.3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on bonds and loans and borrowings		**(31.3)**	(36.7)
Repayment of loans and borrowings		**(77.4)**	(166.1)
Proceeds from loans and borrowings		**79.9**	—
Proceeds from the issuance of 2023 Bond, net of issue costs	29	**297.2**	—
Repayment of 2018 Bonds	29	**(200.0)**	(330.0)
Payment of contingent consideration and redemption liability (see below)		**(0.2)**	(5.9)
Principal paid on lease liability		**(23.1)**	(22.5)
Interest paid on lease liability		**(5.2)**	(5.7)
Net cash from/(used in) financing activities		**39.9**	(566.9)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**89.2**	(514.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**426.9**	942.1
Exchange gain/(loss) on cash and cash equivalents		**0.5**	(0.9)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**516.6**	426.9

Consolidated statement of cash flows continued

For the year ended 31 December 2023

	Note	2023 €'m	2022 €'m
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	18	**46.5**	41.5
Amortisation of intangible assets	20	**126.7**	109.8
Amortisation of right of use assets	19	**23.3**	21.5
Capitalisation of amortisation of right of use assets		**(1.7)**	(1.9)
Impact on early termination of lease contracts	19	**(0.4)**	(0.7)
Share of loss from associates	21A	**0.8**	3.8
Impairment and expected credit losses on loans receivable	22	**2.4**	1.6
Impairment of investment	21B	**1.3**	—
Impairment of other receivables		**2.2**	—
Reversal of impairment of property, plant and equipment	18	**—**	(0.2)
Impairment of intangible assets	20	**89.8**	38.7
Profit on disposal of Financial segment	9	**—**	(15.1)
Loss on disposal of subsidiary	21A	**—**	8.8
Changes in fair value of equity investments	21B	**6.6**	0.3
Changes in fair value of derivative financial assets	21C	**(153.4)**	(6.0)
Fair value loss on convertible loans		**—**	3.0
Interest on bonds and loans and borrowings		**30.9**	36.2
Interest on lease liability		**5.2**	5.7
Interest income on loans receivable	22	**(1.9)**	(1.3)
Income tax expense		**130.7**	58.5
Changes in equity-settled share-based payment		**6.3**	8.3
Movement in contingent consideration and redemption liability		**3.3**	(4.3)
Expected credit loss on cash and cash equivalents		**—**	(0.2)
Unrealised exchange gain		**(2.9)**	(4.4)
(Profit)/loss on disposal of property, plant and equipment and intangible assets		**(1.4)**	0.2
Changes in operating assets and liabilities:			
Change in trade receivables		**(47.9)**	13.0
Change in other receivables		**(0.4)**	3.5
Change in inventories		**(1.3)**	(0.6)
Change in trade payables		**4.5**	20.4
Change in progressive operators, jackpots and security deposits		**(3.3)**	3.6
Change in client funds		**2.0**	(15.3)
Change in other payables		**44.1**	13.6
Change in provisions for risks and charges		**(4.6)**	(2.8)
Change in deferred revenues		**0.3**	(2.1)
		307.7	337.1

Payment of contingent consideration and redemption liabilities on previous acquisitions

	2023 €'m	2022 €'m
A. Acquisition of Eyecon Limited	**—**	3.6
B. Acquisition of non-controlling interest of Statscore SP Z.O.O.	**—**	1.6
C. Other acquisitions	**0.2**	0.7
	0.2	5.9

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 consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of preparation

These consolidated financial statements have been prepared in accordance with the UK adopted International Accounting Standards (IAS). They were authorised for issue by the Company's Board of Directors on 26 March 2024.

Details of the Group's accounting policies are included in Notes 5 and 6.

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 30 June 2025 which aligns with the six-monthly covenant measurement period.

	31 December 2023 €'m	31 December 2022 €'m
Cash and cash equivalents	**516.2**	426.5
Cash held on behalf of clients, progressive jackpots and security deposits	**(152.9)**	(154.1)
Adjusted gross cash and cash equivalents	**363.3**	272.4

The increase in adjusted gross cash and cash equivalents from €272.4 million at 31 December 2022 to €363.3 million at 31 December 2023 is mainly the result of the new €300.0 million bond issued and continued strong performance of the Group throughout the year, partially offset by the repayment of the €200.0 million 2018 Bond, the acquisition of a small minority interest in Hard Rock (Note 21B) in March 2023 and the amounts currently in dispute due from Caliplay (Note 7).

The Directors have reviewed liquidity and covenant forecasts for the Group 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, as well as the remote probability that no further cash is received from Caliplay in respect of the dispute.

In June 2023, the Group successfully issued new €300.0 million senior secured notes at a rate of 5.875% repayable in June 2028 which were partially used to repay in full the balance of the €200.0 million bond (initial €530.0 million of senior secured notes bond) issued in October 2018.

The Group's principal financing arrangements as at 31 December 2023 include a revolving credit facility (RCF) up to €277.0 million (which as at 31 December 2023 remains fully undrawn), the 2019 Bond amounting to €350.0 million and the new 2023 Bond amounting to €300.0 million, which are repayable March 2026 and June 2028 respectively. The RCF, which was restructured in October 2022, has been reduced from €317.0 million to €277.0 million and is available until October 2025, with the Group having the option to extend by 12 months.

The RCF is subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in Notes 28 and 29. As at 31 December 2023, the Group comfortably met its covenants, which were as follows:

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

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 2024, December 2024 and June 2025 and is the main reason why the Directors selected a 15-month period of assessment. Under the base case scenario, the Group would not need to utilise its RCF facility over the going concern period.

Stress test

The stress test assumes a worst-case scenario for the entire Group which includes additional sensitivities around Italy, the Americas and Asia, but with mitigations available (including salary and capital expenditure reductions) if needed. It also includes the remote probability that no further cash is received from Caliplay in the going concern period to 30 June 2025. The outstanding amount at 31 December 2023 is €86.5 million (Note 7), with further invoices totalling €35.8 million in relation to B2B licence fees and additional B2B services fee for January and February 2024 issued and which remain unpaid (Note 41). Under this scenario, Adjusted EBITDA would fall on average by 31% per month compared to the base case over the relevant going concern period, but the Group would still comfortably meet its covenants. From a liquidity perspective the Group still would 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.

Notes to the financial statements continued

Note 2 – Basis of preparation continued

Going concern basis continued

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;
- Adjusted EBITDA would have to fall by 85% in the year ending 31 December 2024 and 85% in the 12 months to June 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.

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

Note 3 – 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 – Changes in material accounting policies

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

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

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

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

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

B. Material accounting policy information

The Group also adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 6 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the new amendments.

Note 4 – Changes in material accounting policies continued

C. Reclassification of bank charges in the profit or loss

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

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

Year ended 31 December 2022	As previously reported €'m	Adjustments €'m	As restated €'m
Distribution costs before depreciation and amortisation	1,067.3	10.2	1,077.5
Finance costs	73.0	(10.2)	62.8

Adjusted EBITDA and reported EBITDA for the year ended 31 December 2022 decreased by €10.2 million to €395.4 million and €362.3 million respectively. There was no impact to the profit before tax.

Note 5 – Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – deferral of effective date.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount of timing of recognition of any asset, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain the rights that are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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.

Note 6 – Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements, except if mentioned otherwise.

A. Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill arising is tested semi-annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. A contingent consideration in which the contingent payments are forfeited if employment is terminated is compensation for the post-combination services and is not included in the calculation of the consideration and recognised as employee-related costs.

Cash payments arising from settlement of contingent consideration and redemption liability are disclosed in financing activities in the consolidated statement of cash flows.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

A. Basis of consolidation continued

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group:

- has the power over the entity;
- is exposed, or has rights, to variable return from its involvement with the entity; and
- has the ability to use its power over the entity to affect its returns.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Where the Group holds a currently exercisable call option, the rights arising as a result of the exercise of the call option are included in the assessment above of whether the Group has control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Investments in associates and equity call options

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. In the consolidated financial statements, the Group's investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in an associate or a joint venture is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate. The Group's share of the results of the associate is included in the profit or loss. Losses of the associate or joint venture in excess of the Group's cost of the investment are recognised as a liability only when the Group has incurred obligations on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and share of the associate's identifiable assets and liabilities is accounted for as follows:

- Any premium paid is capitalised and included in the carrying amount of the associate.
- Any excess of the share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the share of the associate's profit or loss in the period in which the investment is acquired.

Any intangibles identified and included as part of the investment are amortised over their assumed useful economic life. Where there is objective evidence that the investment in an associate may be impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of profit or loss outside operating profit and represents profit or loss before tax. The associated tax charge is disclosed in income tax.

The Group recognises its share of any changes in the equity of the associate through the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The Group applies equity accounting only up to the date an investment in associate meets the criteria for classification as held for sale. From then onwards, the investment is measured at the lower of its carrying amount and fair value less costs to sell.

When potential voting rights or other derivatives containing potential voting rights exist, the Group's interest in an associate is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivative instruments unless there is an existing ownership interest as a result of a transaction that currently gives it access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the entity is determined by taking into account the eventual exercise of those potential voting rights and other derivative instruments that currently give the entity access to the returns. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture, the instruments are not subject to IFRS 9 and equity accounting is applied. In all other cases, instruments containing potential voting rights in an associate or a joint venture are accounted for in accordance with IFRS 9.

Note 6 – Material accounting policies continued

A. Basis of consolidation continued

(iii) Investments in associates and equity call options continued

A derivative financial asset is measured under fair value per IFRS 9. In the case where there is significant influence over the investment under which Playtech holds the derivative financial asset, it should be accounted for under IAS 28 Investment in Associate. However, if the option is not currently exercisable and there is no current access to profits, the option is fair valued without applying equity accounting to the investment in associate.

Derivatives are recorded at fair value and classified as assets when their fair value is positive and as liabilities when their fair value is negative. Subsequently, derivatives are measured at fair value.

(iv) Equity investments held at fair value

All equity investments in scope of IFRS 9 are measured at fair value in the balance sheet. Fair value changes are recognised in profit or loss. Fair value is based on quoted market prices (Level 1). Where this is not possible, fair value is assessed based on alternative methods (Level 3).

(v) Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(ii) Foreign operations

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro using the exchange rates at the reporting date and profit or loss items are translated into Euro at the end of each month at the average exchange rate for the month which approximates the exchange rates at the date of the transactions.

The exchange differences arising on the translation for consolidation are recognised in other comprehensive income (OCI) and accumulated in the foreign exchange reserve.

When a foreign operation is disposed of in its entirety, or partially such that control, significant influence or joint control is lost, the cumulative amount in the foreign exchange reserve relating to the foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

C. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

D. Revenue recognition

The majority of the Group's revenue is derived from selling services with revenue recognised when services have been delivered to the customer. Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Group's activities. Revenue is recognised when economic benefits are expected to flow to the Group. Specific criteria and performance obligations are described below for each of the Group's material revenue streams.

Type of income	Nature, timing of satisfaction of performance obligations and significant payment terms
B2B licensee fee	Licensee fee is the standard operator income of the Group which relates to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces). Licensee fee is based on the underlying gaming revenue earned by our licensees calculated using the contractual terms in place. Revenue is recognised when performance obligation is met which is when the gaming transaction occurs and is net of refunds, concessions and discounts provided to certain licensees. The payment terms of the B2B licensee fee are on average 30 days from the invoice date.
B2B fixed-fee income	Fixed-fee income is the standard operator income of the Group which includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed fee and/or stepped according to the monthly usage of the service/technology. The usage measurement is typically reset on a monthly basis. The performance obligation is met and revenue is recognised once the obligations under the contracts have been met which is when the services have been provided. Services provided and fees for: a. minimum revenue guarantee: the additional revenue recognised by the Group for the difference in the minimum guarantee per licensee contract and actual performance; and b. other: hosting, live, set-up, content delivery network and maintenance fees. The fees charged to licensees for these services are fixed per month. The amounts for the above are recognised over the life of the contracts and are typically charged on a fixed percentage and stepped according to the monthly usage of the service depending on the type of service. Set-up fees are recognised over the whole period of the contract, with an average period of 36 months. The revenue is recognised monthly over the period of the contract and the payment terms of the B2B fixed fee income are on average 30 days from the invoice date.
B2B cost-based revenue	Cost-based revenue is the standard operator income of the Group which is made of the total revenue charged to the licensee based on the development costs needed to satisfy the contract with the licensee. The largest type of service included in cost-based revenue is the dedicated team costs. Dedicated team employees are charged back to the client based on time spent on each product. Cost-based revenues are recognised on a monthly basis based on the contract in place between each licensee and Playtech, and any additional services needed on development are charged to the licensee upon delivery of the service. The payment terms of the B2B cost-based revenue are on average 30 days from the invoice date.
B2B revenue received from the sale of hardware	Revenue received from the sale of hardware is the total revenue charged to customers upon the sale of each hardware product. The performance obligation is met and revenue is recognised on delivery of the hardware and acceptance by the customer. Revenue received from future sale of hardware is recognised as deferred revenue. Once the obligation for the future sale is met, revenue is then recognised in profit or loss. The payment terms of the B2B revenue received from the sale of hardware are on average 30 days from the invoice date.
Additional B2B services fee	This income is calculated based on the profit and/or net revenues generated by the customer in return for the additional services provided to them by the Group. This is typically charged on a monthly basis and is measured using a predetermined percentage set in each licensee arrangement. The revenue is only recognised when the customer's activities go live and the revenue from the additional B2B services is recognised only once the Group is unconditionally contractually entitled to it. The Directors have determined that this is when the customer starts generating profits, which is later than when the customer goes live with its B2C operations. The Directors' rationale is that there is uncertainty that the Group will collect the consideration to which it is entitled before the customer starts generating profits and, therefore, the revenue is wholly variable. The payment terms of the additional B2B services fees are on average 30 days from the invoice date.

Note 6 – Material accounting policies continued

D. Revenue recognition continued

Type of income	Nature, timing of satisfaction of performance obligations and significant payment terms
B2C revenue	In respect of B2C Snaitech revenues, the Group acts as principal with the end customer, with specific revenue policies as follows: • The revenues from land-based gaming machines are recognised net of the winnings, jackpots and certain flat-rate gaming tax; revenues are recognised at the time of the bet. • The revenues from online gaming (games of skill/casino/bingo) are recognised net of the winnings, jackpots, bonuses and certain flat-rate gaming tax at the conclusion of the bet. • The revenues related to the acceptance of fixed odds bets are considered financial instruments under IFRS 9 and are recognised net of certain flat-rate gaming tax, winnings, bonuses and the fair value of open bets at the conclusion of the event. • Poker revenues in the form of commission (i.e. rake) are recognised at the conclusion of each poker hand. The performance obligation is the provision of the poker games to the players. • All the revenues from gaming machines are recorded net of players' winnings and certain gaming taxes while the concession fees payable to the regulator and the compensation of operators, franchisees and platform providers are accounted as expenses. Revenue is recognised at the time of the bet. Where the gaming tax incurred is directly measured by reference to the individual customer transaction and related to the stake (described as "flat-rate tax" above), this is deducted from revenue. Where the tax incurred is measured by reference to the Group's net result from betting and gaming activity, this is not deducted from revenue and is recognised as an expense. In respect of Sun Bingo and B2C Sport revenue, the Group acts as principal with the end customer, with revenue being recognised at the conclusion of the event, net of winnings, jackpots and bonuses.
Financial trading income (discontinued operations)	Financial trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange. Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed. The performance obligation is met in the accounting periods in which the trading transaction occurs and is concluded.

E. Share-based payments

Certain employees participate in the Group's share option plans. Following the 2012 LTIP employees are granted cash-settled options and equity-settled options. The Remuneration Committee has the option to determine if the option will be settled in cash or equity, a decision that is made at grant date. The fair value of the equity-settled options granted is charged to profit or loss on a straight-line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes, Monte Carlo or binomial valuation model, as appropriate. The cash-settled options are presented as a liability. The liability is remeasured at each reporting date and settlement date so that the ultimate liability equals the cash payment on settlement date. Remeasurements of the fair value of the liability are recognised in profit or loss.

The Group has also granted awards to be distributed from the Group's Employee Benefit Trust. The fair value of these awards is based on the market price at the date of the grant; some of the grants have performance conditions. The performance conditions are for the Executive Management and include targets based on growth in earnings per share and total shareholder return over a specific period compared to other competitors. The fair value of the awards with market performance conditions is factored into the overall fair value and determined using a Monte Carlo method. Where these options lapse due to not meeting market performance conditions the share option charge is not reversed.

F. Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist tax advice.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

F. Income tax continued

(ii) Deferred tax

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.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised in the period in which the deductible temporary differences arise when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse, or where it is probable that taxable profit will be available against which a deductible temporary difference can be utilised.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently, if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was recognised during the measurement period or is otherwise recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities, if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The tax base of assets and liabilities is assessed at each reporting date, and changes in the tax base that result from internal reorganisations, changes in the expected manner of recovery or changes in tax law are reflected in the calculation of deductible and taxable temporary differences.

G. Finance expense

Finance expense arising on interest-bearing financial instruments carried at amortised cost is recognised in the profit or loss using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Interest expense arising on the above during the period is disclosed under the financing activities in the consolidated statement of cash flows.

H. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Note 6 – Material accounting policies continued

I. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	%
Computers and gaming machines	20–33
Office furniture and equipment	7–33
Freehold and leasehold buildings and improvements	3–20, or over the length of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

J. Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to profit or loss. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the profit or loss on the acquisition date as a gain on bargain purchase.

Externally acquired intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Business combinations

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Internally generated intangible assets (development costs)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure includes salaries, wages and other employee-related costs directly engaged in generating the assets and any other expenditure that is directly attributable to generating the assets (i.e. certifications and amortisation of right of use assets). Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognised in the profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the profit or loss. Goodwill is not amortised.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

J. Intangible assets and goodwill continued

(iii) Amortisation continued

The estimated useful lives for current and comparative periods are as follows:

	%
Domain names	Nil
Internally generated capitalised development costs	20–33
Technology IP	13–33
Customer lists	In line with projected cash flows or 7–20
Affiliate contracts	5–12.5
Patents and licences	10–33 or over the period of the licence

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

The criteria for held for sale classification are regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in the profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

L. Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables, loans receivable and cash and cash equivalents.

At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk depending on the characteristics of each debt instrument.

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits with an original maturity of less than three months and customer balances.

Note 6 – Material accounting policies continued

L. Financial instruments continued

(i) Financial assets continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

The Group recognises a debt financial instrument with an embedded conversion option, such as a loan convertible into ordinary shares of an entity, as a financial asset in the balance sheet. On initial recognition, the convertible loan is measured at fair value with any gain or loss arising on subsequent measurement until conversion recognised in profit or loss. On conversion of a convertible instrument, the Group derecognises the financial asset component and recognises it as an investment (equity interest, associate, joint venture or subsidiary) depending on the results of the assessment performed under the relevant standards.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither: transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost (loans and borrowings and bonds).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

L. Financial instruments continued

(ii) Financial liabilities continued

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

M. Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

N. Share buyback

Consideration paid for the share buyback is recognised against the additional paid in capital. Any excess of the consideration paid over the weighted average price of shares in issue is debited to the retained earnings.

O. Employee Benefit Trust

Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust, which is controlled by the Company, is recognised directly in equity. The cost of shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

P. Dividends

Dividends are recognised when they become legally due. In the case of interim dividends to equity shareholders, this is when paid by the Directors. In the case of final dividends, this is when they are declared and approved by the shareholders at the AGM.

Q. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill in particular, the Group is required to test annually and also when impairment indicators arise, whether goodwill and indefinite life assets have suffered any impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

R. Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be minimum.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Note 6 – Material accounting policies continued

S. Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets
The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in the profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The cash payments made in relation to long-term leases are split between principal and interest paid on lease liability and disclosed within financing activities in the consolidated statement of cash flows.

(iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term and included within financing activities in the consolidated statement of cash flows.

