Chief Financial Officer's review

Strong performance across both B2B and B2C

Chris McGinnis
Chief Financial Officer

"2023 saw a strong financial performance across both B2B and B2C, with Adjusted EBITDA ahead of previously raised expectations."

9%
Growth in Group Adjusted EBITDA

Overview

Group performance

Overall, Playtech delivered strong financial results in 2023, with Adjusted EBITDA[1] of €432.3 million (2022: €395.4 million), growing 9% compared to 2022. Total reported revenue from continuing operations was €1,706.7 million (2022: €1,601.8 million), representing a 7% increase compared to 2022.

The strong performance was driven by both the B2C and B2B divisions. In B2C, Snaitech had a solid 2023 performance driven by growth across both the online and retail divisions. This drove B2C Adjusted EBITDA of €250.3 million, an increase of 6% compared to 2022. The overall growth was a combination of a very strong start to the year, partly driven by pent-up demand post the 2022 football World Cup and partly offset by customer-friendly sporting results in the second half of the year.

In B2B, the results were driven by strong growth in regulated markets, with revenues growing by 8% from €632.4 million in 2022 to €684.1 million in 2023 and Adjusted EBITDA increasing by 14% from €160.2 million in 2022 to €182.0 million in 2023. With strong growth seen in the Americas and Europe ex UK, the good performance reflects the Group's strategy of focusing on opportunities in regulated and soon-to-be-regulated markets and is further analysed in this report.

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

The Group has been dealing with the ongoing Caliplay disputes, in particular in relation to the unpaid B2B licence fees and additional B2B services fee in respect of FY 2023 (€32.3 million outstanding for the period August 2023 to December 2023 and €54.2 million outstanding for the period July 2023 to December 2023 respectively). The Group has recognised the full outstanding amount within its total revenue for the year and in line with its revenue accounting policies.

In recognising the entire amount, Playtech has assessed that it is highly probable that there will not be a significant reversal of this revenue in a subsequent period and the receivable is fully recoverable as further explained in Note 7 of the financial statements.

Reported and Adjusted Profit

Adjusted Profit before tax from continuing operations grew by 16% to €250.5 million (2022: €215.4 million), driven mainly by the rise in Adjusted EBITDA and decrease in financing costs, partly offset by the increase in amortisation and depreciation.

Reported profit before tax from continuing operations increased to €235.8 million (2022: €95.6 million) which, in addition to the above, also includes the increase in the unrealised fair value of derivative financial assets, which was partly offset by higher goodwill and intangible impairments compared to 2022. Total post-tax reported profit from continuing operations was €105.1 million (2022: €40.6 million), with the movement in tax explained further in this report.

Balance sheet, liquidity and financing

The Group continues to maintain a strong balance sheet with Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €363.3 million as at 31 December 2023 (2022: €272.4 million). The increase is a result of the new €300.0 million bond issue which took place in June 2023 and the continued strong performance of the Group throughout the year, partly offset by the €200.0 million repayment of the 2018 Bond and the uncollected €86.5 million Caliplay debt. Net debt increased slightly to €282.8 million as at 31 December 2023 (2022: €275.2 million), while net debt/Adjusted EBITDA remained flat at 0.7x (2022: 0.7x).

Playtech has taken a proactive approach to managing its balance sheet. In June 2023, the Company acted quickly to take advantage of a window of relative market calm and secure favourable interest rates, issuing €300.0 million of senior secured notes due 2028 at an interest rate of 5.875%. Part of the proceeds were used to redeem all of the outstanding €200.0 million 3.75% senior secured notes due in October 2023. The Company also used the proceeds to repay the outstanding debt under its existing revolving credit facility in July 2023, which remains available and undrawn today.

Group summary (continuing operations)[3]

	2023 €'m	2022 €'m
B2B	**684.1**	632.4
B2C	**1,037.0**	983.1
B2B licence fee – intercompany*	**(14.4)**	(13.7)
Total Group revenue from continuing operations	**1,706.7**	1,601.8
Adjusted costs[4]	**(1,274.4)**	(1,206.4)
Adjusted EBITDA from continuing operations	**432.3**	395.4
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	**406.5**	362.3
Employee stock option expenses	**6.3**	8.0
Professional fees	**14.4**	15.7
Ukraine employee support costs	**—**	3.3
Onerous contract	**—**	10.4
Fair value change of redemption liability	**—**	(4.3)
Impairment of investment and receivables	**5.1**	—
Adjusted EBITDA	**432.3**	395.4
Adjusted EBITDA margin	**25%**	25%

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

The Group's total reported EBITDA increased by 12% to €406.5 million (2022: €362.3 million). The adjusted items between reported and Adjusted EBITDA are explained in Note 11 of the financial statements.