T. Fair value measurement
"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the financial statements continued

Note 6 – Material accounting policies continued

U. Adjusted performance measures (APMs)

In the reporting of financial information, the Directors use various APMs. The Directors use the APMs to understand, manage and evaluate the business and make operating decisions. These APMs are among the primary factors management uses in planning for and forecasting future periods.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

The following are the definitions and purposes of the APMs used:

APM	Closest equivalent IFRS measure	Reconciling items to statutory measure	Definition and purpose
Adjusted EBITDA and Adjusted Profit	Operating profit and Profit before tax	Note 11	Adjusted results exclude the following items: • Material non-cash items: these items are excluded to better analyse the underlying cash transactions of the business as management regularly monitors the operating cash conversion to Adjusted EBITDA. • Material one-off items: these items are excluded to get normalised results that are distorted by unusual or infrequent items. Unusual items include highly abnormal, one-off and only incidentally relating to the ordinary activities of the Group. Infrequent items are those which are not reasonably expected to recur in the foreseeable future given the environment in which the Group operates. • Investment/acquisition-related items: these items are excluded as they are not related to the ordinary activities of the business and therefore are not considered to be ongoing costs of the operations of the business. These APMs provide a consistent measure of the performance of the Group from period to period by removing items that are considered to be either non-cash, one-off or investment/acquisition related items. This is a key management incentive metric.
Adjusted gross cash and cash equivalents	Cash and cash equivalents	Chief Financial Officer's statement	Adjusted gross cash and cash equivalents is defined as the cash and cash equivalents after deducting the cash balances held on behalf of operators in respect of operators' jackpot games and poker and casino operations as well as client funds with respect to B2C.
Net debt	None	Chief Financial Officer's statement	Net debt is defined as the Adjusted gross cash and cash equivalents after deducting loans and borrowings and bonds. Used to show level of net debt in the Group and movement from period to period.
Adjusted net cash provided by operating activities	Net cash provided by operating activities	Chief Financial Officer's statement	Net cash provided by operating activities after adjusting for jackpots and client funds, professional fees and ADM (Italian regulator) security deposit. Adjusting for the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits and client funds only impact the reported operating cash flow and not Adjusted EBITDA, while professional fees are excluded from Adjusted EBITDA but impact operating cash flow.
Cash conversion	None	Chief Financial Officer's statement	Cash conversion is defined as cash generated from operations as a percentage of Adjusted EBITDA.
Adjusted cash conversion	None	Chief Financial Officer's statement	Adjusted cash conversion is defined as Adjusted net cash provided by operating activities as a percentage of Adjusted EBITDA.
Adjusted EPS	EPS	Note 16	The calculation of Adjusted EPS is based on the Adjusted Profit and weighted average number of ordinary shares outstanding.
Adjusted diluted EPS	Diluted EPS	Note 16	The calculation of Adjusted diluted EPS is based on the Adjusted Profit and weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.
Adjusted tax	Tax expense	Note 11	Adjusted tax is defined as the tax charge for the period after deducting tax charges related to uncertain tax positions relating to prior years, deferred tax on acquisition and the write down of deferred tax assets in respect of tax losses arising in prior years. As these items either do not relate to the current year or are adjusted in arriving at the Adjusted Profit, they distort the effective tax rate for the period.

Note 6 – Material accounting policies continued

V. Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Note 7 – 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.

Judgements
In the process of applying the Group's accounting policies management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Impact of Caliplay dispute
Background
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 Tecnologia en Entretenimiento Caliplay, S.A.P.I. ("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 at both 31 December 2022 and 2023. The matter is still unresolved and it is currently due to be heard in English Court in October 2024.

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 21A for details on these option arrangements).

The dispute with Caliplay now also includes a 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 relates to amounts that date back to July 2023.

The Group became aware in early October 2023 that, in August 2023, without prior notice, Caliplay commenced proceedings in Mexico against the Group seeking (amongst other things) to invalidate the licence agreement between Caliplay and PT Malta (and the associated framework agreement which also includes the Playtech Call Option and the Playtech M&A Call Option). From that point, Caliplay has declined to pay nearly all monthly sums due under the licence agreement (for B2B licensee fee amounts due from August 2023 and additional B2B services fee amounts due from July 2023). Those Mexican proceedings have since been withdrawn by Caliplay, having been ordered to do so by the English Courts, but the amounts due to PT Malta remain unpaid.

PT Malta has therefore amended its case in the English Courts to include a debt claim for monies owed by Caliplay under the licence agreement for sums due as B2B licensee fees and additional B2B services fees. Caliplay has denied in its defence that these fees are outstanding or otherwise payable.

As regards the B2B licensee fees, Caliplay has made a counterclaim relating to alleged complaints about the quality of certain software licensed to it by PT Malta. Caliplay alleges that the difference in value provided to it by the software, as compared with the B2B licensee fees invoiced by PT Malta, entitles Caliplay to reduce the B2B licensee fees. Caliplay has also claimed that amounts invoiced by PT Malta in respect of the B2B licensee fees are in excess of those allowed by the contractual terms.

As regards the monthly additional B2B services fees, Caliplay has alleged that on 3 January 2024 it recorded a significant provision for the months of July to November 2023 and argues that, because of this provision, Caliplay's profits for Q3 2023 stand to be retrospectively adjusted downwards to zero, with the effect that all of the additional B2B services fees (which are calculated based on predefined percentage of revenue generated by Caliplay with a profit-linked cap (as provided for in the agreement)) for Q3 2023 also stand to be retrospectively adjusted downwards to zero. Caliplay also alleges, as a result of the significant provision, that it does not have sufficient working capital (after taking account of this provision) to pay these additional B2B services fees.

The monthly additional B2B services fees in respect of Q4 2023 have also not been paid. PT Malta is still to formally amend its claim to include these amounts and Caliplay has therefore not yet pleaded any defence as to the basis of its non-payment. However, the Group anticipates that Caliplay will seek to rely on substantially the same bases for non-payment of these fees as are relied upon in respect of Q3 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 has recognised the full outstanding amount above of €86.5 million within its total revenue for the year and in line with its revenue accounting policies as per Note 6D. In recognising the entire amount, the Group has assessed that it is highly probable that there will not be a significant reversal of this revenue in a subsequent period. This was principally supported by the following:

In relation to the monthly B2B licensee fees, the Group believes that Caliplay's counterclaim is unlikely to succeed and that Caliplay will also not be entitled to set it off against the B2B licensee fees owed. PT Malta's legal position is that Caliplay's interpretation of the licence agreement is not correct and that Caliplay will not be legally entitled, even if it did have a valid counterclaim, to set it off against the B2B licensee fees owed or to claim an alleged difference in value between the software provided and the B2B licensee fees invoiced.

Notes to the financial statements continued

Note 7 – Significant accounting judgements, estimates and assumptions continued

Judgements continued

Impact of Caliplay dispute continued

Impact on revenue recognition and recovery of receivable continued

The Group also does not accept the factual allegations which Caliplay has made about its software, considers that Caliplay's case does not accurately reflect the contractual obligations which relate to the Group's software, and in any event firmly believes that it has met its performance obligations under the agreement and therefore is entitled to the full revenue. The Group's software has helped to deliver considerable year-on-year revenue growth for Caliplay; the Group believes that growth is inconsistent with the allegations which Caliplay is now making about the quality of software and services delivered.

In relation to the monthly additional B2B services fees, the Group believes that Caliplay is unlikely to convince the English Courts on its current case that the provision is valid and has any effect on the amounts due to the Group (through PT Malta). This is principally for the following reasons:

- Caliplay has provided very little information about the basis and nature of the provision, despite requests, and the Group believes that Caliplay's pleading is defective.
- There is no contractual mechanism under the licence agreement to retrospectively adjust the additional B2B services fees.
- Caliplay's case on working capital does not make any reference to the timeframe in which the alleged provision would theoretically be paid, and therefore based on the information provided this provision has no bearing on any working capital requirements.

The Adjusted EBITDA recorded for the year ended 31 December 2023 is therefore exposed to the outstanding invoices of €86.5 million should the Group not recover the debt. This is reduced by certain subcontractor payments linked to the revenue recognised which per the agreement would only be made when the debt is received by the Group.

In addition, there is potentially a risk that if the English Court orders the immediate payment of all outstanding fees, Caliplay may still refuse to pay under the relevant settlement agreement and/or court order. However, the Group considers that this probability is unlikely based on current information. Not complying with an English Court order carries significant reputational risks for Caliplay and the potentially adverse impact upon its external relationships. Furthermore, we are not aware of any current risk of non-compliance. Instead, so far Caliplay has complied with the two court orders in PT Malta's favour in relation to the order to withdraw the proceedings in Mexico and not to litigate there further (granted by Mr Justice Foxton in October 2023 and Mr Justice Bright in December 2023 respectively). In the unlikely event that Caliplay refuses to pay the Group in circumstances where Playtech has the benefit of an English Court judgement ordering Caliplay to do so, Playtech will take all steps available to seek immediate enforcement of the order in Mexico by way of recognition of the English judgement under the appropriate bi-lateral enforcement treaty, and continue to demand the outstanding fees from Caliplay.

Impact on Playtech M&A Call Option valuation

The Playtech M&A Option is further described in Note 21A of the financial statements, with the valuation methodology and assumptions covered in Note 21C.

The Group's view of a reasonable market participant base discount rate for the 31 December 2023 valuation is unchanged since last year. However, due to the ongoing legal proceedings and the disputes with Caliplay, the Group has adjusted the fair value of the Playtech M&A Call Option to reflect this risk, by including an additional company-specific risk premium in the discount rate, which overall increased it to 20% (31 December 2022: 16%). The impact of the increase in discount rate is to reduce the fair value of the option from €846.0 million to €730.2 million.

Furthermore, although we do not believe the significant provision made by Caliplay is valid, were this to be included in the valuation of the Playtech M&A Call Option as an adjustment to net debt, this would have a material impact on the value of the Playtech M&A Call Option.

Impact on CGU impairment reviews and recoverability of deferred tax assets

Whilst our current contract with Caliplay under which we are entitled to receive our fees (including the B2B licensee fees and the additional B2B services fees) is expiring in 2034, and this was our base assumption in the CGU impairment reviews and deferred tax asset recoverability assessment, should there be material changes to the cash flows arising from the contract this could potentially lead to impairments in certain CGUs of the Group including Casino, Sports B2B, Services, Quickspin and Eyecon (Note 20).

Similarly, this could also affect the recoverability assessment of the deferred tax asset, due to the reduction in profits against which the deferred tax asset is able to be utilised, as well as impacting the carrying value of the Parent Company investment in subsidiary.

Given the current uncertainty, the Group is not able to materially estimate the effect of this and in any event considers it highly unlikely that there will be material changes to the cash flows such that the assets referred to above are materially impacted.

Impact on going concern and viability statement assessment

As per the going concern assessment under Note 2, while in the base case cash flow forecasts the Group has assumed full recovery of the outstanding amounts within the going concern period of assessment, there is a remote risk depending on the progress of the legal dispute that no cash will be received in the going concern period to 30 June 2025 and hence this was modelled in the stress test scenario.

Even under this scenario the Group still has sufficient headroom on its covenants and liquidity and hence the Directors still have a reasonable expectation that the Group will continue as a going concern over the relevant going concern period.

This remote scenario was also modelled in the viability assessment which covers a period of three years, with the conclusion being that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2026.

Note 7 – Significant accounting judgements, estimates and assumptions continued

Judgements continued

Revenue from contracts with customers

The Group applies judgement in determining whether it is acting as a principal or an agent specifically on the revenue earned under the B2B licensee fee stream. This income falls within the scope of IFRS 15 Revenue from Contracts with Customers. In making these judgements, the Group considers, by examining each contract with its customers, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. The business model of this division is predominantly a revenue share model which is based on software fees earned from B2C business partners' revenue.

IFRS 15, paragraph B37 describes indicators that an entity controls the specified good or service before it is transferred to a customer and therefore acts as the principal. Based on this assessment it was concluded that Playtech is acting as an agent under the B2B licensee fee stream due to the three indicators under B37 which are not satisfied as follows:

- Playtech is responsible in fulfilling the contract to the operator, principally in respect of the software solutions, and not to the end customer which is the responsibility of the operator;
- there is no inventory risk as Playtech does not have the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service before it is transferred to the end customer; and
- Playtech does not have any discretion in establishing prices set by the operator to third parties.

Based on the above it was determined that the Group was acting as agent and revenue is recognised as the net amount of B2B licensee fees received. The majority of this B2B revenue is recognised when the gaming or betting activity used as the basis for the revenue share calculation takes place, and furthermore is only recognised when collection is virtually certain with a legally enforceable right to collect.

The Group applied judgement in determining whether price concessions in respect of ongoing negotiations and contract modifications should be accounted for as variable consideration in revenue. Once there is a valid expectation that the concession of the variable consideration is highly probable, the Group accounts for it under IFRS 15 paragraph 52.

IFRS 15, paragraph 52 describes that in addition to the terms of the contract, the promised consideration is variable if either of the following circumstances exists:

- The operator has a valid expectation arising from Playtech's customary business practices, published policies or specific statements that Playtech will accept an amount of consideration that is less than the price stated in the contract, that is, it is expected that Playtech will offer a price concession. Depending on the jurisdiction, industry or customer this offer may be referred to as a discount, rebate, refund or credit.
- Other facts and circumstances indicate that Playtech's intention, when entering into the contract with the operator, is to offer a price concession to the operator.

The Group has estimated the variable consideration based on the best estimates of future outcomes to determine the most likely amount of consideration to be received.

Internally generated intangible assets

The Group capitalises costs for product development projects. Expenditure on internally developed products is capitalised when it meets the following criteria:

- adequate resources are available to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Initial capitalisation of cost is based on management's judgement that the technological and economic feasibility is confirmed, usually when product development has reached a defined milestone and future economic benefits are expected to be realised according to an established project management model. Following capitalisation, an assessment is performed in regard to project recoverability which is based on the actual return of the project. During the year, the Group capitalised €56.7 million (2022: €57.5 million) and the carrying amount of capitalised development costs as at 31 December 2023 was €133.5 million (2022 restated: €128.1 million).

Adjusted performance measures

As noted in Note 6, paragraph U, the Group presents adjusted performance measures which differ from statutory measures due to exclusion of certain non-cash and one-off items from the actual results. The determination of whether these items should form part of the adjusted results is a matter of judgement as management assess whether these items meet the definition disclosed in Note 6, paragraph U. The items excluded from the adjusted measures are described in further detail in Note 11.

Provision for risks and charges and potential liabilities

The Group operates in a number of regulated markets and is subject to lawsuits and potential lawsuits regarding complex legal matters, which are subject to a different degree of uncertainty in different jurisdictions and under different laws. For all material ongoing and potential legal and regulatory claims against the Group, an assessment is performed to consider whether an obligation or possible obligation exists and to determine the probability of any potential outflow to determine whether a claim results in the recognition of a provision or disclosure of a contingent liability. The timing of payment of provisions is subject to uncertainty and may have an effect on the presentation of the provisions as current and non-current liabilities in the balance sheet. Expected timing of payment and classification of provision is determined by management based on the latest information available at the reporting date. See Note 30 for further details.

Notes to the financial statements continued

Note 7 – Significant accounting judgements, estimates and assumptions continued

Judgements continued

Classification of equity call options

Background

In addition to the provision of software-related solutions as a B2B product, the Group also offers certain customers a form of offering (which includes software and related services) which is termed a "structured agreement". Structured agreements are customarily with customers that have a gaming licence and are retail/land-based operators that are looking to establish their online B2C businesses – these customers require initial support beyond the provision of the Group's standard B2B software technology. With this product offering, Playtech offers additional services to support the customer's B2C activities over and above the B2B software solution products.

Playtech generates revenues from the structured agreements as follows:

- B2B licensee fee income (as per Note 6D); and
- revenue based on predefined revenue generated by each customer under each structured agreement which is typically capped at a percentage of the profit (also defined in each agreement) generated by the customer, which compensates Playtech for the additional services provided (additional B2B services fee as per Note 6D).

Under these agreements, Playtech typically has a call option to acquire equity in the operating entities. If the call option is exercised by Playtech, the Group would no longer provide certain services (which generally include technical and general strategic support services) and would no longer receive the related additional B2B services fee. This mechanism is not designed as a control feature but mainly to protect Playtech's position should the customer be subject to an exit transaction. Playtech is therefore able to benefit from any value appreciation in the operation and could also potentially cease to provide the additional B2B services should it choose to do so dependent on the nature of the exit transaction.

Judgement applied

In respect of each of the structured agreements where the Group holds equity call options, management applies judgement to assess whether the Group has control or significant influence. For each of the Group's structured agreements an assessment was completed in Note 21 using the below guidance.

The existence of control by an entity is evidenced if all of the below are met in accordance with IFRS 10 Consolidated Financial Statements, paragraph 7:

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

In the cases where the Group assessed that it exercises control over these arrangements, then the company is consolidated in the Group's annual results in accordance with IFRS 10.

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

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

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

If the option is exercisable then the investment is accounted for using the equity accounting method. However, in the cases where the company over which the Group has a current exercisable option generates profits, management made a judgement and concluded that Playtech's share of profits (were the option to be exercised) should not be recognised as it is unlikely that the profits will be realised as the existing shareholder has the right, and is entitled, to extract distributable profits. As such, management did not consider it appropriate to recognise any share of these profits. However, in the cases where the associate has generated losses, the Group's percentage share is recognised and deducted from the carrying value of the investment in associate.

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

Furthermore, under some of these arrangements the Group has provided loan advances. In such instances a judgement was made as to whether these amounts form part of the Group's investment in the associate as per IAS 28, paragraph 38, with a key consideration being whether the Group expects settlement to occur in the foreseeable future. In the case where this is not expected and there is no set repayment term, then it is concluded that in substance these loans are extensions of the entity's investment in the associate and therefore would form part of the cost of the investment.

Finally, the Group has certain agreements in relation to the provision of services by service providers in connection with certain of the Group's obligations under their various structured agreements. Under these arrangements, the service providers have certain rights to equity. In order for these rights to crystallise, the Group must first exercise the relevant option. A judgement was therefore made that no current liability exists under IAS 32, until the point when Playtech exercises the option.

Note 7 – Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 20, 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 15.

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 €56.8 million. As at 31 December 2023, an additional deferred tax asset of €5.2 million was recognised. This additional deferred tax asset has been recognised as the Group's management has concluded that it is probable for the UK entities to continue to generate taxable profits in the future against which the Group can utilise the tax deductions for goodwill and intangible assets. During the year, €14.8 million has been utilised and the net recognised deferred tax asset as at 31 December 2023 amounts to €47.2 million. In addition, a total of €31.8 million of deferred tax asset has not been recognised in respect of the benefit of future tax deductions related to the goodwill and intangible assets which will arise more than five years after the balance sheet date.

Deferred tax 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 2023, due to certain changes in the current period to the expected profit profile within its UK business unit that carries significant losses. This forms a change in accounting estimate and resulted in a reversal of €37.2 million in the current year of previously recognised deferred tax assets in respect of UK tax losses and tax attributes relating to excess interest expense brought forward.

Notes to the financial statements continued

Note 7 – Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

Deferred tax asset continued

Deferred tax asset in the UK continued

As at 31 December 2023, a deferred tax asset of €27.2 million has been recognised in respect of UK tax losses (2022: €64.4 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 €268.3 million (2022: €Nil) have not been recognised as at 31 December 2023 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 recognised a deferred tax asset of €2.1 million (2022: €23.1 million) in respect of tax losses in Italy which are available to offset against the future profits of the Italian Group companies. Based on the current forecasts, these losses will be fully utilised within the next year.

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

Impairment of financial assets

The Group undertook a review of trade receivables and other financial assets, as applicable, and their expected credit losses (ECLs). The review considered the macroeconomic outlook, customer credit quality, exposure at default, and effect of payment deferral options as at the reporting date. The ECL methodology and definition of default remained consistent with prior periods. The model inputs, including forward-looking information, scenarios and associated weightings, together with the determination of the staging of exposures, were revised. The Group's financial assets consist of trade and loans receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit 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. More details are included in Note 39.

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 year ended 31 December 2023 of €3.4 million (2022: €15.4 million).

Sun Bingo agreement

Background

The News UK contract commenced in 2016 and was originally set for a five-year period to June 2021. Both parties have obligations under the contract, which includes News UK providing access to brand and related materials as well as other services. Playtech has the primary responsibility for the operation of the arrangement, but both parties have contractual responsibilities.