Q&A with Chris McGinnis

1. What is it that sets Playtech apart?

Playtech is known for its market-leading technology, first-in-class content and commitment to ensuring a safe betting and gaming experience, so it could be any of these. The common thread running through it all is our people. Everywhere you look, we have fantastic colleagues working hard to help us lead the way and deliver an excellent experience for our customers. They never cease to amaze me!

2. What has surprised you the most about the CFO role?

One of the biggest differences has been moving from an externally focused role in investor relations to a more internally focused one as CFO. I still engage with analysts and investors regularly, but a much larger proportion of my time is now spent working with our colleagues around the business. That different perspective has shown me more clearly than ever just how much talent we have within the business and leaves me feeling very optimistic about the future.

3. Can you share some insights into your experience and the challenges you've faced?

Unfortunately, a number of our colleagues in Ukraine and more recently Israel continue to be affected by wars in their respective regions. As we have done for the past few years, our priority is to ensure that we are doing all that we can to support them and their families.

From a financial perspective, there's been a lot of macroeconomic uncertainty and all businesses have had to manage pressures from inflation and a higher interest rate environment. Navigating that has been a challenge, but one that we've risen to.

4. Can you share some of the key accomplishments that you're particularly proud of?

Back in March 2023, I set out several priorities and I'm pleased with the progress we're making across all of them. In particular, we've strengthened our cash generation over the past year, which reflects the excellent performance across both our B2B and B2C operations.

The refinancing we completed was a key moment that highlighted the strength of our business and our balance sheet, as well as giving us the flexibility to pursue organic and inorganic opportunities.

5. Looking ahead, what are your priorities for the upcoming year?

I think there are a lot of exciting growth opportunities for Playtech in 2024 and beyond. As CFO, I see the finance team's and my role as enabling the business to take advantage of these opportunities, while keeping expenditure well controlled and continuing to execute against our strategic priorities.

Chief Financial Officer's review continued

Divisional performance

B2B

B2B revenue

	2023 €'m	2022 €'m	Change %	Constant currency %
Americas	211.9	144.7	46%	35%
– USA and Canada	*13.2*	*7.6*	*74%*	*82%*
– Latin America	*198.7*	*137.1*	*45%*	*32%*
Europe excluding UK	200.1	184.6	8%	8%
UK	126.1	126.7	0%	1%
Rest of the World	7.0	5.6	25%	25%
Total regulated B2B revenue	545.1	461.6	18%	15%
Unregulated	139.0	170.8	-19%	-17%
Total B2B revenue	684.1	632.4	8%	6%

Overall, B2B revenues increased by 8% (6% on a constant currency basis), largely due to an increase in the regulated B2B business.

Regulated B2B revenues[2] increased by 18%, driven by an increase in regulated markets in the Americas and Europe (excluding the UK) of 46% and 8% respectively (35% and 8% respectively on a constant currency basis), partly offset by a decline in unregulated revenues.

The increase in the Americas was primarily driven by Mexico, due to revenue growth from Caliplay (albeit it there remains a large outstanding receivable balance – see Note 7 of the financial statements), with increasing contributions from other countries such as the US through Parx, Canada via NorthStar and other licensees, and Colombia via Wplay. In Europe (excluding the UK) growth was driven by several countries including Poland, the Czech Republic and Spain, although this growth was partly offset by the loss of two retail sports contracts. The increase in Poland was driven by Playtech's partnership with Polish state operator, Totalizator, which is going from strength to strength, whereas in Spain, there were several new launches during 2023.

The small decline seen across the UK market was due to the continued impact of the uncertain regulatory climate. The majority of the decline in unregulated markets is due to revenue moving to the regulated category, as areas such as Ontario in Canada regulate, as well as further declines in revenue in Asia.