The related brands are used in Playtech's B2C service, where the Group acts as the principal, meaning that in the Group's consolidated statement of comprehensive income:

- revenue from B2C customers is recognised as income; and
- the fees paid to News UK for use of the brands are an expense as they are effectively a supplier.

In the original contract, the fees payable were subject to a predetermined annual minimum guarantee (MG) which Playtech had to pay to News UK.

During the period from 2016 to 2018, performance was not in line with expectations, and as such, the MG made this operation significantly loss-making for the Group. This opened the negotiations with News UK for certain amendments to the contract, which were agreed and signed in February 2019 as follows:

- the MG was still payable up until the end of the original contract period, being June 2021, with no MG payable after that; and
- the contract term was extended to permit Playtech access to News UK's brands and other related materials and other services, for a longer period, to allow Playtech to recover its MG payments and to make a commercial return as was always envisaged. The term of the contract was extended to end at the earlier of: a) five years from the date when Playtech had fully recovered all MG payments made; or b) 15 years from the renegotiation (i.e. June 2036).

Judgements made on recognition and measurement

The annual MG paid to News UK was recognised in Playtech's profit or loss up until February 2019, essentially being expensed over the original term of the contract. However, from the point at which the amended contract became effective, the timing of the MG paid (being based on the original terms) no longer reflected the period over which Playtech was consuming the use of the News UK brands and other related services from them. As such, a prepayment was recorded to reflect the amount that had been paid, as at each period end, which related to the future use of the brands and services. IFRS do not have a specific standard that deals with accounting for prepayments; however, the asset recognised as a prepayment is in accordance with IAS 1 Presentation of Financial Statements.

At the commencement of the agreement and on renegotiation of the contract, the Directors considered whether the nature of the arrangement gave rise to any intangible assets. At contract inception the Directors concluded that there were no such assets to recognise as both parties had contractual obligations under the agreement to deliver services, as explained above. Post the contract renegotiation, the amounts to be paid in the remainder of the initial period were considered to be advanced payments in respect of amounts to be earned by News UK over the remainder of the extended contract period. Consequently, the Directors did not believe that there was a fundamental change in the nature of the arrangements and it was considered most appropriate to categorise the amounts paid as operating expense prepayments.

Note 7 – Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

Sun Bingo agreement continued

Judgements made on recognition and measurement continued

As noted above, the term of this renegotiated contract is dependent on the future profitability of the contract, and it was expected that the future profitability would mean the contract would finish before the end of the fixed term period. For this reason, it was considered appropriate that the prepayment recognised should be released to the profit or loss in line with this expected profitability, rather than on a straight-line basis.

The amounts held in non-current and current assets of €58.7 million (2022: €63.4 million) and €4.4 million (2022: €3.6 million) in Notes 22 and 24, respectively, are the differences between the MG actually paid to News UK from February 2019 to June 2021 and the amounts recognised in the Group's profit or loss from February 2019 to December 2022.

As with any budgeting process, there is always a risk that the plan may not be realised. This risk increases the longer the period for which the budget covers and in this instance the period is potentially up to 13 years from 31 December 2023. When producing the budget, management applies reasonable assumptions based on known factors, but sometimes and outside of management's control, these factors may vary. However, management also reviews these forecasts at each reporting period and more regularly internally and adjusts the expense released accordingly. Based on the most recent forecasts and current profitability and the fact that the Group had been running the operation since 2016 and therefore has significant experience of the level of profitability that can be derived from the operation, it is confident that the performance of the business will allow the full recovery of this asset, before the contract ends.

Calculation of legal provisions

The Group ascertains a liability in the presence of legal disputes or ongoing lawsuits when it believes it is probable that a financial outlay will take place and when the amount of the losses can be reasonably estimated. The Group is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary depending on future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its legal advisers and experts on legal and tax-related matters. More details are included in Note 30.

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 21, 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), 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 21.

Notes to the financial statements continued

Note 7 – Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions continued

Measurement of fair values of equity investments and equity call options continued

The following table shows the carrying amount and fair value of non-current assets, as disclosed in Note 21, including their levels in the fair value hierarchy.

	Carrying amount 2023 €'m	Fair value Level 1 €'m	Fair value Level 2 €'m	Fair value Level 3 €'m
Non-current assets				
Other investments (Note 21B)	**92.8**	**15.8**	**—**	**77.0**
Derivative financial assets (Note 21C)	**827.8**	**—**	**—**	**827.8**
	920.6	**15.8**	**—**	**904.8**

	Carrying amount 2022 €'m	Fair value Level 1 €'m	Fair value Level 2 €'m	Fair value Level 3 €'m
Non-current assets				
Other investments (Note 21B)	9.2	1.4	—	7.8
Derivative financial assets (Note 21C)	636.4	—	—	636.4
	645.6	1.4	—	644.2

Note 8 – 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;
- B2C – HAPPYBET: Acting directly as an operator in Germany and Austria and generating revenues from online gambling and retail betting; and
- Financial – including B2C and B2B CFD (discontinued operations): Online CFDs, broker and trading platform provider, operating a number of brands across numerous countries. This division was disposed in the year ended 31 December 2022.

The Group-wide profit measure is Adjusted EBITDA (see Note 11).

Year ended 31 December 2023	B2B €'m	Snaitech €'m	Sun Bingo and Other B2C €'m	HAPPYBET €'m	Intercompany B2C €'m	Total B2C €'m	Intercompany €'m	Total €'m
Revenue	**684.1**	**946.6**	**73.4**	**18.2**	**(1.2)**	**1,037.0**	**(14.4)**	**1,706.7**
Adjusted EBITDA	**182.0**	**256.1**	**6.0**	**(11.8)**	**—**	**250.3**	**—**	**432.3**
Total assets	**2,102.4**	**1,115.5**	**90.6**	**17.3**	**—**	**1,223.4**	**—**	**3,325.8**
Total liabilities	**1,018.6**	**469.4**	**26.0**	**5.6**	**—**	**501.0**	**—**	**1,519.6**

Year ended 31 December 2022	B2B €'m	Snaitech €'m	Sun Bingo and Other B2C €'m	HAPPYBET €'m	Intercompany B2C €'m	Total B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Revenue	632.4	899.8	65.3	20.1	(2.1)	983.1	(13.7)	1,601.8	74.5	1,676.3
Adjusted EBITDA	160.2	244.0	2.0	(10.8)	—	235.2	—	395.4	33.8	429.2
Total assets	1,854.1	1,070.8	89.7	9.3	—	1,169.8	—	3,023.9	—	3,023.9
Total liabilities	697.2	603.2	14.6	6.4	—	624.2	—	1,321.4	—	1,321.4

Note 8 – Segment information continued

Geographical analysis of non-current assets

The Group's information about its non-current assets by location is detailed below:

	2023 €'m	2022 €'m
Italy	**750.3**	746.1
UK	**332.9**	328.4
Austria	**54.8**	131.5
Alderney	**63.9**	75.9
Sweden	**48.7**	59.9
Gibraltar	**27.8**	27.9
Cyprus	**19.4**	22.0
Latvia	**17.5**	15.5
Australia	**17.3**	18.8
Ukraine	**4.0**	8.8
Estonia	**8.6**	7.8
British Virgin Islands	**7.5**	8.2
Rest of World	**76.6**	59.7
	1,429.3	1,510.5

The segment assets and liabilities are not provided to the chief operating decision maker.

Note 9 – Discontinued operations

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

	2023		2022	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Revenue	—	—	74.5	74.5
Distribution costs before depreciation and amortisation	—	—	(34.9)	(34.8)
Administrative expenses before depreciation and amortisation	—	—	(13.3)	(4.0)
Impairment of financial assets	—	—	(1.9)	(1.9)
EBITDA	—	—	24.4	33.8
Finance income	—	—	11.6	11.6
Finance costs	—	—	(0.5)	(0.5)
Profit on disposal of discontinued operations	—	—	15.1	—
Profit before taxation	—	—	50.6	44.9
Tax expense	—	—	(3.6)	(3.7)
Profit from discontinued operations, net of tax	—	—	47.0	41.2

All of the profit from discontinued operations, net of tax, in the year ended 31 December 2022 relates to the Financial segment, which was disposed in July 2022 for a cash consideration of $228.1 million (€223.9 million).

The following table provides a full reconciliation between adjusted and actual results from discontinued operations:

For the year ended 31 December 2022	Revenue €'m	EBITDA €'m	Profit from discontinued operations attributable to the owners of the Company €'m
Reported as actual	74.5	24.4	47.0
Employee stock option expenses	—	0.3	0.2
Professional fees[1]	—	9.1	9.1
Profit on disposal of discontinued operations	—	—	(15.1)
Adjusted measure	74.5	33.8	41.2

1 On the completion of the disposal, the break fee of US$8.8 million to the Consortium that had previously agreed to acquire the Financial segment, as announced in May 2021, was triggered and therefore paid. This is included in professional fees.

Notes to the financial statements continued

Note 9 – Discontinued operations continued

Earnings per share from discontinued operations

	2023		2022	
	Actual	Adjusted	Actual	Adjusted
Basic (cents)	—	—	15.7	13.7
Diluted (cents)	—	—	15.1	13.2

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

	2023 €'m	2022 €'m
Operating	—	28.2
Investing	—	(3.8)
Financing	—	(1.1)
Net cash inflow	—	23.3

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

Note 10 – 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.

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.

For the year ended 31 December 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	36.9	945.4	—	—	—	945.4	(10.6)	971.7
UK	127.0	—	73.4	—	—	73.4	(3.8)	196.6
Mexico	183.0	—	—	—	—	—	—	183.0
Rest of Europe	232.4	1.2	—	18.2	(1.2)	18.2	—	250.6
LATAM	44.8	—	—	—	—	—	—	44.8
Rest of World	60.0	—	—	—	—	—	—	60.0
	684.1	946.6	73.4	18.2	(1.2)	1,037.0	(14.4)	1,706.7

Product type	B2B €'m	B2C €'m	Intercompany €'m	Total €'m
B2B licensee fee	467.2	—	(12.6)	454.6
B2B fixed-fee income	32.8	—	(0.8)	32.0
B2B cost-based revenue	57.4	—	(1.0)	56.4
B2B revenue received from the sale of hardware	13.8	—	—	13.8
Additional B2B services fee	112.9	—	—	112.9
Total B2B	684.1	—	(14.4)	669.7
Snaitech	—	946.6	—	946.6
Sun Bingo and Other B2C	—	73.4	—	73.4
HAPPYBET	—	18.2	—	18.2
Intercompany	—	(1.2)	—	(1.2)
Total B2C	—	1,037.0	—	1,037.0
Total	684.1	1,037.0	(14.4)	1,706.7

Note 10 – Revenue from contracts with customers continued

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

	2023 €'m
Regulated – Americas	
– US and Canada	**13.2**
– Latin America	**198.7**
Regulated – Europe (excluding UK)	**200.1**
Regulated – UK	**126.1**
Regulated – Rest of World	**7.0**
Total regulated B2B revenue	**545.1**
Unregulated	**139.0**
Total B2B revenue	**684.1**

For the year ended 31 December 2022

Primary geographic markets	B2B €'m	Snaitech €'m	Sun Bingo and Other B2C €'m	HAPPYBET €'m	Intercompany B2C €'m	Total B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
Italy	35.1	897.7	—	—	—	897.7	(10.0)	922.8	1.3	924.1
UK	127.0	—	65.2	—	—	65.2	(3.7)	188.5	34.1	222.6
Rest of Europe	233.3	2.1	0.1	20.1	(2.1)	20.2	—	253.5	10.4	263.9
LATAM	160.7	—	—	—	—	—	—	160.7	18.6	179.3
Rest of World	76.3	—	—	—	—	—	—	76.3	10.1	86.4
	632.4	899.8	65.3	20.1	(2.1)	983.1	(13.7)	1,601.8	74.5	1,676.3

Product type	B2B €'m	B2C €'m	Intercompany €'m	Total Gaming – continuing operations €'m	Financial – discontinued operations €'m	Total €'m
B2B licensee fee	451.7	—	(12.4)	439.3	—	439.3
B2B fixed-fee income	42.1	—	(0.6)	41.5	—	41.5
B2B cost-based revenue	59.9	—	(0.7)	59.2	—	59.2
B2B revenue received from the sale of hardware	13.2	—	—	13.2	—	13.2
Additional B2B services fee	65.5	—	—	65.5	—	65.5
Total B2B	632.4	—	(13.7)	618.7	—	618.7
Snaitech	—	899.8	—	899.8	—	899.8
Sun Bingo and Other B2C	—	65.3	—	65.3	—	65.3
HAPPYBET	—	20.1	—	20.1	—	20.1
Intercompany	—	(2.1)	—	(2.1)	—	(2.1)
Total B2C	—	983.1	—	983.1	—	983.1
Financial	—	—	—	—	74.5	74.5
Total	632.4	983.1	(13.7)	1,601.8	74.5	1,676.3

	2022 €'m
Regulated – Americas	
– US and Canada	7.6
– Latin America	137.1
Regulated – Europe (excluding UK)	184.6
Regulated – UK	126.7
Regulated – Rest of World	5.6
Total regulated B2B revenue	461.6
Unregulated	170.8
Total B2B revenue	632.4

Notes to the financial statements continued

Note 10 – Revenue from contracts with customers continued

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

There were no changes in the Group's revenue measurement policies and procedures in 2023 and 2022. The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months. For the year ended 31 December 2023, Playtech recognised revenue from a single customer totalling approximately 10.3% of the Group's total revenue (2022: no single customer accounted for over 10%).

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 31 December 2023 was €6.2 million (2022: €6.0 million).

The movement in contract liabilities during the year was as follows:

	2023 €'m	2022 €'m
Balance at 1 January	6.0	8.1
Recognised during the year	8.0	8.4
Realised in profit or loss	(7.8)	(10.5)
Balance at 31 December	6.2	6.0

Note 11 – 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.

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:

For the year ended 31 December 2023	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA €'m	Profit before tax from continuing operations €'m	Profit from continuing operations attributable to the owners of the Company €'m
Reported as actual	1,706.7	157.9	248.6	406.5	235.8	105.1
Employee stock option expenses[1]	—	5.6	0.7	6.3	6.3	6.3
Professional fees[2]	—	13.4	1.0	14.4	14.4	14.4
Impairment of investment and receivables[3]	—	5.1	—	5.1	5.1	5.1
Fair value changes and finance costs on contingent consideration[4]	—	—	—	—	3.3	3.3
Fair value changes of equity instruments[5]	—	—	—	—	6.6	6.6
Fair value change of derivative financial assets[5]	—	—	—	—	(153.4)	(153.4)
Amortisation of intangible assets on acquisitions[6]	—	—	—	—	42.6	42.6
Impairment of intangible assets[7]	—	—	—	—	89.8	89.8
Deferred tax on acquisitions[6]	—	—	—	—	—	(8.2)
Derecognition of brought forward deferred tax asset[8]	—	—	—	—	—	37.2
Tax related to uncertain positions[9]	—	—	—	—	—	8.0
Adjusted measure	1,706.7	182.0	250.3	432.3	250.5	156.8

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 21B) and the Caliplay disputes (Note 7). These expenses are not considered ongoing costs of operations and therefore are excluded.

3 Provision against investments and other receivables that do not relate to the ordinary operations of the Group.

4 Fair value change 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 Impairment of intangible assets mainly relates to the impairment of Eyecon €7.8 million, Quickspin €9.6 million and Sports B2B €72.2 million. Refer to Note 20.

8 The reported tax expense has been adjusted for the derecognition of a deferred tax asset of €37.2 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 7, 15 and 33.

9 Change in estimates related to uncertain overseas tax positions in respect of prior years which have now been settled with the relevant tax authority.

Note 11 – Adjusted items continued

For the year ended 31 December 2022	Revenue €'m	EBITDA – B2B €'m	EBITDA – B2C €'m	EBITDA €'m	Profit before tax from continuing operations €'m	Profit from continuing operations attributable to the owners of the Company €'m
Reported as actual	1,601.8	138.4	223.9	362.3	95.6	40.6
Employee stock option expenses[1]	—	7.1	0.9	8.0	8.0	8.0
Professional fees[2]	—	15.7	—	15.7	15.7	15.7
Fair value change and finance cost on contingent consideration and redemption liability[3]	—	(4.3)	—	(4.3)	(4.2)	(4.2)
Ukraine employee support costs[4]	—	3.3	—	3.3	3.3	3.3
Onerous contract[5]	—	—	10.4	10.4	10.4	10.4
Fair value changes of equity instruments[6]	—	—	—	—	0.3	0.3
Fair value changes of derivative financial assets[6]	—	—	—	—	(6.0)	(6.0)
Fair value loss on convertible loans[7]	—	—	—	—	3.0	3.0
Amortisation of intangible assets on acquisitions[8]	—	—	—	—	42.0	42.0
Impairment of property, plant and equipment and intangible assets[9]	—	—	—	—	38.5	38.5
Loss on disposal of subsidiary[10]	—	—	—	—	8.8	8.8
Deferred tax on acquisitions[8]	—	—	—	—	—	(8.3)
Tax related to uncertain positions[11]	—	—	—	—	—	8.4
Adjusted measure	1,601.8	160.2	235.2	395.4	215.4	160.5

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 potential sale of the Group. These expenses are not considered ongoing costs of operations and therefore are excluded.
3 Fair value change and finance costs on redemption liability related to the acquisition of Statscore. These expenses are not considered ongoing costs of operations and therefore are excluded.
4 Financial support provided to the employees based in Ukraine. These expenses are not considered ongoing costs of operations and therefore are excluded.
5 One-off payment to terminate an onerous contract with a former service provider made in H1 2022. This expense is not considered an ongoing cost of operations and therefore is excluded.
6 Fair value changes of equity instruments and derivative financial assets. These are excluded from the results as they relate to unrealised profit/loss.
7 Fair value loss on convertible loans relates to Gameco. This write off is not considered an ongoing cost of operations and is excluded. Refer to Note 21B.
8 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.
9 Impairment of property, plant and equipment and intangible assets mainly relates to the impairment of Eyecon €13.6 million, Quickspin €7.0 million, Bingo VF €12.5 million and IGS €5.6 million.
10 Loss arising on the disposal of Statscore, previously a subsidiary of the Group. Even though Statscore was a separate CGU which was tested for impairment biannually up to the date of disposal, it didn't meet the criteria of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations of being a separate major line of business for the Group. As such, it was not presented separately as discontinued operations as at 31 December 2022. This loss is not considered an ongoing cost of operations and therefore is excluded. Refer to Note 21A.
11 Change in estimates related to uncertain overseas tax positions in respect of prior years.

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

	2023 €'m	2022 €'m
Tax on profit or loss for the year	130.7	55.0
Adjusted for:		
Deferred tax on intangible assets on acquisitions	8.2	8.3
Derecognition of brought forward deferred tax asset	(37.2)	—
Tax related to uncertain positions	(8.0)	(8.4)
Adjusted tax	93.7	54.9

Note 12 – Auditor's remuneration

	2023 €'m	2022 €'m
Group audit and Parent Company (BDO)	3.0	2.3
Audit of subsidiaries (BDO)	1.4	1.4
Audit of subsidiaries (non-BDO)	0.2	0.3
Total audit fees	4.6	4.0
Non-audit services provided by Parent Company auditor and its international member firms		
Other non-audit services	0.9	0.9
Total non-audit fees	0.9	0.9

Notes to the financial statements continued

Note 13 – Impairment of property, plant and equipment and intangible assets

	2023 €'m	2022 €'m
Reversal of impairment of property, plant and equipment (Note 18)	—	(0.2)
Impairment of intangible assets (Note 20)	89.8	38.7
	89.8	38.5

Impairment of intangible assets for 2023 mainly relates to the impairment of Eyecon €7.8 million, Quickspin €9.6 million and Sports B2B €72.2 million. Refer to Note 20.

Impairment of intangible assets for 2022 relates to the impairment of Eyecon €13.6 million, Quickspin €7.0 million, Bingo VF €12.5 million and IGS €5.6 million.

Note 14 – Finance income and costs

A. Finance income

	2023 €'m	2022 €'m
Interest income	10.0	2.4
Dividend income	0.1	—
Net foreign exchange gain	2.2	9.2
	12.3	11.6

B. Finance costs

	2023 €'m	2022 €'m
Interest on bonds	(29.5)	(35.7)
Interest on lease liability	(5.2)	(5.5)
Interest on loans and borrowings and other	(2.2)	(6.0)
Bank facility fees	(2.3)	(7.0)
Bank charges	(2.8)	(3.9)
Movement in contingent consideration	(3.3)	(0.1)
Fair value loss on convertible loans	—	(3.0)
Expected credit loss on loans receivable	(0.9)	(1.6)
	(46.2)	(62.8)
Net finance costs	(33.9)	(51.2)

Note 15 – Tax expense

	2023 €'m	2022 €'m
Current tax expense		
Income tax expense for the current year	26.4	19.3
Income tax relating to prior years[1]	16.1	9.1
Withholding tax	0.8	0.3
Total current tax expense	43.3	28.7
Deferred tax		
Origination and reversal of temporary differences	85.4	23.5
Deferred tax movements relating to prior years	1.8	8.1
Impact of changes in tax rates	0.2	(5.3)
Total deferred tax expense	87.4	26.3
Total tax expense from continuing operations	130.7	55.0

1 The majority of this relates to charges arising from the change in estimate of income tax in relation to prior years.

Note 15 – Tax expense continued

A reconciliation of the reported income tax charge of €130.7 million (2022: €55.0 million) applicable to profit before tax of €235.8 million (2022: €95.6 million) at the UK statutory income tax rate of 23.5% is as follows:

	2023 €'m	2022 €'m
Profit for the year	**105.1**	40.6
Income tax expense	**130.7**	55.0
Profit before income tax	**235.8**	95.6
Tax using the Company's domestic tax rate (23.5% in 2023 and 19% in 2022)	**55.4**	18.2
Tax effect of:		
Non-taxable fair value movements on call options	**(36.1)**	(1.1)
Tax exempt income	**—**	(4.3)
Non-deductible expenses	**35.6**	19.8
Deferred tax asset in respect of Group restructuring	**(5.2)**	(5.4)
Difference in tax rates applied in overseas jurisdictions	**1.2**	13.8
Impact of changes in tax rates	**0.2**	(5.3)
Increase in unrecognised tax losses	**24.5**	2.1
Write-down of previously recognised deferred tax assets	**37.2**	—
Adjustment in respect of previous years:		
– Deferred tax	**1.8**	8.0
– Income tax	**16.1**	9.2
Total tax expense	**130.7**	55.0

Reported tax charge

A reported tax charge of €130.7 million from continuing operations arises on a profit before income tax of €235.8 million compared to an expected charge of €55.4 million (2022: a tax charge of €55.0 million on profit before income tax of €95.6 million). The reported tax expense includes adjustments in respect of prior years relating to current tax and deferred tax of €17.9 million. The prior year adjustment in respect of current tax of €16.1 million includes an additional provision of €5.6 million relating to uncertain overseas tax positions in respect of prior years which have now been settled with the tax authorities.

The Group's effective tax rate for the current period is 55.4%. The key reasons for the differences are:

- 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 €37.2 million in respect of UK tax attributes. Further details of this write-down are included in Note 7.
- 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 €108.3 million.
- Expenses not deductible for tax purposes including professional fees and 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 23.5%. Legislation was enacted in the UK which increased the standard rate of UK corporation tax from 19% to 25% from 1 April 2023. Deferred tax balances have been calculated using the tax rates upon which the balance is expected to unwind.

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. Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. In territories where this is not the case, there is the potential for Pillar Two taxes to apply; however, based on an initial assessment these are not expected to be significant. The Group continues to refine this assessment and analyse the future consequences of these rules and, in particular, in relation to the fair value movements as to how future fair value movements, should these arise, may impact the tax charge.

Deferred tax

The deferred tax asset and liability are measured at the enacted or substantively enacted tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The deferred tax balances within the financial statements reflect the increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023.

Notes to the financial statements continued

Note 16 – 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.

	2023		2022	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit attributable to the owners of the Company	**105.1**	**156.8**	87.6	201.7
Basic (cents)	**34.7**	**51.7**	29.2	67.2
Diluted (cents)	**33.7**	**50.2**	28.1	64.7

	2023		2022	
	Actual €'m	Adjusted €'m	Actual €'m	Adjusted €'m
Profit attributable to the owners of the Company from continuing operations	**105.1**	**156.8**	40.6	160.5
Basic (cents)	**34.7**	**51.7**	13.5	53.5
Diluted (cents)	**33.7**	**50.2**	13.0	51.5

	2023		2022	
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
Denominator – basic				
Weighted average number of equity shares	**303,279,998**	**303,279,998**	300,059,994	300,059,994
Denominator – diluted				
Weighted average number of equity shares	**303,279,998**	**303,279,998**	300,059,994	300,059,994
Weighted average number of option shares	**8,647,771**	**8,647,771**	11,792,385	11,792,385
Weighted average number of shares	**311,927,769**	**311,927,769**	311,852,379	311,852,379

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.

EPS for discontinued operations is disclosed in Note 9.

Note 17 – Employee benefits

Total staff costs comprise the following:

	2023 €'m	2022 €'m
Salaries and personnel-related costs	**438.2**	427.0
Cash-settled share-based payments	**0.2**	(0.3)
Equity-settled share-based payments	**6.3**	8.3
	444.7	435.0
Average number of personnel:		
Distribution	**6,868**	6,269
General and administration	**582**	538
	7,450	6,807

The Group has the following employee share option plans (ESOP) for the granting of non-transferable options to certain employees:

- the Long Term Incentive Plan 2012 (LTIP). Awards (options, conditional share awards, cash-settled awards, or a forfeitable share award) granted under this plan vest on the first day on which they become exercisable, which is typically between 18 and 36 months after grant date; and
- the Long Term Incentive Plan 2022 (LTIP22). Awards (options, conditional share awards, restricted shares, cash-settled awards) granted under this plan vest on the first day on which they become exercisable, which is typically after 36 months.

The overall term of the ESOP is ten years. These options are settled in equity or cash once exercised. Option prices are denominated in GBP.

Note 17 – Employee benefits continued

During 2023 the Group granted 3,023,945 nil cost options under its LTIP22 which are subject to EPS growth, relative total shareholder return (TSR) against constituents of the FTSE 250 but excluding the investment trusts index, and relative TSR against a sector comparator group of peer companies. The fair value per share according to the Monte Carlo simulation model is between £3.84 and £5.85. Inputs used were as follows:

Expected life (years)	Share price at grant date	Dividend yield	Risk-free rate	Projection period (years)	Volatility
3	£5.85	Nil	3.78%	3	36%-46%

During 2022 the Group granted 492,765 nil cost options under its LTIP22 which are subject to EPS growth, relative total shareholder return (TSR) against constituents of the FTSE 250 but excluding the investment trusts index, and relative TSR against a sector comparator group of peer companies. The fair value per share according to the Monte Carlo simulation model is between £2.71 and £4.58. Inputs used were as follows:

Expected life (years)	Share price at grant date	Dividend yield	Risk-free rate	Projection period (years)	Volatility
3	£4.58	Nil	2.34%	3	41%-49%

At 31 December 2023 and 2022 the following options were outstanding:

	2023 Number	2022 Number
Shares vested on 1 March 2018 at nil cost	72,596	72,596
Shares vested between 1 September 2016 and 1 March 2018 at nil cost	12,411	20,890
Shares vested on 1 March 2019 at nil cost	21,820	21,820
Shares vested between 1 September 2017 and 1 March 2019 at nil cost	23,344	39,021
Shares vested on 21 December 2019 at nil cost	9,779	9,779
Shares vested on 1 March 2020 at nil cost	77,326	98,444
Shares vested on 1 March 2021 at nil cost	612,618	1,047,782
Shares vested between 1 March 2022 and 1 August 2022 at nil cost	1,260,489	2,218,735
Shares will vest by 19 December 2024 at nil cost	1,400,000	1,900,000
Shares vested between 1 March 2023 and 26 October 2023 at nil cost	3,323,693	6,392,073
Shares will vest by 18 August 2025 at nil cost	351,724	351,724
Shares will vest by 5 May 2026 at nil cost	3,012,659	—
	10,178,459	12,172,864

The total number of shares exercisable as of 31 December 2023 is 6,114,076 (2022: 4,729,067).

The total number of outstanding shares that will be cash settled is 570,545 (2022: 561,385). The total liability outstanding for the cash-settled options is €2.2 million (2022: €3.1 million).

The following table illustrates the number and weighted average exercise prices of share options for the ESOP.

	2023 Number of options	2022 Number of options	2023 Weighted average exercise price	2022 Weighted average exercise price
Outstanding at the beginning of the year	12,172,864	13,882,774	—	—
Granted	3,023,945	492,765	—	—
Forfeited	(1,137,717)	(408,237)	—	—
Exercised	(3,880,633)	(1,794,438)	—	—
Outstanding at the end of the year	10,178,459	12,172,864	—	—

Included in the number of options exercised during the year are 176,142 options (2022: 50,448) which were cash settled.

The weighted average share price at the date of exercise of options was £5.39 (2022: £5.30).

Notes to the financial statements continued

Note 17 – Employee benefits continued

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2023 Number	2022 Number
21 December 2025	Nil	85,007	93,486
Between 21 December 2026 and 31 December 2026	Nil	54,943	70,620
Between 1 March 2027 and 28 June 2027	Nil	77,326	98,444
23 July 2028	Nil	609,607	1,044,771
Between 27 February 2029 and 19 December 2029	Nil	2,663,500	4,121,746
Between 17 July 2030 and 26 October 2030	Nil	3,323,693	6,392,073
18 August 2032	Nil	351,724	351,724
5 May 2033	Nil	3,012,659	—
		10,178,459	12,172,864

Note 18 – Property, plant and equipment

	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
Cost					
At 1 January 2023	142.5	115.2	49.0	274.4	581.1
Additions	19.5	23.1	6.2	8.8	57.6
Acquisitions through business combinations	—	0.1	0.1	—	0.2
Disposals	(6.2)	(2.8)	(1.1)	(3.8)	(13.9)
Reclassifications	—	1.9	(1.9)	—	—
Foreign exchange movement	(2.4)	—	(0.9)	(0.7)	(4.0)
At 31 December 2023	153.4	137.5	51.4	278.7	621.0
Accumulated depreciation and impairment losses					
At 1 January 2023	104.1	78.0	28.2	29.4	239.7
Charge	17.5	16.1	6.1	6.8	46.5
Disposals	(6.1)	(2.6)	(0.7)	(3.6)	(13.0)
Reclassifications	—	1.9	(1.9)	—	—
Foreign exchange movement	(1.4)	—	(0.4)	(0.6)	(2.4)
At 31 December 2023	114.1	93.4	31.3	32.0	270.8
Net book value					
At 31 December 2023	39.3	44.1	20.1	246.7	350.2
At 1 January 2023	38.4	37.2	20.8	245.0	341.4

Note 18 – Property, plant and equipment continued

	Computer software and hardware €'m	Gaming machines €'m	Office furniture and equipment €'m	Buildings, leasehold buildings and improvements €'m	Total €'m
Cost					
At 1 January 2022	132.1	96.2	41.1	270.1	539.5
Prior year adjustment	(2.8)	5.5	1.1	(1.4)	2.4
Adjusted balance at 1 January 2022[1]	129.3	101.7	42.2	268.7	541.9
Additions	19.8	15.8	8.8	9.2	53.6
Disposals	(6.3)	(2.3)	(2.0)	(3.8)	(14.4)
Reclassifications	(0.3)	—	—	0.3	—
At 31 December 2022	142.5	115.2	49.0	274.4	581.1
Accumulated depreciation and impairment losses					
At 1 January 2022	95.3	61.4	24.5	28.6	209.8
Prior year adjustment	(1.1)	4.1	0.4	(1.0)	2.4
Adjusted balance at 1 January 2022[1]	94.2	65.5	24.9	27.6	212.2
Charge	16.0	14.5	5.4	5.6	41.5
Impairment loss	—	—	(0.2)	—	(0.2)
Disposals	(6.1)	(2.0)	(1.9)	(3.8)	(13.8)
At 31 December 2022	104.1	78.0	28.2	29.4	239.7
Net book value					
At 31 December 2022	38.4	37.2	20.8	245.0	341.4
At 1 January 2022[1]	35.1	36.2	17.3	241.1	329.7

1 The comparative opening cost and accumulated depreciation at 1 January 2022 on each class of property, plant and equipment were restated to correct legacy classification errors. The overall correction resulted in a total increase in the opening cost of property, plant and equipment of €2.4 million, with the same increase in total accumulated depreciation on 1 January 2022. There was no impact to the total net book value of the property, plant and equipment both at 1 January 2022 and 31 December 2022.

Notes to the financial statements continued

Note 19 – Leases

Set out below are the carrying amounts of right of use assets recognised and the movements during the year:

	Office leases €'m	Hosting €'m	Machinery rentals €'m	Total €'m
At 1 January 2023	60.5	11.1	—	71.6
Additions/modifications	14.2	6.8	1.4	22.4
On business combinations	1.9	—	—	1.9
Amortisation charge	(15.1)	(7.8)	(0.4)	(23.3)
Foreign exchange movement	(1.6)	—	—	(1.6)
At 31 December 2023	59.9	10.1	1.0	71.0

	Office leases €'m	Hosting €'m	Total €'m
At 1 January 2022	67.8	6.0	73.8
Additions/modifications	7.4	12.1	19.5
Disposal of subsidiary	(0.2)	—	(0.2)
Amortisation charge	(14.5)	(7.0)	(21.5)
At 31 December 2022	60.5	11.1	71.6

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 €'m	2022 €'m
At 1 January	85.8	90.1
Additions/modifications	22.0	18.8
On business combinations	1.9	—
Disposal of subsidiary	—	(0.2)
Accretion of interest	5.2	5.5
Payments	(28.3)	(27.1)
Foreign exchange movement	0.2	(1.3)
At 31 December	86.8	85.8
Current	24.9	31.8
Non-current	61.9	54.0
	86.8	85.8

The maturity analysis of lease liabilities is disclosed in Note 39B.

The following are the amounts recognised in profit or loss:

	2023 €'m	2022 €'m
Amortisation expense of right of use assets	23.3	21.5
Interest expense on lease liabilities	5.2	5.5
Impact of early termination of lease contracts	(0.4)	(0.7)
Variable lease payments (included in distribution costs)	—	0.1
	28.1	26.4

Note 20 – Intangible assets

	Patents, domain names and licence €'m	Technology IP €'m	Development costs €'m	Customer list and affiliates €'m	Goodwill €'m	Total €'m
Cost						
At 1 January 2023	**222.4**	**79.7**	**428.4**	**523.5**	**676.6**	**1,930.6**
Additions	**51.0**	**—**	**58.4**	**—**	**—**	**109.4**
Assets acquired through business combinations[1]	**0.4**	**—**	**—**	**3.0**	**4.2**	**7.6**
Disposal	**(0.2)**	**—**	**(3.4)**	**—**	**(0.4)**	**(4.0)**
Foreign exchange movement	**(0.4)**	**—**	**—**	**—**	**—**	**(0.4)**
At 31 December 2023	**273.2**	**79.7**	**483.4**	**526.5**	**680.4**	**2,043.2**
Accumulated amortisation and impairment losses						
At 1 January 2023	**133.8**	**72.4**	**300.3**	**376.4**	**66.8**	**949.7**
Charge	**43.5**	**3.0**	**49.4**	**30.8**	**—**	**126.7**
Impairment loss	**0.4**	**—**	**3.6**	**0.8**	**85.0**	**89.8**
Disposals	**—**	**—**	**(3.4)**	**—**	**(0.4)**	**(3.8)**
Foreign exchange movement	**(0.4)**	**—**	**—**	**—**	**—**	**(0.4)**
At 31 December 2023	**177.3**	**75.4**	**349.9**	**408.0**	**151.4**	**1,162.0**
Net book value						
At 31 December 2023	**95.9**	**4.3**	**133.5**	**118.5**	**529.0**	**881.2**
At 1 January 2023	**88.6**	**7.3**	**128.1**	**147.1**	**609.8**	**980.9**

	Patents, domain names and licence €'m	Technology IP €'m	Development costs €'m	Customer list and affiliates €'m	Goodwill €'m	Total €'m
Cost						
At 1 January 2022	191.4	86.5	363.6	526.9	773.6	1,942.0
Prior year adjustment[2]	(1.2)	(4.9)	11.1	(2.9)	(90.0)	(87.9)
Adjusted balance at 1 January 2022	190.2	81.6	374.7	524.0	683.6	1,854.1
Additions	32.2	—	59.4	—	—	91.6
Assets acquired through business combinations	—	2.9	—	—	5.4	8.3
Disposal of subsidiary	—	(3.0)	(1.4)	(0.5)	(12.4)	(17.3)
Write offs	—	(1.8)	(4.3)	—	—	(6.1)
At 31 December 2022	222.4	79.7	428.4	523.5	676.6	1,930.6
Accumulated amortisation and impairment losses						
At 1 January 2022	110.6	72.7	241.3	346.2	125.1	895.9
Prior year adjustment[2]	(1.1)	(0.5)	6.2	(2.5)	(90.0)	(87.9)
Adjusted balance at 1 January 2022	109.5	72.2	247.5	343.7	35.1	808.0
Charge	24.3	2.9	49.7	32.9	—	109.8
Impairment loss	—	—	7.0	—	31.7	38.7
Disposal of subsidiary	—	(0.9)	—	(0.2)	—	(1.1)
Write offs	—	(1.8)	(3.9)	—	—	(5.7)
At 31 December 2022	133.8	72.4	300.3	376.4	66.8	949.7
Net book value						
At 31 December 2022	88.6	7.3	128.1	147.1	609.8	980.9
At 1 January 2022[2]	80.7	9.4	127.2	180.3	648.5	1,046.1

1 During the year, the Group acquired the Giove group for a total consideration of €6.0 million. As a result of this transaction, the Group recognised €7.3 million as the fair value of the intangible assets, of which €3.9 million is goodwill.

2 The comparative opening cost and accumulated amortisation at 1 January 2022 on each class of intangible assets were restated to correct legacy errors principally arising on disposal of the Financials CGU, when it was reclassified as held for sale in the year ended 31 December 2020. There was no impact to the net book value of the intangible assets both at 1 January 2022 and 31 December 2022.

Notes to the financial statements continued

Note 20 – Intangible assets continued

During the year, the research and development costs net of capitalised development costs were €101.2 million (2022: €88.3 million). The internal capitalisation for the year was €56.7 million (2022: €57.5 million).

Out of the total amortisation charge of €126.7 million (2022: €109.8 million), an amount of €42.6 million (2022: €42.0 million) relates to the intangible assets acquired through business combinations.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 13 cash-generating units (CGUs) (2022: 13).

The allocation of the goodwill to CGUs is as follows:

	2023 €'m	2022 €'m
Snai	263.4	259.7
AUS GMTC	4.4	4.4
Bingo retail	9.5	9.5
Casino	50.8	50.8
Poker	15.6	15.6
Eyecon	—	3.0
Quickspin	10.2	19.8
Sports B2B	60.3	132.5
VB retail	4.6	4.6
Services	109.9	109.9
Sports B2C	0.3	—
	529.0	609.8

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. During the annual detailed review, the recoverable amount of each CGU is determined from value in use calculations based on cash flow projections covering five years (using the Board approved three year plan along with a remaining two-year forecasted period) plus a terminal value which have been adjusted to take into account each CGU's major events as expected in future periods. A potential risk for future impairment exists should there be a significant change in the economic outlook versus those trends management anticipates in its forecasts due to the occurrence of these events.

With the exception of CGUs which have been fully impaired to date and CGUs deemed sensitive to impairment from a reasonably possible change in key assumptions as reviewed in further detail below, management has used the Group's three-year plan, however extended it to five years and calculated the growth estimates for years one to five by applying an average annual growth rate for revenue based on the underlying economic environment in which the CGU operates and the expected performance over that period. Beyond this period, management has applied an annual growth rate of 2.0%. Management has included appropriate capital expenditure requirements to support the forecast growth and assumed the maintenance of the current level of licences. Management has also applied post-tax discount rates to the cash flow projections as summarised below.

2023 CGUs not sensitive to changes in assumptions:

	Average revenue growth rate 2024-2028	Discount rate applied
Snai	3.1%	15.2%
AUS GMTC	15.8%	13.1%
Bingo retail	4.9%	13.8%
Casino	4.7%	13.1%
Poker	4.0%	14.9%

2022 CGUs not sensitive to changes in assumptions:

	Average revenue growth rate 2023-2027	Discount rate applied
Snai	9.4%	17.3%
Services	22.2%	16.2%
Casino	5.5%	13.9%
Poker	6.2%	17.4%
VB retail	10.0%	12.4%

In relation to the Eyecon, Quickspin and Sports B2B CGUs, following impairment tests completed as at 31 December 2023, impairments have been recognised as disclosed below. Certain other CGUs, which are specifically referred to below but not impaired, are considered sensitive to changes in assumptions used for the calculation of value in use.

Note 20 – Intangible assets continued

Eyecon CGU

The Eyecon CGU underperformed in 2022, mainly due to the fact that its operations are highly concentrated in the UK online market which has seen a slowdown due to the uncertain regulatory climate, with an impairment loss of €13.6 million recognised in the year ended 31 December 2022. Even though the unit is making considerable efforts to expand to new markets, this has yet to take effect. As a result, it continues to see declining revenues and has been unable to meet budgets set, which led to a further impairment of €7.8 million recognised in the current year, which impairs the assets down to the recoverable amount. The impairment is writing down €3.0 million of goodwill, €0.4 million of brands, €0.8 million of customer lists and €3.6 million of development costs. The recoverable amount of this CGU of €9.7 million, with a carrying value equal to €17.5 million (pre-impairment) at 31 December 2023, was determined using a cash flow forecast that includes annual revenue growth rates between 2.0% and 11.0% over the one to five-year forecast period (2022: annual revenue growth rates between 0% and 10.0%), 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 15.1% (2022: post-tax discount rate of 15.6%). Following the impairment posted, all assets have been impaired down to the recoverable amount.

Quickspin CGU

The recoverable amount of the Quickspin CGU was impaired in 2022 by €7.0 million, given the risk the CGU bore from the proportion of revenues being generated from the Group's B2B customers choosing to operate in areas with geopolitical tension and the overall decrease in the CGU performance which went through organisational updates. The unit is still going through a transitional period and has seen a decline in revenue in the last three years, which led to an additional €9.6 million impairment being recognised in the current year. The recoverable amount of this CGU of €32.1 million, with a carrying value of €41.7 million (pre-impairment) at 31 December 2023, has been determined using a cash flow forecast that includes annual revenue growth rates between 5.0% and 7.2% over the one to five-year forecast period (2022: annual revenue growth rates between 5.0% and 15.1%), 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 12.4% (2022: post-tax discount rate of 12.1%).

If the revenue growth rate per annum is lower by 1%, then an additional impairment of €6.2 million would be recognised. Similarly, if the discount rate increases by 1.0% to a post-tax discount rate of 13.4%, this would result in a further impairment of €2.9 million.

Sports B2B CGU

The recoverable amount of the Sports B2B CGU, with a carrying value of €236.2 million, has been determined using a cash flow forecast that includes annual revenue growth rates ranging from a decline of 20.0% to an increase of 15.0%, over the one to five-year forecast period (2022: annual revenue growth rates between negative 6.1% and 20.0% positive), a 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 13.7% (2022: post-tax discount rate of 14.9%). As a result of two major retail licensees terminating their contracts during the current year, the recoverable amount of €164.0 million does not exceed the carrying value as stated above (pre-impairment) and therefore an impairment loss of €72.2 million was recognised in the year ended 31 December 2023.

If the revenue growth rate per annum is lower by 1.0%, then an additional impairment of €20.2 million would be recognised. Similarly, if the discount rate increases by 1.0% to a post-tax discount rate of 14.7%, this would result in a further impairment of €16.4 million.

Bingo VF CGU

The recoverable amount of the Bingo VF CGU was impaired by €12.5 million during the year ended 31 December 2022 as a result of a contract termination with a significant licensee and also the decrease in the CGU's performance. Since last year the CGU has started to generate organic growth by expanding into new geographies. No further impairment has been recognised in the current year. The recoverable amount of the CGU of €12.9 million, with a carrying value of €12.6 million, has been determined using a cash flow forecast that includes annual revenue growth rates between 9.0% and 10.0% over the one to five-year forecast period (2022: annual revenue growth rates between negative 1.0% and positive 10.0%), a 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 15.1% (2022: post-tax discount rate of 15.8%). The recoverable amount would equal the carrying value of the CGU if:

- the discount rate applied reached a post-tax discount rate of 15.4%. If the discount rate increases by 1.0% to a post-tax discount rate of 16.1%, this would result in an impairment of €0.9 million; or
- the revenue growth was lower by 0.1% when compared to the forecasted average five-year growth. If the revenue growth was lower by 1.0% when compared to the forecasted average five-year growth, this would cause an impairment of €4.1 million.

VB Retail CGU

The recoverable amount of the VB Retail CGU showed signs of underperformance during H1 2023, mainly due to the cancellation of an important licensee deal that had been expected to launch in early 2023. Given that new opportunities are arising through the US business, no impairment has been recognised as at 31 December 2023. The recoverable amount of this CGU of €31.9 million, with a carrying value of €25.2 million at 31 December 2023, has been determined using a cash flow forecast that includes annual revenue growth rates between 8.0% and 13.0% over the one to five-year forecast period (2022: annual revenue growth rates between 8.0% and 18.0%), 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 12.7% (2022: 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 20.7%, i.e. reaching a post-tax discount rate of 15.3%; or
- the revenue growth was lower by 2.2% when compared to the forecasted average five-year growth.

Notes to the financial statements continued

Note 20 – Intangible assets continued

Services CGU

The recoverable amount of the Services CGU, with a carrying value of €283.9 million, which has not been impaired, has been determined using a cash flow forecast that includes annual revenue growth rates ranging from negative 7.0% and positive 6.2% over the one to five-year forecast period (2022: annual revenue growth rates between 5.0% and 38.0%), a 2.0% long-term growth rate (2022: 2.0% long-term growth rate) and a post-tax discount rate of 18.3% (2022: post-tax discount rate of 16.2%).

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

- the discount rate applied was higher by 41.4%, i.e. reaching a post-tax discount rate of 25.9%; or
- the revenue growth was lower by 4.5% when compared to the forecasted average five-year growth.

General

Whilst our current contract with Caliplay under which we are entitled to receive our fees (including the B2B licensee fees and the additional B2B services fees) is expiring in 2034, and this was our base assumption in our CGU impairment reviews, should there be material changes to the cash flows arising from the contract this could potentially lead to impairments in certain CGUs of the Group including Casino, Sports B2B, Services, Quickspin and Eyecon. However, given the headroom in the Casino CGU and relatively low levels of goodwill, there would need to be a number of other factors impacting the CGU before an impairment is apparent, and hence it is not considered sensitive and the additional disclosures given for the other more sensitive CGUs are not required for this CGU.

Note 21 – Investments and derivative financial assets

Introduction

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

	2023 €'m	2022 €'m
A. Investments in associates	51.5	36.6
B. Other investments	92.8	9.2
C. Derivative financial assets	827.8	636.4
	972.1	682.2

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

	2023 €'m	2022 €'m
Profit or loss		
A. Share of loss from associates	(0.8)	(3.8)
B. Unrealised fair value changes of equity investments	(6.6)	(0.3)
C. Unrealised fair value changes of derivative financial assets	153.4	6.0
Other comprehensive income		
Foreign exchange movement from the derivative call options and equity investments held in non-Euro functional currency subsidiaries	(5.9)	6.8
	140.1	8.7

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 31 December 2023, the foreign exchange movement of the derivative call options held in Caliplay, LSports and NorthStar (Note 21C) 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 and Tenbet and the small minority equity investment in Hard Rock Digital 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 7.

Note 21 – Investments and derivative financial assets continued

A. Investments in associates

Balance sheet

	2023 €'m	2022 €'m
Caliplay	—	—
ALFEA SPA	1.7	1.7
Galera	—	—
LSports	35.2	34.9
Stats International	—	—
NorthStar	9.0	—
Sporting News Holdings Limited	5.6	—
Total investment in equity accounted associates	51.5	36.6

Profit and loss impact

	2023 €'m	2022 €'m
Share of profit in ALFEA SPA	0.1	0.1
Share of loss in Galera	—	(3.6)
Share of profit/(loss) in LSports	2.1	(0.3)
Share of loss in NorthStar	(2.8)	—
Share of loss in Sporting News Holdings Limited	(0.2)	—
Total profit and loss impact	(0.8)	(3.8)

Movement on the balance sheet

	ALFEA SPA €'m	LSports €'m	NorthStar €'m	Sporting News Holdings Limited €'m	Total €'m
Balance as at 31 December 2022/1 January 2023	1.7	34.9	—	—	36.6
Additions	—	—	3.4	5.8	9.2
Conversion of convertible loan to shares	—	—	8.4	—	8.4
Share of profit/(loss)	0.1	2.1	(2.8)	(0.2)	(0.8)
Dividend income	(0.1)	(1.8)	—	—	(1.9)
Balance as at 31 December 2023	1.7	35.2	9.0	5.6	51.5

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 31 December 2023 or 31 December 2022 (the "Playtech M&A Call Option").
- Caliente received a put option which would require Playtech to acquire September Holding Company B.V. for a nominal amount (the "September Put Option"). This option has been exercised and the parties are in the process of transferring legal ownership of September Holding Company B.V. to the Group.

The Group has no equity holding in Caliplay 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 10). 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 year ended 31 December 2023 was €111.7 million (2022: €66.3 million). In addition, for 45 days after the finalisation of Caliplay's 2021 accounts, Caliplay also had an option to redeem the Group's additional B2B services fee or (if the Playtech Call Option had been exercised at that time) Caliente would have the option to acquire Playtech's 49% stake in Caliplay (together the "Caliente Call Option").

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Caliplay continued

Background continued

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 has not changed its position with regard to this assumption and the matter is still unresolved with the English litigation still ongoing.

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

Assessment of control and significant influence

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

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

As at 31 December 2023 and 2022, 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 31 December 2023 and 2022, although it still has not been exercised. As the Group has significant influence and the option is exercisable, the investment is recognised as an investment in associate using the equity accounting method which includes having current access to profits and losses. The cost of the investment was previously deemed to be the loan given through September Holdings of €16.8 million, which at the time was assessed under IAS 28, paragraph 38 as not recoverable for the foreseeable future and part of the overall investment in the entity.

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

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

As per the judgement in Note 7, 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.

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Caliplay continued

Accounting for each of the options continued

Below is the financial information of Caliplay:

	31 December 2022[1,2] €'m
Current assets	96.7
Non-current assets	30.3
Current liabilities	(78.1)
Non-current liabilities	—
Equity	48.9
Revenue	532.1
Profit from continuing operations	30.4
Other comprehensive income, net of tax	2.5
Total comprehensive income	32.9

1 The 2022 balances above have been extracted from Caliplay's draft 2022 financial statements.

2 The Group has been unable to obtain the full 2023 financial information from Caliplay. However, based on information provided by Caliplay, the estimated revenue is €700.4 million and estimated profit from continuing operations before tax (which takes account of the deduction of the Group's unpaid B2B licensee fees and additional B2B services fees) is €80.0 million.

Investment in ALFEA SPA

The Group has held 30.7% equity shares in ALFEA SPA since June 2018. At 31 December 2023, the Group's value of the investment in ALFEA SPA was €1.7 million (2022: €1.7 million). A share of profit of €0.1 million was recognised in profit or loss for the year ended 31 December 2023 (2022: a share of profit of €0.1 million 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 31 December 2023, an amount of €39.2 million, which is included in loans receivable under other non-current assets (refer to Note 22), has been drawn down (2022: €26.9 million). An amount of €12.3 million has been loaned in the year ended 31 December 2023. The loan is required to be repaid to Playtech prior to any dividend distribution to the current shareholders of Galera. The Group recognised an allowance for expected credit losses for the loan to Galera of €1.6 million at 31 December 2023 (2022: €1.1 million).

In respect of the loan receivable from Galera, even though the framework agreement does not state a set repayment term, management has assessed that this should still be recognised as a loan as opposed to part of the overall investment in associate in line with IAS 28. The Directors have made a judgement that the loan will be settled from operational cash flows as opposed to being settled as part of an overall transaction. If the Group had determined that the loan was part of the overall investment in associate, an additional cumulative €17.3 million share of loss of associate would have been recorded in retained earnings since the investment was made, of which €3.6 million would have been recognised in 2023 in the profit or loss (2022: if the Group had determined that the loan was part of the overall investment in associate, an additional cumulative €13.7 million share of loss of associate would have been recorded in retained earnings since the investment was made, of which €11.6 million would have been recognised in 2022 in profit or loss).

On 31 October 2023, Ocean 88 acquired 60% of F12.bet. Playtech has loaned Ocean 88 the amount of $10.1 million (€9.5 million) for the acquisition of F12.bet which is included in loans receivable from related parties (refer to Note 22). The loan is repayable within five years from the disbursement date. The Group recognised an allowance for expected credit losses for the additional loan to Galera of €0.4 million as at 31 December 2023 (2022: €Nil).

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.

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Investment in Galera continued

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 year ended 31 December 2023 (2022: €Nil).

The cost of the investment was deemed to be the price paid for the option of $5.0 million (€4.2 million), which was 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 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 31 December 2023, the fair value of the LSports derivative financial asset increased to €4.8 million. 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 (refer to part of Note 21C).

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.

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Investment in LSports continued

Assessment of control and significant influence

As at the date of acquisition, 31 December 2023 and 2022, 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 31 December 2023, there is still no ability to control the relevant activities, as the total number of directors including the Playtech appointed director is five;
- Playtech has neither the ability to change any members of the board nor of the management of LSports; and
- as at 31 December 2023 and 31 December 2022 the option is not exercisable and therefore can be disregarded in the assessment of power.

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

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

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

Purchase Price Allocation (PPA)

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

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

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

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. The total share of profit recognised in profit or loss in the year ended 31 December 2023 from the investment is LSports was €2.1 million (2022: €0.3 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 2023, the Group received a dividend of €1.8 million from LSports (2022: €Nil), 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 31 December 2023 and 2022, the carrying value of the loan was €2.2 million (Note 22). 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 10. As the business is still a start-up, the additional B2B services fee as at 31 December 2023 was €Nil (2022: €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.

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Investment in Stats International continued

Background continued

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 31 December 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.

After the additional investment in October 2023, Playtech owns approximately 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 31 December 2023, an amount of CAD 5.0 million (€3.5 million), which is included in loans receivable from related parties (refer to Note 22), has been drawn down (2022: €Nil). 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.

The fair value of all of Playtech's warrants is €Nil as at 31 December 2023 (refer Note 21C).

Assessment of control and significant influence

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

- despite representation on the NorthStar board of directors by Playtech's CFO from the initial investment and later on, with the additional investment made, a further Playtech employee also being appointed, there is still no ability to control the relevant activities, as the total number of 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 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 21C).

Note 21 – Investments and derivative financial assets continued

A. Investments in associates continued

Investment in NorthStar continued

Purchase Price Allocation (PPA)

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

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

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

Goodwill is not recognised separately but is included as part of the carrying amount of the investment in associate. 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 November and December 2023 was 27.5%. The total share of loss recognised in profit or loss in the year ended 31 December 2023 from the investment in NorthStar was €2.8 million (2022: €Nil). 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 at 31 December 2023 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 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 31 December 2023, 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 on 31 December 2023 through the recognition of the Group's share of losses.

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); and
- Onjoc (Panama).

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.

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

B. Other investments

Balance sheet

	2023 €'m	2022 €'m
Listed investments	15.8	1.4
Investment in Tenlot Guatemala	—	4.4
Investment in Tentech Costa Rica	—	2.1
Investment in Gameco	—	1.3
Investment in Hard Rock Digital	77.0	—
Total other investments	**92.8**	9.2

Statement of comprehensive income

	2023 €'m	2022 €'m
Profit and loss		
Change in fair value of equity investments	(6.6)	(0.3)
Impairment of investment in Gameco (included in the impairment of financial assets)	(1.3)	—
	(7.9)	(0.3)
Other comprehensive income		
Foreign exchange movement from equity investments held in a non-Euro functional subsidiary	(2.6)	—

Listed investments

The Group has shares in listed securities, noting that new shares in listed securities were purchased during the year 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 year ended 31 December 2023, the fair values of these listed securities have increased by €0.1 million (2022: decrease of €0.3 million).

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 31 December 2023 was reduced to €Nil because of changes to market conditions which led to changes in its original business plans (2022: €4.4 million). 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 year ended 31 December 2023 (2022: €Nil). There are no conditions attached to the exercise of the option.

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

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

It therefore satisfies all the criteria of control under IFRS 10, paragraph 7 and, as such, at 31 December 2023 Super Sports S.A. has been consolidated in the consolidated financial statements of the Group, noting that this is not material from a Group perspective.

Investment in Tentech Costa Rica

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

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

The fair value of the equity holding as at 31 December 2023 was reduced to €Nil (2022: €2.1 million) 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.

Note 21 – Investments and derivative financial assets continued

B. Other investments continued

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 31 December 2023, the fair value of the equity holding has been impaired down to €Nil (2022: €1.3 million).

Investment in Hard Rock Digital

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

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.

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

Since the date the investment was made until 31 December 2023, there have been no changes in the operations of HRD that would indicate that the fair value of the investment would be different to the original arm's length price paid of $85.0 million (€79.8 million). This continues to be the case, despite the positive outcome of the federal appeals court overturning a ruling that prevented HRD from relaunching its operations in support of The Seminole Tribe of Florida's mobile and retail sports books in Florida, a decision that is currently being appealed.

The foreign exchange movement of the investment held in HRD is recorded through other comprehensive income as the investment is held in a USD functional currency entity. The impact of the foreign exchange movement of the investment is a loss of €2.8 million in other comprehensive income for the year ended 31 December 2023.

C. Derivative financial assets

Balance sheet

	2023 €'m	2022 €'m
Playtech M&A Call Option (Caliplay)	**730.2**	524.0
Wplay	**88.0**	93.5
Onjoc	**3.1**	8.6
Tenbet	**1.7**	8.9
NorthStar warrants (Note 21A)	**—**	—
LSports (Note 21A)	**4.8**	1.4
Total derivative financial assets	**827.8**	636.4

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

Statement of comprehensive income impact

	2023 €'m	2022 €'m
Caliplay		
Fair value change of Playtech M&A Call Option	**180.9**	(13.3)
Playtech Call Option	**—**	—
Foreign exchange movement to profit or loss	**(16.0)**	30.6
Wplay		
Fair value change in Wplay	**(2.7)**	(9.4)
Foreign exchange movement recognised in other comprehensive income	**(2.8)**	5.7
Onjoc		
Fair value change in Onjoc	**(5.3)**	1.3
Foreign exchange movement recognised in other comprehensive income	**(0.2)**	0.4
Tenbet		
Fair value change in Tenbet	**(6.9)**	(3.2)
Foreign exchange movement recognised in other comprehensive income	**(0.3)**	0.7
LSports		
Fair value change of call option (Note 21A)	**3.4**	—
Total comprehensive income impact	**150.1**	12.8

Caliplay

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

As at 31 December 2023 and 2022, the valuation methodology used for the Playtech M&A Call Option was that of a discounted cash flow (DCF) approach with a market exit multiple assumption.

As already mentioned in part A of Note 21, the Group is seeking a declaration from the English Courts to obtain clarification on a point of disagreement between the parties in relation to the Caliente Call Option and, in particular, whether Caliplay still holds this option which permits it to redeem the additional B2B services fee element. Should it be declared that Caliplay still has the Caliente Call Option and Caliplay then exercises said option, this would cancel both the Playtech M&A Call Option and the Playtech Call Option. The Group believes the Caliente Call Option has expired and whilst Caliplay has not sought to exercise the option to date, Caliplay has made it clear that it considers the option has not yet expired.

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

Furthermore, and as disclosed in further detail under Note 7, the disputes with Caliplay now also include a dispute in relation to the additional B2B services fees and B2B licensee fees. The dispute relates to amounts that date back to the summer of 2023 and remain outstanding from Caliplay today. The impact of this dispute has been considered below by including a higher specific risk premium in the discount rate used for the DCF, to reflect what a willing third-party buyer would pay for the rights to this option, as things stand with the ongoing dispute.

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

Caliplay continued

Valuation

The Group has assessed the fair value of the Playtech M&A Option as at 31 December 2023 using a DCF approach with a market exit multiple assumption.

The Group's view of a reasonable market participant base discount rate for the 31 December 2023 valuation is unchanged since last year. However, due to the ongoing legal proceedings and the dispute with Caliplay as described above, the Group has adjusted the fair value of the Playtech M&A Call Option to reflect this risk, by including an additional company-specific risk premium in the discount rate, which overall increased it to 20% (2022: 16%).

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. Management did not model a scenario of no exit as this is considered highly remote. The Group used a compound annual growth rate of 17.0% (2022: 17.2%) on revenue over the forecasted cash flow period, an average Adjusted EBITDA margin of 31.3% (2022: 26.3%) and an exit multiple of 7.7x (2022: 9.6x). The decrease in the exit EBITDA multiple is supported by the observed median EV/EBITDA multiple of the publicly listed peers as at 31 December 2023 and share price declines. Due to the uncertainty as to how the exercise of the Playtech M&A Call Option may occur and the potential for the shares held to not be immediately realisable, the Group included an additional discount for lack of marketability (DLOM) for two years of 10.0% (2022: 13.8%). Furthermore, Playtech's share in Caliplay was adjusted to reflect the rights to Caliplay shares that a service provider has under its services agreement with the Group. Finally, taking account of matters arising in the period, Playtech has included some probability weighted scenarios to consider the impact of the COC Option as explained in part A of this Note, noting that the probabilities assigned to this scenario are above zero but low, as compared to the 31 December 2022 valuation where it was assumed that there was no impact (i.e. 0% probability scenarios).

As at 31 December 2023, the fair value of the Playtech M&A Call Option was $805.8 million (2022: $560.6 million) which converted to €730.2 million (2022: €524.0 million). The period-on-period change in the fair value of the Playtech M&A call option is a combination of an uplift:

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

These were partially offset by:

- the reduction in the exit multiple as explained above;
- the increase in the discount rate to reflect the ongoing litigation risk;
- unfavourable movement in the USD to EUR foreign exchange rate; and
- the impact of including scenarios whereby there is a small probability that the COC Option will be exercised.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2023 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 18% to 22% will result in a fair value of the derivative financial asset in the range of €679.6 million – €785.6 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €691.3 million – €769.3 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €652.4 million – €808.2 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €598.9 million – €885.3 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €487.5 million – €1,066.5 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 €666.9 million – €793.7 million.
- If the 10% DLOM applied for the two-year period post exercise of the Playtech M&A Option fluctuates by 5% (i.e. in the event that an M&A transaction included the acquisition of Playtech's shares immediately post exercise) the fair value of the derivative financial asset would be within the range of €694.1 million – €766.6 million.
- If the incremental annual DLOM on option fluctuates by 2.5% (to 2.5% and 7.5% instead of 5%) this will result in a fair value of the derivative financial asset within the range of €690.4 million – €769.3 million.
- If the M&A call option weighted at 100% probability of exercise relative to the standalone COC option payment, regardless of the exit date scenario, the fair value of the derivative financial asset would be €811.0 million.
- If the M&A call option weighted at even 50% between the probability of exercise of the standalone Playtech M&A Call Option and the standalone COC option payment, the fair value of the derivative financial asset would be €621.6 million.

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

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 10. The Group has no shareholding in Wplay.

Playtech has a call option to acquire a 49.9% equity holding in the Wplay business. As at 31 December 2022 this option was exercisable in August 2023. In 2023, the option exercise date was deferred to February 2024, however management was in active discussions with Wplay to further extend the option exercise date pre-year end. The extension was signed in February 2024, and the option exercise date was deferred to February 2025, or earlier if an M&A event takes place. For the call option valuation as at 31 December 2023, Playtech assumed that the call option cannot be exercised any date before February 2025. 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 €1.2 million for the year ended 31 December 2023 (2022: €Nil).

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

Assessment of control and significant influence

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

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

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

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

The Group therefore has significant influence under IAS 28, paragraph 6 over Wplay. However, as the option is not currently exercisable, 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, an interest-bearing and a non-interest-bearing one, of \$1.7 million (€1.6 million) and \$0.5 million (€0.5 million) respectively. The combined outstanding balance as at 31 December 2023 is \$1.3 million (€1.3 million) and is due for repayment within the next 12 months. The loans are included in loans receivable from related parties (refer to Note 24).

Valuation

The fair value of the option at 31 December 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 22% (2022: 25%), the 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 (2022: expected exit date of December 2026). The Group used a compound annual growth rate of 8.2% (2022: 24.7%) over the forecasted cash flow period, an average Adjusted EBITDA margin of 28.5% (2022: 20.6%) and an exit multiple of 10.2x (2022: 9.6x). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point, therefore no further discounts were applied post transaction. Furthermore, Playtech's share in Wplay was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 31 December 2023, the fair value of the Wplay derivative financial asset is €88.0 million. The difference of €5.5 million between the fair value at 31 December 2022 of €93.5 million and the fair value at 31 December 2023 has been recognised as follows:

a. €2.7 million derived from the fair value decrease of the derivative call option calculated using the DCF model in profit or loss for the year ended 31 December 2023. The decrease was due to downgrading the forecasts because of the new marketing regulations becoming effective in Colombia from January 2024, which restrict the amounts that can be spent on marketing each year by operators, and offset by the decrease in the discount rate and the increase in the exit multiple.

b. €2.8 million derived from the fair value decrease due to the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income for the year ended 31 December 2023.

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

Wplay continued

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2023 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 17% to 27% will result in a fair value of the derivative financial asset in the range of €74.3 million – €105.1 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €83.6 million – €92.4 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €79.2 million – €96.8 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €83.1 million – €93.0 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €78.3 million – €98.0 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €81.2 million – €94.9 million.
- If the expected Playtech exit date is extended by one year, the fair value of the derivative financial asset will decrease to €82.9 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 10. 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 year ended 31 December 2023 (2022: €Nil). The option can be exercised any time subject to Onjoc having $15.0 million of Gross Gaming Revenue (GGR) over a consecutive 12-month period.

Assessment of control and significant influence

The Group performed an analysis for Onjoc to assess whether it holds power over Onjoc (in accordance with IFRS 10, paragraph 7) with the following considerations:

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

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

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

The Group therefore has significant influence under IAS 28, paragraph 6 over Onjoc. However, as the option is not currently exercisable, 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 €2.3 million (2022: €1.8 million) which is due for repayment in October 2025 and is included in loans receivable from related parties (refer to Note 22).

Notes to the financial statements continued

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

Onjoc continued

Valuation

The fair value of the option at 31 December 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 32% (2022: 33%) reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date of December 2027 (2022: expected exit date of December 2027). The Group used a compound annual growth rate of 49.2% (2022: 60.1%) over the forecasted cash flow period and an average Adjusted EBITDA margin of 24.2% (2022: 20.4%). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point, therefore no further discounts applied post transaction. Furthermore, Playtech's share in Onjoc was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 31 December 2023, the fair value of the Onjoc derivative financial asset is €3.1 million. The difference of €5.5 million between the fair value at 31 December 2022 of €8.6 million and the fair value at 31 December 2023 has been recognised as follows:

a. €5.3 million derived from the fair value decrease of the derivative call option calculated using the DCF model in profit or loss in the year ended 31 December 2023. This decrease is mostly due to the revised cash flow forecasts used in the valuation which have been downgraded based on Onjoc's current performance.

b. €0.2 million derived from the fair value decrease from the exchange rate fluctuation of USD to EUR (as the derivative call option is under a foreign subsidiary of the Group whose functional currency is USD) in other comprehensive income in the year ended 31 December 2023.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2023 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 27% to 37% will result in a fair value of the derivative financial asset in the range of €2.4 million – €4.0 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €2.9 million – €3.3 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €2.7 million – €3.6 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €2.2 million – €4.1 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €1.3 million – €5.1 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €2.5 million – €3.7 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 year ended 31 December 2023 (2022: €Nil). In H1 2023, the Group signed an amendment to the Tenbet agreement in which the option can be exercised at any time from July 2024 (previously 35 months of Tenbet going live). 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 €4.5 million, out of which €4.2 million (Note 22) had been drawn down as at 31 December 2023 (2022: €2.1 million).

Assessment of control and significant influence

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

- Playtech does not have the ability to direct Tenbet's activities as it has no voting representation on the board of directors (or equivalent) or people in managerial positions;
- Playtech has neither the ability to appoint, nor change, any members of the board of Tenbet; and
- as at 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.

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 provides additional services to Tenbet which Tenbet requires to assist it in successfully running its operations that could be considered essential technical information. Playtech therefore has significant influence under IAS 28, paragraph 6 over Tenbet. However, as the option is not currently exercisable, 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.

Note 21 – Investments and derivative financial assets continued

C. Derivative financial assets continued

Tenbet Costa Rica continued

Valuation

The fair value of the option at 31 December 2023 has been estimated using a DCF approach with a market exit multiple assumption. The Group used a discount rate of 33% (2022: 35%) reflecting the cash flow risk given the high growth rates in place and the early stages of the business, as well as a discount for illiquidity and control until the expected Playtech exit date of December 2028 (2022: expected exit date of December 2027). The Group used a compound annual growth rate of 96.2% (2022: 135%) over the forecasted cash flow period and an average Adjusted EBITDA margin of 0.9% (2022: average of -59.8%). As part of the agreement, there is a lock-in mechanism that contractually might prevent Playtech from selling the resulting shares, however an assumption was made that if the exit date assumed in the model is earlier, then both parties would be in agreement to this earlier exit point. Furthermore, Playtech's share in Tenbet was adjusted to reflect the rights to shares that a service provider has under its services agreement with the Group.

As at 31 December 2023, the fair value of the Tenbet derivative financial asset is €1.7 million. The difference of €7.2 million between the fair value at 31 December 2022 of €8.9 million and the fair value at 31 December 2023 has been recognised as follows:

a. €6.9 million derived from the fair value decrease of the derivative call option calculated using the DCF model in profit or loss in the year ended 31 December 2023. 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. €0.3 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 year ended 31 December 2023.

Sensitivity analysis

The assumptions and judgements made in the valuation of the derivative financial asset as at 31 December 2023 include the following sensitivities, noting that factors and circumstances may arise that are outside the Group's control which could impact the option value:

- A different discount rate within the range of 28% to 38% will result in a fair value of the derivative financial asset in the range of €1.0 million – €2.6 million.
- A 5% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €1.4 million – €2.0 million.
- A 10% fluctuation in the Adjusted EBITDA margin will result in a fair value of the derivative financial asset within the range of €1.2 million – €2.2 million.
- A 5% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €Nil – €3.9 million.
- A 10% fluctuation in the revenue growth rate will result in a fair value of the derivative financial asset within the range of €Nil – €6.3 million.
- A 1.0 fluctuation on the market exit multiple will result in a fair value of the derivative financial asset within the range of €1.1 million – €2.3 million.

Notes to the financial statements continued

Note 22 – Other non-current assets

	2023 €'m	2022 €'m
Security deposits	**4.3**	3.3
Guarantee for gaming licences	**2.2**	2.2
Prepaid costs relating to Sun Bingo contract	**58.7**	63.4
Loans receivable (net of ECL)	**3.1**	1.7
Loans receivable from related parties (net of ECL) (Note 37)	**58.5**	27.9
Other receivables	**10.2**	11.1
	137.0	109.6

The movement of loans and interest receivable is as follows:

	€'m
Balance as at 1 January 2023	**45.9**
Net loans granted/repaid	**23.4**
Non-cash loans granted (transfer from trade receivables)	**4.5**
Non-cash loans repayment (transfer from trade payables)	**(0.3)**
Conversion of loan to equity investment (Note 21A)	**(8.4)**
Interest charge for the year	**1.9**
ECL	**(0.9)**
Impairment of loans receivable	**(1.5)**
Foreign exchange movements	**(1.3)**
Balance as at 31 December 2023	**63.3**
Split to:	
Non-current assets	**61.6**
Current assets (Note 24)	**1.7**
	63.3

Note 23 – Trade receivables

	2023 €'m	2022 €'m
Trade receivables	**109.9**	144.5
Related parties (Note 37)	**99.1**	20.5
Trade receivables – net	**209.0**	165.0
Split to:		
Non-current assets	**1.9**	1.1
Current assets	**207.1**	163.9
	209.0	165.0

Note 24 – Other receivables

	2023 €'m	2022 €'m
Prepaid expenses	**23.3**	23.4
VAT and other taxes	**14.8**	13.6
Security deposits for regulators	**24.4**	24.2
Prepaid costs relating to Sun Bingo contract	**4.4**	3.6
Receivable for legal proceedings and disputes[1]	**16.4**	16.4
Loans receivable (net of ECL)	**0.5**	13.0
Loans receivable from related parties (net of ECL) (Note 37)	**1.2**	3.3
Other receivables from related parties (Note 37)	**0.3**	—
Other receivables	**15.2**	10.1
	100.5	107.6

1 Receivable for legal proceedings and disputes relates to funds held in escrow, in relation to a historical and ongoing legal matter. The corresponding liability is included under gaming and other taxes. The funds will be released when the case is finally settled, in accordance with the escrow agreement.

Note 25 – Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2023 €'m	2022 €'m
Cash at bank	516.6	426.8
Deposits	—	0.1
Cash and cash equivalents in the statement of cash flows	516.6	426.9
Less: expected credit loss (Note 39A)	(0.4)	(0.4)
	516.2	426.5

Out of the total cash at bank, an amount of €9.4 million was held by payment processors as at 31 December 2023 (2022: €6.8 million).

The Group holds cash balances on behalf of operators in respect of their jackpot games and poker and casino operations, as well as client funds with respect to B2C.

	2023 €'m	2022 €'m
Funds attributed to jackpots	81.1	84.7
Security deposits	29.9	29.6
Players' balances	41.9	39.8
	152.9	154.1

Note 26 – Assets held for sale

	2023 €'m	2022 €'m
Assets		
Property, plant and equipment	19.3	19.6

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

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

Notes to the financial statements continued

Note 27 – Shareholders' equity

A. Share capital

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

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

1 The Company has no authorised share capital, but 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 2022	299,244,326	2,937,550	7,112,367	309,294,243
Exercise of options	1,743,990	—	(1,743,990)	—
At 31 December 2022/1 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	3,704,491	—	(3,704,491)	—
At 31 December 2023	**304,692,807**	—	**4,601,436**	**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 ended 31 December 2023, 3,704,491 shares (2022: 1,743,990) were issued at a cost of €11.9 million (2022: €6.0 million). As at 31 December 2023, a balance of 4,601,436 shares (2022: 5,368,377 shares) remains in the EBT with a cost of €17.8 million (2022: €17.2 million).

C. Share options exercised

During the year 3,880,633 (2022: 1,794,438) share options were exercised, of which 176,142 were cash settled (2022: 50,448).

D. Distribution of dividends

During 2023 the Group did not pay any dividends.

E. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Employee Benefit Trust	Cost of own shares held in treasury by the trust
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 28 – 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 (2022: €Nil).

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

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

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

Note 29 – Bonds

	2018 Bond €'m	2019 Bond €'m	2023 Bond €'m	Total €'m
At 1 January 2022	527.6	347.4	—	875.0
Repayment of bonds	(330.0)	—	—	(330.0)
Release of capitalised expenses	2.0	0.6	—	2.6
At 31 December 2022/1 January 2023	199.6	348.0	—	547.6
Repayment of bonds	(200.0)	—	—	(200.0)
Issue of new bond	—	—	297.2	297.2
Release of capitalised expenses	0.4	0.6	0.3	1.3
At 31 December 2023	**—**	**348.6**	**297.5**	**646.1**

	2023 €'m	2022 €'m
Split to:		
Non-current	**646.1**	348.0
Current	**—**	199.6
	646.1	547.6

Bonds

(a) 2018 Bond

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

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

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

During the year ended 31 December 2022, the Group 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 31 December 2023 and 2022, the Group met the required interest cover financial covenant of 2:1 Adjusted EBITDA/Interest ratio, for the combined 2018, 2019 and 2023 Bonds.

Notes to the financial statements continued

Note 30 – 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 31 December 2023 are shown below:

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
Balance at 1 January 2023	7.3	4.2	2.4	13.9
Provisions made during the year	0.6	1.9	0.9	3.4
Provisions used during the year	(1.1)	(3.7)	(0.2)	(5.0)
Provisions reversed during the year	(1.1)	(1.6)	(0.1)	(2.8)
Balance at 31 December 2023	**5.7**	**0.8**	**3.0**	**9.5**

	Legal and regulatory €'m	Contractual €'m	Other €'m	Total €'m
2022				
Non-current	7.3	0.3	2.4	10.0
Current	—	3.9	—	3.9
	7.3	4.2	2.4	13.9
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**

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 31 – Contingent consideration

	2023 €'m	2022 €'m
Non-current contingent consideration		
Acquisition of Aus GMTC PTY Ltd	5.4	2.1
Others	0.4	0.2
Total non-current contingent consideration	5.8	2.3
Current contingent consideration consists of:		
Other acquisitions	0.4	0.6
Total current contingent consideration	0.4	0.6
Total contingent consideration	6.2	2.9

The maximum contingent consideration payable is as follows:

	2023 €'m	2022 €'m
Acquisition of Aus GMTC PTY Ltd	45.3	46.7
Other acquisitions	0.8	0.8
	46.1	47.5

Note 32 – Trade payables

	2023 €'m	2022 €'m
Suppliers	46.0	47.0
Customer liabilities	20.9	14.2
	66.9	61.2

Note 33 – Deferred tax

The movement on the deferred tax is as shown below:

	2023 €'m	2022 €'m
Balance at 1 January	(10.8)	14.0
Adjustment on initial recognition of IAS 12 amendment (restated Note 4A)	—	1.5
Balance at 1 January (restated)	(10.8)	15.5
Charge to profit or loss (Note 15)	(87.4)	(26.3)
On business combinations	(0.9)	—
At 31 December	(99.1)	(10.8)

	2023 €'m	2022 €'m
Split as:		
Deferred tax liability	(161.6)	(124.8)
Deferred tax asset	62.5	114.0
	(99.1)	(10.8)

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

As at 31 December 2023, the Directors continued to recognise deferred tax assets arising from temporary differences and tax losses carried forward, with the latter only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Please refer to Notes 7 and 15 for the assessment performed on the recognition of deferred tax in the period.

Notes to the financial statements continued

Note 33 – Deferred tax continued

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

	2023 €'m	2022 €'m
Deferred tax recognised on Group restructuring	47.2	56.8
Tax losses	29.7	75.9
Other temporary and deductible differences	(6.4)	30.3
Deferred tax on acquisitions	(81.2)	(88.4)
Intangible assets	(88.4)	(85.4)
	(99.1)	(10.8)

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

	2023 €'m	2022 €'m
Accelerated capital allowances	(2.0)	(1.3)
Employee pension liabilities	—	(0.3)
Other temporary and deductible differences	(39.4)	(26.6)
Leases	0.1	(0.1)
Tax losses	(46.1)	2.0
	(87.4)	(26.3)

Note 34 – Other payables

	2023 €'m	2022 €'m
Non-current liabilities		
Payroll and related expenses	30.6	23.9
Other	4.2	1.0
	34.8	24.9
Current liabilities		
Payroll and related expenses	99.8	99.7
Accrued expenses	76.0	48.2
VAT payable	2.7	3.0
Interest payable	5.9	7.4
Other payables	33.1	10.8
	217.5	169.1

Note 35 – Gaming and other taxes payable

	2023 €'m	2022 €'m
Gaming tax	116.1	112.5
Other	—	0.3
	116.1	112.8

Note 36 – Acquisitions during prior year

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.

Note 37 – 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 year, Group companies entered into the following transactions with related parties which are not members of the Group:

	2023 €'m	2022 €'m
Revenue		
Investments in associates	**193.4**	132.7
Interest income		
Investments in associates	**1.7**	0.8
Operating expenses		
Investments in associates	**0.7**	—
Dividend income		
Investments in associates	**2.0**	—

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:

	2023 €'m	2022 €'m
Trade receivables (Note 23)		
Investments in associates	**99.1**	20.5
Other receivables (Note 24)		
Investments in associates	**0.3**	—
Loans and interest receivable – current (Note 24)		
Investments in associates	**1.3**	3.4
Loans and interest receivable – non-current (Note 22)		
Investments in associates	**60.9**	29.0

The loans and interest receivables above do not include the expected credit losses. For the year ended 31 December 2023, the Group recognised a provision for expected credit losses of €0.1 million relating to amounts owed by related parties in less than one year (2022: €0.1 million) and €2.4 million for more than one year (2022: €1.2 million).

The loans due from related parties are further disclosed in Note 21.

Key management personnel compensation, which includes the Board members (Executive and Non-executive Directors) and senior management personnel, comprised the following:

	2023 €'m	2022 €'m
Short-term employee benefits	**16.5**	13.6
Post-employment benefits	**0.1**	0.1
Termination benefits	**0.1**	1.2
Share-based payments	**2.8**	2.2
	19.5	17.1

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 €12.5 million (2022: €5.9 million).

Notes to the financial statements continued

Note 38 – Subsidiaries

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Holdings Limited	Isle of Man	100%	Main trading company of the Group up to December 2020, which owned the intellectual property rights and licensed the software to customers. From January 2021 onwards, following the transfer of intellectual property rights to Playtech Software Limited, the principal activity of this company is the holding of investment in subsidiaries
Playtech Software Limited	United Kingdom	100%	Main trading company from 2021 onwards, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers. From January 2021 onwards, the principal activity is the holding of investment in subsidiaries
Playtech Services (Cyprus) Limited	Cyprus	100%	Manages the iPoker Network in regulated markets and is a main holding company of the Group
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Intelligent Gaming Systems Limited	United Kingdom	100%	Casino management systems to land-based businesses
VF 2011 Limited	Alderney	100%	Holds licence in Alderney for online gaming and Bingo B2C operations
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services group
PT Entretenimiento Online EAD	Bulgaria	100%	Poker and bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Holding company
PT Operational Services Limited	British Virgin Islands	100%	Holding company
PT Network Management Limited	British Virgin Islands	100%	Holding company
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLTs
Quickspin AB	Sweden	100%	Owns video slots intellectual property
Best Gaming Technology GmbH	Austria	100%	Trading company for sports betting
Playtech BGT Sports Limited	Cyprus	100%	Trading company for sports betting and provider of development services
ECM Systems Ltd	United Kingdom	100%	Owns bingo software intellectual property and bingo hardware
Eyecon Limited	Alderney	100%	Develops and provides online gaming slots
Rarestone Gaming PTY Ltd	Australia	100%	Development company
HPYBET Austria GmbH	Austria	100%	Operating shops in Austria
Snaitech SPA	Italy	100%	Italian retail betting market and gaming machine market
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Provider of marketing support services, software development and support services
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria EOOD	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management services company
Techplay S.A. Software Limited	Israel	100%	Software development and operational support services
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to Group companies
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
PokerStrategy Ltd	Gibraltar	100%	Operates poker community business
Snai Rete Italia S.r.l.	Italy	100%	Italian retail betting market
PT Services UA LTD	Ukraine	100%	Designs, develops and manufactures software
Trinity Bet Operations Ltd	Malta	100%	Retail and digital sports betting
Euro live Technologies SIA	Latvia	100%	Provider of live services to Group companies

Note 39 – Financial instruments and risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments of the Group, from which financial instrument risks arises, are as follows:

- trade receivables;
- loans receivable;
- convertible loans;
- cash and cash equivalents;
- investments in equity securities;
- derivative financial assets;
- trade payables;
- bonds;
- loans and borrowings; and
- contingent consideration.

Financial instrument by category
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

			Carrying amount	Fair value		
	Note	Measurement category	2023 €'m	Level 1 €'m	Level 2 €'m	Level 3 €'m
31 December 2023						
Non-current assets						
Equity investments	21B	FVTPL	92.8	15.8	—	77.0
Derivative financial assets	21C	FVTPL	827.8	—	—	827.8
Convertible loans	22	FVTPL	3.5	—	—	3.5
Trade receivables	23	Amortised cost	1.9	—	—	—
Loans receivable	22	Amortised cost	58.1	—	—	—
Current assets						
Trade receivables	23	Amortised cost	207.1	—	—	—
Loans receivables	24	Amortised cost	1.7	—	—	—
Cash and cash equivalents	25	Amortised cost	516.2	—	—	—
Non-current liabilities						
Bonds	29	Amortised cost	646.1	—	—	—
Lease liability	19	Amortised cost	61.9	—	—	—
Contingent consideration	31	FVTPL	5.8	—	—	5.8
Current liabilities						
Trade payables	32	Amortised cost	66.9	—	—	—
Lease liability	19	Amortised cost	24.9	—	—	—
Progressive operators' jackpots and security deposits	25	Amortised cost	111.0	—	—	—
Client funds	25	Amortised cost	41.9	—	—	—
Contingent consideration	31	FVTPL	0.4	—	—	0.4
Interest payable	34	Amortised cost	5.9	—	—	—

Notes to the financial statements continued

Note 39 – Financial instruments and risk management continued

Financial instrument by category continued

	Note	Measurement category	Carrying amount 2022 €'m	Fair value Level 1 €'m	Fair value Level 2 €'m	Fair value Level 3 €'m
31 December 2022						
Non-current assets						
Equity investments	21B	FVTPL	9.2	1.4	—	7.8
Derivative financial assets	21C	FVTPL	636.4	—	—	636.4
Trade receivables	23	Amortised cost	1.1	—	—	—
Loans receivable	22	Amortised cost	29.6	—	—	—
Current assets						
Trade receivables	23	Amortised cost	163.9	—	—	—
Convertible loans	24	FVTPL	8.3	—	—	8.3
Loans receivables	24	Amortised cost	8.0	—	—	—
Cash and cash equivalents	25	Amortised cost	426.5	—	—	—
Non-current liabilities						
Bonds	29	Amortised cost	348.0	—	—	—
Lease liability	19	Amortised cost	54.0	—	—	—
Contingent consideration	31	FVTPL	2.3	—	—	2.3
Current liabilities						
Bonds	29	Amortised cost	199.6	—	—	—
Trade payables	32	Amortised cost	61.2	—	—	—
Lease liability	19	Amortised cost	31.8	—	—	—
Progressive operators' jackpots and security deposits	25	Amortised cost	114.3	—	—	—
Client funds	25	Amortised cost	39.8	—	—	—
Contingent consideration	31	FVTPL	0.6	—	—	0.6
Interest payable	34	Amortised cost	7.4	—	—	—

The fair value of the contingent consideration is calculated by discounting the estimated cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.

For details of the fair value hierarchy, valuation techniques and significant unobservable inputs relating to determining the fair value of derivative financial assets, which are classified as Level 3 of the fair value hierarchy, refer to Note 21C.

The carrying amount does not materially differ from the fair value of the financial assets and liabilities.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

Note 39 – Financial instruments and risk management continued

A. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), its investing activities through loans made and from its financing activities, including deposits with banks and financial institutions. After the impairment analysis performed at the reporting date, the expected credit losses (ECLs) are €9.7 million (2022: €6.5 million). As at 31 December 2023, two customers had combined loans and receivables outstanding of €139.7 million.

Cash and cash equivalents

The Group held cash and cash equivalents (before ECL) of €516.6 million as at 31 December 2023 (2022: €426.9 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from Caa- to AA+, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables. The ECL on cash balances as at 31 December 2023 is €0.4 million (2022: €0.4 million).

A reasonable movement in the inputs of the ECL calculation of cash and cash equivalents does not materially change the ECL to be recognised.

	Total €'m	Financial institutions with A- and above rating €'m	Financial institutions with below A- rating and no rating €'m
At 31 December 2023	**516.6**	**337.0**	**179.6**
At 31 December 2022	426.9	214.2	212.7

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The trade balances from related parties have also been included in the ECL assessment. The expected loss rates are calculated based on past default experience and an assessment of the future economic environment. The ECL is calculated with reference to the ageing and risk profile of the balances.

As at 31 December 2023, the Group has trade receivables of €209.0 million (2022: €165.0 million) which is net of an allowance for ECL of €6.8 million (2022: €4.5 million).

The carrying amounts of financial assets represent the maximum credit exposure.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

31 December 2023	**Total €'m**	**Not past due €'m**	**1–2 months overdue €'m**	**More than 2 months past due €'m**
Expected credit loss rate	**3.2%**	**4.8%**	**1.0%**	**2.1%**
Gross carrying amount	**215.8**	**109.3**	**62.9**	**43.6**
Expected credit loss	**(6.8)**	**(5.3)**	**(0.6)**	**(0.9)**
Trade receivables – net	**209.0**	**104.0**	**62.3**	**42.7**

31 December 2022	Total €'m	Not past due €'m	1–2 months overdue €'m	More than 2 months past due €'m
Expected credit loss rate	2.7%	3.0%	1.1%	2.9%
Gross carrying amount	169.5	124.8	27.2	17.5
Expected credit loss	(4.5)	(3.7)	(0.3)	(0.5)
Trade receivables – net	165.0	121.1	26.9	17.0

Notes to the financial statements continued

Note 39 – Financial instruments and risk management continued

A. Credit risk continued

Trade receivables continued

A reasonable movement in the inputs of the ECL calculation of trade receivables does not materially change the ECL to be recognised.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the impairment of financial assets. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the ECL in respect of trade receivables during the year was as follows:

	2023 €'m	2022 €'m
Balance at 1 January	4.5	6.8
Charged to profit or loss	2.3	(2.3)
Balance at 31 December	6.8	4.5

As of 31 December 2023, the Group has a significant concentration of trade receivables from a related party. The balance outstanding from this related party represents 41% of the net trade receivable balance. This concentration of receivables from a related party exposes the Group to concentration risk, as any adverse financial performance or inability of the related party to fulfil its obligations could have a material adverse impact on the Group's financial position, results of operations and cash flows. The Group believes that this amount is recoverable and expects timely payment (refer to Note 7 for significant judgement made).

Loans receivable

The Group recognised an allowance for expected credit losses for all debt instruments given to third parties based on past default experience and assessment of the future economic environment. For the year ended 31 December 2023, the Group recognised provision for expected credit losses of €2.5 million in profit or loss relating to loans receivable (2022: €1.6 million).

	2023 €'m	2022 €'m
Balance at 1 January	1.6	—
Charged to profit or loss	0.9	1.6
Balance at 31 December	2.5	1.6

Furthermore, €3.0 million of an existing loan to Gameco was impaired during the year ended 31 December 2022 (refer to Note 21B).

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

		Contractual cash flows			
2023	Carrying amount €'m	Total €'m	Within 1 year €'m	1–5 years €'m	More than 5 years €'m
Bonds	646.1	762.8	32.5	730.3	—
Lease liability	86.8	96.8	26.7	53.5	16.6
Contingent consideration	6.2	7.8	0.4	7.4	—
Trade payables	66.9	66.9	66.9	—	—
Progressive operators' jackpots and security deposits	111.0	111.0	111.0	—	—
Client funds	41.9	41.9	41.9	—	—
Interest payable	5.9	5.9	5.9	—	—
Provisions for risks and charges	9.5	9.5	0.6	8.9	—
	974.3	1,102.6	285.9	800.1	16.6
2022					
Bonds	547.6	604.6	221.1	383.5	—
Lease liability	85.8	110.2	34.1	43.1	33.0
Contingent consideration	2.9	7.9	0.2	7.7	—
Trade payables	61.2	61.2	61.2	—	—
Progressive operators' jackpots and security deposits	114.3	114.3	114.3	—	—
Client funds	39.8	39.8	39.8	—	—
Interest payable	7.4	7.4	7.4	—	—
Provisions for risks and charges	13.9	13.9	3.9	10.0	—
	872.9	959.3	482.0	444.3	33.0

Note 39 – Financial instruments and risk management continued

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when the Group operations enter into foreign transactions, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

31 December 2023	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Cash and cash equivalents	418.7	11.2	69.7	17.0	516.6
Progressive operators' jackpots and security deposits	(140.3)	(0.4)	(12.2)	—	(152.9)
Cash and cash equivalents less client funds	**278.4**	**10.8**	**57.5**	**17.0**	**363.7**

31 December 2022	In EUR €'m	In USD €'m	In GBP €'m	In other currencies €'m	Total €'m
Cash and cash equivalents	338.5	5.8	60.2	22.4	426.9
Progressive operators' jackpots and security deposits	(139.0)	(0.2)	(14.9)	—	(154.1)
Cash and cash equivalents less client funds	199.5	5.6	45.3	22.4	272.8

The Group's policy is not to enter into any currency hedging transactions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bonds and loans and borrowings. At 31 December 2023, none of the Group's borrowings are at a variable rate of interest (2022: Nil%).

Any reasonably possible change to the interest rate would have an immaterial effect on the interest payable.

Equity price risk

The Group is exposed to market risk by way of holding some investments in other companies on a short-term basis. Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

Notes to the financial statements continued

Note 40 – Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					
	Loans and borrowings €'m	Bonds €'m	Interest on loans and borrowings and bonds €'m	Contingent consideration and redemption liability €'m	Lease liabilities €'m	Total €'m
Balance at 1 January 2023	—	547.6	7.3	2.9	85.8	643.6
Changes from financing cash flows						
Interest payable on bonds and loans and borrowings	—	—	(31.3)	—	—	(31.3)
Repayment of loans and borrowings	(77.4)	—	—	—	—	(77.4)
Proceeds from loans and borrowings	79.9	—	—	—	—	79.9
Proceeds from the issuance of bonds	—	297.2	—	—	—	297.2
Repayment of bonds	—	(200.0)	—	—	—	(200.0)
Payment of contingent consideration	—	—	—	(0.2)	—	(0.2)
Principal paid on lease liability	—	—	—	—	(23.1)	(23.1)
Interest paid on lease liability	—	—	—	—	(5.2)	(5.2)
Total changes from financing cash flows	2.5	97.2	(31.3)	(0.2)	(28.3)	39.9
Other changes						
Liability related						
New leases	—	—	—	—	22.0	22.0
On business combinations	—	—	—	0.4	1.9	2.3
Interest on bonds and loans and borrowings	—	1.3	29.6	—	—	30.9
Interest on lease liability	—	—	—	—	5.2	5.2
Movement in contingent consideration	—	—	—	3.3	—	3.3
Foreign exchange difference	(2.5)	—	0.3	(0.2)	0.2	(2.2)
Total liability-related other changes	(2.5)	1.3	29.9	3.5	29.3	61.5
Balance at 31 December 2023	—	646.1	5.9	6.2	86.8	745.0

Note 40 – Reconciliation of movement of liabilities to cash flows arising from financing activities continued

	Liabilities					
	Loans and borrowings €'m	Bonds €'m	Interest on loans and borrowings and bonds €'m	Contingent consideration and redemption liability €'m	Lease liabilities €'m	Total €'m
Balance at 1 January 2022	167.1	875.0	10.4	11.0	95.3	1,158.8
Changes from financing cash flows						
Interest payable on bonds and loans and borrowings	—	—	(36.7)	—	—	(36.7)
Repayment of loans and borrowings	(166.1)	—	—	—	—	(166.1)
Repayment of bonds	—	(330.0)	—	—	—	(330.0)
Payment of contingent consideration and redemption liability	—	—	—	(5.9)	—	(5.9)
Principal paid on lease liability	—	—	—	—	(22.5)	(22.5)
Interest paid on lease liability	—	—	—	—	(5.7)	(5.7)
Total changes from financing cash flows	(166.1)	(330.0)	(36.7)	(5.9)	(28.2)	(566.9)
Other changes						
Liability related						
New leases	—	—	—	—	19.0	19.0
Interest on bonds and loans and borrowings	—	2.6	33.6	—	—	36.2
Interest on lease liability	—	—	—	—	5.7	5.7
Movement in deferred and contingent consideration and redemption liability	—	—	—	(4.3)	—	(4.3)
Payment of contingent consideration related to investments	—	—	—	(1.0)	—	(1.0)
Additional contingent consideration	—	—	—	2.9	—	2.9
Disposal of subsidiary/discontinued operations	—	—	—	—	(4.7)	(4.7)
Foreign exchange difference	(1.0)	—	—	0.2	(1.3)	(2.1)
Total liability-related other changes	(1.0)	2.6	33.6	(2.2)	18.7	51.7
Balance at 31 December 2022	—	547.6	7.3	2.9	85.8	643.6

Note 41 – Events after the reporting date

Post year end, the Group entered into a new structured agreement with Tenlot El Salvador S.A. de C.V. ("Tenlot El Salvador"), which has a licence to operate online betting and gaming on behalf of the national lottery of El Salvador. Under the agreement, the Group will provide Tenlot El Salvador its technological platform, the operational services and related services, where it will receive in return standard operator revenue and additional B2B services fee as per Note 10. The Group has no shareholding in Tenlot El Salvador. Playtech has paid Tenlot El Salvador an amount of $2.3 million and will pay an additional $2.5 million upon certain conditions in exchange for an option to acquire 70% of the shares in Tenlot El Salvador. The option has certain exercise conditions. Playtech also made available to Tenlot El Salvador a $5.5 million line of credit. As of the date of this report this amount remains undrawn.

Post year end, the Group formally concluded the extension of the exercise date in respect of the Wplay option (see Note 21C) to any date after 22 February 2025.

Post year end, the receivable in Note 7 in relation to Caliplay remains unpaid. In addition, further invoices totalling €35.8 million in relation to B2B licensee fees and additional B2B services fee for January and February 2024 have been issued and remain unpaid.

Company statement of changes in equity

For the year ended 31 December 2023

	Additional paid in capital €'m	Employee Benefit Trust €'m	Retained earnings €'m	Total equity €'m
Balance at 1 January 2022	**606.0**	**(22.6)**	**656.2**	**1,239.6**
Total comprehensive loss for the year				
Loss for the year	—	—	(23.9)	(23.9)
Total comprehensive loss for the year	**—**	**—**	**(23.9)**	**(23.9)**
Transactions with the owners of the Company				
Contributions and distributions				
Exercise of options	—	5.4	(6.0)	(0.6)
Equity settled share based payment charge (Note 11)	—	—	8.3	8.3
Total transactions with the owners of the Company	**—**	**5.4**	**2.3**	**7.7**
Balance at 31 December 2022	**606.0**	**(17.2)**	**634.6**	**1,223.4**
Balance at 1 January 2023	**606.0**	**(17.2)**	**634.6**	**1,223.4**
Total comprehensive loss for the year				
Loss for the year	—	—	(689.3)	(689.3)
Total comprehensive loss for the year	**—**	**—**	**(689.3)**	**(689.3)**
Transactions with the owners of the Company				
Contributions and distributions				
Exercise of options	—	11.9	(11.9)	—
Equity settled share based payment charge (Note 11)	—	—	6.3	6.3
Transfer from treasury shares to Employee Benefit Trust (Note 11)	5.8	(12.5)	6.7	—
Total transactions with the owners of the Company	**5.8**	**(0.6)**	**1.1**	**6.3**
Balance at 31 December 2023	**611.8**	**(17.8)**	**(53.6)**	**540.4**

Company balance sheet

As at 31 December 2023

	Note	2023 €'m	2022 €'m
Non-current assets			
Investments in subsidiaries	7	**1,647.9**	1,208.7
Investments in associates	8	**49.8**	35.0
Derivative financial asset	8	**4.8**	1.4
Other investments	8	**14.6**	—
Trade and other receivables	9	**67.0**	770.5
Deferred tax asset		**—**	23.4
Other non-current assets		**0.3**	0.3
		1,784.4	2,039.3
Current assets			
Trade and other receivables	9	**9.4**	14.8
Cash and cash equivalents	10	**26.7**	2.5
		36.1	17.3
TOTAL ASSETS		**1,820.5**	2,056.6
Equity			
Additional paid in capital		**611.8**	606.0
Employee Benefit Trust		**(17.8)**	(17.2)
Retained earnings		**(53.6)**	634.6
	11	**540.4**	1,223.4
Non-current liabilities			
Other payables	14	**10.3**	9.4
Bonds	13	**646.1**	348.0
		656.4	357.4
Current liabilities			
Bonds	13	**—**	199.6
Trade and other payables	14	**623.7**	276.2
		623.7	475.8
TOTAL EQUITY AND LIABILITIES		**1,820.5**	2,056.6

The financial information was approved by the Board and authorised for issue on 26 March 2024.

Mor Weizer
Chief Executive Officer

Chris McGinnis
Chief Financial Officer

Notes to the Company financial statements

Note 1 – General

The principal activity of Playtech plc (the "Company") is the holding of investment in subsidiaries.

Note 2 – Basis of preparation

The financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework" and updated for amendments issued subsequently.

The Company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead);
- a statement of profit or loss and other comprehensive income as per the requirements of IAS 1 Presentation of Financial Statements;
- a statement of cash flows as per the requirements of IAS 1 Presentation of Financial Statements;
- disclosure of the effect of future accounting standards not yet adopted;
- disclosure of compensation for key management personnel and amounts incurred by the Company for the provision of key management personnel services provided;
- additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of reconciliation of the number of shares outstanding at the start and end of the prior period; and
- disclosures in relation to the objectives, policies and process for managing capital.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Playtech plc. These financial statements do not include certain disclosures in respect of:

- share-based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment;
- financial instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures; and
- fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Details of the Company's accounting policies are included in Note 5.

Going concern basis

Detailed reference to the exact procedures applied by the Directors in ensuring that the Company will have adequate financial resources to continue in operational existence over the relevant going concern period are described in Note 2 of the Group consolidated financial statements. Based on this Note it is therefore considered appropriate to adopt the going concern basis in the preparation of the Company's financial statements.

Note 3 – Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

Note 4 – Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Company has not early adopted the new or amended accounting standards disclosed in the Group consolidated financial statements in preparing these financial statements.

Note 5 – Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified. Subsequent changes in value include employee share option additions and subsidiary capital contributions in the form of debt settlement.

Note 5 – Material accounting policies continued

Associates and equity call options

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in associate is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the Company's share in profit or loss.

When potential voting rights or other derivatives containing potential voting rights exist, the Company's interest in an associate is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivative instruments unless there is an existing ownership interest as a result of a transaction that currently gives it access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the entity is determined by taking into account the eventual exercise of those potential voting rights and other derivative instruments that currently give the entity access to the returns. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture, the instruments are not subject to IFRS 9 and equity accounting is applied. In all other cases, instruments containing potential voting rights in an associate or a joint venture are accounted for in accordance with IFRS 9.

A derivative financial asset is measured at fair value under IFRS 9. In the case where there is significant influence over the investment under which Playtech holds the derivative financial asset this should be accounted under IAS 28 Investment in Associates. However, if the option is not currently exercisable and there is no current access to profits, the option is fair valued without applying equity accounting to the investment in associate.

Derivatives are recorded at fair value and classified as assets when their fair value is positive and as liabilities when their fair value is negative. Subsequently, derivatives are measured at fair value.

Interest income

Interest income is recognised over time, on a time-proportion basis, using the effective interest method.

Interest expense

Interest expense is charged to profit or loss over the time the relevant interest relates to.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates, the Euro (€) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items, carried at fair value, are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income and then equity.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

(i) Recognition

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets at amortised cost

(i) Classification

The Company classifies its financial assets at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in business model.

Notes to the Company financial statements continued

Note 5 – Material accounting policies continued

Financial assets at amortised cost continued

(ii) Measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Financial assets are measured at amortised cost and arise principally through intercompany balances being amounts from other Group companies in the ordinary course of business, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs. The Company holds the intercompany receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Company such as the proceeds from disposal of investment. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iv) Impairment

The Company has assessed all types of financial assets that are subject to the expected credit loss model:

- intercompany receivables; and
- cash and cash equivalents.

For intercompany receivables and cash and cash equivalents, the Company applies the general approach for calculating the expected credit losses. Due to the short-term nature of these assets (i.e. less than 12 months), the Company recognises expected credit losses over the lifetime of the assets.

ECL on intercompany receivables is based on past default experience and an assessment of the future economic environment. ECL and specific provisions are considered and calculated with reference to the ageing and risk profile of the balances. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Based on past experience and how the Company operates in relation to intercompany positions, the ECL is negligible because these balances are usually cleared, either through repayment or capital contribution.

For cash and cash equivalents, management has assessed that no impairment arises since they are held with banks under current accounts and the Company has access to those funds at any time. The Company has also assessed whether an ECL on cash is needed based on reviewing Moody's ratings for each financial institution cash is held. As a result, the probability of default of each institution is considered insignificant.

Financial assets at fair value through profit or loss

(i) Classification and measurement

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value through profit or loss at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Financial liabilities

(i) Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and demand deposits and are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI; and (ii) they are not designated at FVTPL.

Note 5 – Material accounting policies continued

Trade and other payables
Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised at fair value and subsequently at amortised cost using the effective interest method.

Share capital
Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

Employee Benefit Trust
Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

Note 6 – Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas requiring the use of estimates and critical judgements that may potentially have a significant impact on the Company's earnings and financial position are detailed below.

Estimates and assumptions
Impairment of investment in subsidiary companies
The Company is required to test if events or changes in circumstances indicate that the carrying amount of its investments may not be recoverable.

In making this assessment there were no indicators of impairment evident and, as such, no investments were impaired, although further disclosures are included below on two of the significant investments the Company holds. Note 7 provides further information on the Company's investments.

Investment in Playtech Holdings Limited and its relevant subsidiaries
The investment in Playtech Holdings Limited and its relevant subsidiaries of €907.4 million includes the Snai operations which comfortably cover the investment value.

Investment in Playtech Software Limited
Playtech Software Limited ("PTS") holds a significant number of key IP and major activities of the Group. On 21 December 2023 Playtech Plc released and discharged PTS from its loan obligation of €948.6 million, which had a carrying amount of €352.3 million as a result of an impairment of €596.3 million. This constituted a change of intention as at 31 December 2022 the Company had previously intended to net settle the loan due from PTS and the associated payable to them.

The discharging of the loan increased the investment value in PTS by €352.3 million, which was deemed to be the cost of the additional investment in PTS at the point the obligation was discharged. This resulted in an income statement charge of €596.3 million being the difference between investment value and loan discharged. Following the discharging of the loan the carrying value of the investment in PTS at 31 December 2023 was €512.5 million.

Management has assessed the increased investment cost and hence the carrying value of the investment at 31 December 2023 using 5-year cash flow projections, taking the Company's three-year plan and additional two years of forecasts. The recoverable amount of the investment has been determined from value in use calculations, with appropriate capital expenditure, tax and net debt. The discounted cash flow model also takes into account the availability of both recognised and unrecognised tax losses.

The recoverable amount which equalled the carrying amount of the investment of €512.5 million was determined using a discount rate of 15.9%, with annual revenue growth rates of between 5.0% and 10.0% per year, a terminal growth rate of 2.0%, and average EBITDA growth rates of 15.0% over the forecast period. The carrying value is sensitive to movements in key assumptions, as follows:

- if the revenue growth rate per annum is reduced by 1.0%, this would result in an impairment of €42.6 million;
- if the discount rate increased by 1.0% to a post-tax discount rate of 16.9%, this would result in an impairment of €20.6 million; and
- if the EBITDA growth rate per annum is reduced by 1.0%, an additional impairment of €7.8 million would be recognised.

Included in PTS are cashflows relating to Caliplay through recharges for use of IP to another Group company. Whilst the contract between this Group company and Caliplay under which we are entitled to receive fees is expiring in 2034, and this was the base assumption in the cashflows used in the impairment review, should there be material changes to the cash flows arising from the Caliplay contract this could potentially lead to a material impairment in the Company's investment in PTS.

Derivative financial assets
As per Note 21A of the Group consolidated financial statements, the Company holds an option to acquire further shares (up to 18.11%) in LSports. The fair value assessment for this option falls under Level 3 of the fair value hierarchy. As such, the Company has used a model with unobservable inputs for the valuation, which 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 for the LSports option were determined based on the best information available and using the Monte Carlo simulation model. The fair value of the LSports option at 31 December 2023 was €4.8 million (2022: €1.4 million).

Notes to the Company financial statements continued

Note 6 – Critical accounting estimates and judgements continued

Estimates and assumptions continued

Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company's financial assets consist of intercompany receivables and cash and cash equivalents. ECL on cash balances was considered and calculated by reference to Moody's credit rating for each financial institution.

Impairment of non-financial assets

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 Company 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.

Deferred tax asset

In evaluating the Company's ability to recover deferred tax assets in the jurisdiction from which they arise, management considers all available positive and negative evidence, projected future taxable income, tax-planning strategies and results of recent operations. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Judgement is required in determining the initial recognition and the subsequent carrying value of the deferred tax assets. Deferred tax asset is only able to be recognised to the extent that utilisation is considered probable. It is possible that a change in profit forecasts or risk factors could result in a material change to the income tax expense and deferred tax asset in future periods. The key items for which the reported tax charge has been adjusted in 2023 are UK tax losses on which a deferred tax asset of €23.4 million was derecognised as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered.

Note 7 – Investments in subsidiaries

	2023 €'m	2022 €'m
Investment in subsidiaries at 1 January	**1,208.7**	1,201.4
Additional capital contribution[1]	**352.3**	—
Additions in the year[2]	**80.6**	—
Employee stock options	**6.3**	8.1
Disposals[3]	**—**	(0.8)
Investment in subsidiaries at 31 December	**1,647.9**	1,208.7

1 On 21 December 2023 Playtech Plc released and discharged PTS from its loan obligation of €948.6 million, which had a carrying amount of €352.3 million. This loan arose following an internal restructuring which resulted in the Group's key operating entity transferring its business to PTS in 2021. As consideration for Playtech Plc releasing PTS from its obligations, PTS issued fourteen ordinary shares to Playtech Plc at nominal value (€1 each). This increased the investment value held by Playtech Plc in PTS by €352.3 million, which was deemed to be the cost of the additional investment in PTS at the point the obligation was discharged.

2 In March 2023, the Company acquired PT Holdings (Delaware) Inc from Playtech Services (Cyprus) Limited, another Playtech Group company, for a nominal amount of $8.0 being the net book value of the shares at the time. Playtech plc then subscribed for additional shares in the newly acquired subsidiary for cash consideration of $85.0 million. On the same date, PT Holdings (Delaware) Inc invested $85.0 million (€79.8 million) in Hard Rock Digital (HRD) in exchange for a small minority interest in a combination of equity shares and warrants.

3 In July 2022, the Company completed the disposal of its investment in Finalto Group Limited (formerly known as TradeTech Holdings Limited) realising a profit on disposal of €49.0 million. Out of the €0.8 million disposals, the €0.4 million relates to PT Gaming Limited which was dissolved during 2022.

Note 7 – Investments in subsidiaries continued

The details of the investments are as follow:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Holding Limited (ex. Playtech Software Limited)	Isle of Man	100%	Holding company, transferred its activities in 2021 to Playtech Software Ltd UK
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
PTVB Management Limited	Isle of Man	100%	Management company
Technology Trading IOM Limited	Isle of Man	100%	Holding company
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services Group
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust (2014 EBT)
Factime Investments Ltd	Isle of Man	100%	Holding company of Juego Online EAD
VS Technology Limited	United Kingdom	100%	Licensing online gaming software and games to customers in South America
Playtech Software Limited	United Kingdom	100%	Main trading company from 2021, owns the intellectual property rights and licenses the software to customers
PT Holdings (Delaware) Inc	USA	100%	Holds the Hard Rock Digital (HRD) investment and the US subsidiaries including PT Services (Delaware) LLC
Playtech Retail Limited	British Virgin Islands	100%	Dormant company

Note 8 – Investments in associates, derivative financial assets and other investments

Investment in associates

The Company has the following investments in associates:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
LSports Data Limited	Israel	31%	Partners with sportsbooks to create engaging customer offerings by utilising the most accurate real-time data on a broad range of events
NorthStar Gaming Inc.	Canada	27.5%	Offers access to regulated sports betting markets and robust casino offerings and live dealer games
Sporting News Holdings Limited	Isle of Man	12.6%	Specialists in selling digital advertising and inventory, offers digital media services

Balance sheet

	2023 €'m	2022 €'m
LSports Data Limited	35.2	35.0
NorthStar Gaming Inc.	9.0	—
Sporting News Holdings Limited	5.6	—
Investments in associates at 31 December	49.8	35.0

Profit and loss impact

	2023 €'m	2022 €'m
LSports Data Limited	2.1	(0.3)
NorthStar Gaming Inc.	(2.8)	—
Sporting News Holdings Limited	(0.2)	—
Total share of loss from associates	(0.9)	(0.3)

Notes to the Company financial statements continued

Note 8 – Investments in associates, derivative financial assets and other investments continued

Investment in associates continued

Movement on the balance sheet

	LSports €'m	NorthStar €'m	Sporting News Holdings Limited €'m	Total €'m
Balance as at 31 December 2022/1 January 2023	35.0	—	—	35.0
Additions	—	3.4	5.8	9.2
Conversion of convertible loan to shares	—	8.4	—	8.4
Share of profit/(loss)	2.1	(2.8)	(0.2)	(0.9)
Dividend income	(1.9)	—	—	(1.9)
Balance as at 31 December 2023	**35.2**	**9.0**	**5.6**	**49.8**

Note 21A of the Group consolidated financial statements includes all the information in relation to these investments.

Derivative financial assets

As per Note 21A of the Group consolidated financial statements, the Company holds an option to acquire further shares (up to 18.11%) in LSports. The fair value of the option at 31 December 2023 was €4.8 million (2022: €1.4 million).

Other investments

In 2023, the Company acquired shares in a listed security for €14.3 million. The fair value of these shares is determined by reference to published price quotations in an active market. In the year ended 31 December 2023, the fair value of these shares has increased by €0.3 million, to a total of €14.6 million.

Note 9 – Trade and other receivables

	2023 €'m	2022 €'m
Other receivables	3.5	—
Amounts due from subsidiary undertakings	63.5	770.5
Total non-current	**67.0**	770.5
Other receivables	1.8	9.8
Amounts due from subsidiary undertakings	7.6	5.0
Total current	**9.4**	14.8

During 2023, the Company impaired €1.3 million of receivables from PT Investments GC Inc. given that the latter company also impaired the remaining part of its external receivables (2022: impairment of €2.4 million).

During 2023, Playtech plc released and discharged Playtech Software Limited ("PTS") from PTS's obligation to pay to the Company an amount of €948.6 million, which was a net receivable created following an internal restructuring which resulted in the Group's key operating entity transferring its business to PTS in 2021. As consideration for Playtech plc releasing PTS from its obligations, PTS issued 14 ordinary shares to Playtech plc at nominal value (€1 each). This increased the investment value held by Playtech plc in PTS by €352.3 million, which was deemed to be the cost of the additional investment in PTS at the point the obligation was discharged.

The total non-current amount due from subsidiary undertakings at 31 December 2022 of €770.5 million included the receivable of €948.6 million which was netted off by a payable to PTS of €179.5 million at 31 December 2022. As at 31 December 2022, it was expected that this amount would be settled net. The payable amount of €179.5 million has decreased to €167.7 million at 31 December 2023 and is now included in current liabilities.

Included in other receivables at 31 December 2022 was a convertible debenture of C$12.25 million (€8.4 million) issued to NorthStar Gaming Inc in 2022 that subsequently converted to equity and warrants in 2023 following NorthStar's reverse takeover (the "RTO") of Baden Resources Inc. A new convertible loan was issued to NorthStar in 2023 of C$5.0 million (€3.4 million). The fair value of the convertible debenture was assessed as being materially in line with its face value at 31 December 2023. Refer to Note 21A of the Group consolidated financial statements for further details.

Finally, in March 2023 and following acquisition of PT Holdings (Delaware) Inc from Playtech Services (Cyprus) Limited, the Company was also assigned by Playtech Services (Cyprus) Limited to the rights of a $35.3 million loan receivable due from PT Holdings (Delaware) Inc bearing interest at 4% repayable on or prior to 30 April 2029.

Note 10 – Cash and cash equivalents

	2023 €'m	2022 €'m
Cash at bank	**26.7**	2.5

Note 11 – Shareholders' equity

Please refer to Note 27 of the Group consolidated financial statements.

Note 12 – Loans and borrowings

Please refer to Note 28 of the Group consolidated financial statements.

Note 13 – Bonds

Please refer to Note 29 of the Group consolidated financial statements.

Note 14 – Trade and other payables

	2023 €'m	2022 €'m
Suppliers and accrued expenses	**5.7**	6.6
Payroll and related expenses	**47.4**	37.9
Amounts owed to subsidiary undertakings	**575.7**	234.4
Accrued interest	**5.2**	6.7
	634.0	285.6

	2023 €'m	2022 €'m
Split to:		
Non-current	**10.3**	9.4
Current	**623.7**	276.2
	634.0	285.6

In 2022, the Company was granted a €214.0 million loan from Playtech Services (Cyprus) Limited, which was used to partially repay €330.0 million of the 2018 Bond. The loan bears interest at the rate of 3.5% and is repayable upon demand. At the same time, a separate loan of €7.5 million was granted on the same terms from Playtech Services (Cyprus) Limited to partly fund the acquisition of LSports Data Limited. Refer to Note 21A of the Group consolidated financial statements for details of the acquisition.

In March 2023 and following acquisition of PT Holdings (Delaware) Inc from Playtech Services (Cyprus) Limited, the Company was also assigned by Playtech Services (Cyprus) Limited to the rights of a $35.3 million loan receivable due from PT Holdings (Delaware) Inc bearing interest at 4% repayable on or prior to 30 April 2029. As a result of the transfer, a respective loan payable due to Playtech Services (Cyprus) Limited was created bearing interest at 3.5% also repayable on demand.

Finally, to easily facilitate the bond interest repayments and other outstanding debt requiring settlement, an intra-group facility agreement was introduced with Playtech Services (Cyprus) Limited, whereby the Company has the ability to draw down an aggregate amount of maximum €150.0 million. The loan bears interest at the rate of 5.3% and is repayable upon demand. As at the reporting date, the credit facility drawn amounted to €123.2 million.

Five-year summary

	2023 €'m	2022 (Restated) €'m	2021 €'m	2020 €'m	2019 €'m
Income statement					
Total revenues from continuing operations	**1,706.7**	1,601.8	1,205.4	1,078.5	1,440.5
Adjusted EBITDA from continuing operations	**432.3**	395.4	317.1	253.6	375.3
Adjusted Profit from continuing operations	**156.8**	160.5	127.6	27.3	138.0
Balance sheet					
Non-current assets	**2,475.9**	2,300.8	2,300.5	1,667.3	2,062.4
Current assets	**830.6**	703.5	845.9	935.3	1,005.5
Assets classified as held for sale	**19.3**	19.6	507.4	468.9	36.8
Current liabilities	**597.7**	755.4	490.3	513.7	773.7
Non-current liabilities	**920.9**	565.0	1,236.0	1,352.4	1,108.8
Liabilities directly associated with assets classified as held for sale	**1.0**	1.0	344.8	309.2	3.6
Net assets	**1,806.2**	1,702.5	1,582.7	896.2	1,218.6
Equity					
Additional paid in capital	**611.8**	606.0	606.0	592.1	601.0
Reserve for re-measurement of employee termination indemnities	**0.4**	0.4	(0.5)	(0.4)	(0.3)
Employee Benefit Trust	**(17.8)**	(17.2)	(23.2)	(14.5)	(16.2)
Put/call options reserve	**—**	—	(3.7)	(3.7)	(16.4)
Foreign exchange reserve	**(7.4)**	0.3	(22.7)	(21.3)	(1.4)
Retained earnings	**1,219.2**	1,113.0	1,026.5	343.7	656.2
Non-controlling interest	**—**	—	0.3	0.3	(4.3)
Statistics					
Basic adjusted EPS (in Euro cents) from continuing operations	**51.7**	53.5	42.8	9.2	45.5
Diluted adjusted EPS (in Euro cents) from continuing operations	**50.2**	51.5	40.9	8.8	44.6
Ordinary dividend per share (in Euro cents)	**—**	—	—	—	18.1
Share price low/high	**370.0p/634.5p**	390.8p/731.5p	351.0p/770.0p	140.3p/424.3p	360.5p/457.7p