B2B costs

	2023 €'m	2022 €'m	Change %
Research and development	100.2	87.5	15%
General and administrative	85.5	82.6	4%
Sales and marketing	19.5	16.8	16%
Operations	296.9	285.3	4%
Total B2B costs	502.1	472.2	6%

Total B2B revenue and costs			
B2B revenue	684.1	632.4	8%
B2B costs	(502.1)	(472.2)	6%
Total B2B Adjusted EBITDA	182.0	160.2	14%
Margin	27%	25%	

Research and development (R&D) costs include, among others, employee-related costs and proportional office expenses. Expensed R&D costs grew by 15% to €100.2 million (2022: €87.5 million), driven by the increase in employee-related costs, including inflationary salary rises from higher investment in the core gaming development team (Casino, Live and IMS). Capitalised development costs were 35.3% of total B2B R&D costs in 2023 (2022: 38.7%).

General and administrative costs include employee-related costs, proportional office expenses, consulting and legal fees, and corporate costs such as audit and tax fees and listing expenses. These costs increased by 4% to €85.5 million (2022: €82.6 million), mainly due to increases in professional fees and other administration costs.

Sales and marketing costs increased by 16% to €19.5 million (2022: €16.8 million), mainly due to the full return of marketing and exhibition activities to pre-COVID-19 levels.

Operations include costs relating to infrastructure and other operational projects, IT and security and general day-to-day operational costs, including employee and office-apportioned costs and branded content fees. These costs increased by 4% to €296.9 million (2022: €285.3 million), driven mainly by Playtech's expanding Live operations in Peru, US and Romania, as well as an increase in costs to support Playtech's structured agreements.

B2B Adjusted EBITDA

Total B2B Adjusted EBITDA increased by 14% to €182.0 million (2022: €160.2 million), while EBITDA margin increased to 27% from 25% in 2022, driven by the movement in revenue and costs, as described above.

B2C

	2023 €'m	2022 €'m	Change %
Snaitech			
Revenue*	946.6	899.8	5%
Costs	(690.5)	(655.8)	5%
Adjusted EBITDA	256.1	244.0	5%
Margin	27%	27%	
Sun Bingo and Other B2C			
Revenue	73.4	65.3	12%
Costs	(67.4)	(63.3)	6%
Adjusted EBITDA	6.0	2.0	200%
Margin	8%	3%	
HAPPYBET			
Revenue	18.2	20.1	-9%
Costs**	(30.0)	(30.9)	-3%
Adjusted EBITDA	(11.8)	(10.8)	
Margin	N/A	N/A	
B2C Adjusted EBITDA	250.3	235.2	6%
Margin	24%	24%	

* Includes intercompany revenue from HAPPYBET of €1.2 million (2022: €2.1 million).

** Includes intercompany costs from Snaitech of €1.2 million (2022: €2.1 million).

Snaitech

Snaitech revenues increased 5% from the prior year to €946.6 million (2022: €899.8 million), with operating costs seeing the same 5% increase to €690.5 million (2022: €655.8 million). These results were driven by good growth across both the retail and online segments, although there were differing dynamics across the period. The first half saw a very strong start driven by pent-up demand post the football World Cup. This was partly offset by customer-friendly sporting results in the second half of the year.

As a result of Snaitech's movement in revenue and costs, Adjusted EBITDA increased by 5%, while the respective margin remained stable at 27% (2022: 27%).

Sun Bingo and Other B2C

Revenue from the Sun Bingo business increased by 12% to €73.4 million (2022: €65.3 million). Operating costs within Sun Bingo increased by 6% to €67.4 million (2022: €63.3 million), leading to an Adjusted EBITDA of €6.0 million (2022: €2.0 million). The increase in Adjusted EBITDA was due to the increase in marketing spend towards the end of 2022 during the football World Cup, resulting in higher revenue growth in 2023 at a high contribution margin. Furthermore, during 2023, the division saw improvements in its return on investment from more effective marketing and stronger retention rates. Adjusted EBITDA still includes the unwinding of the minimum guarantee prepayment of €5.2 million in the current year (2022: €5.4 million), recognised as an expense over the new period of the contract which was renegotiated in 2019.

On a reported basis, Playtech incurred a one-off cost of €10.4 million in 2022 to terminate an onerous contract with a service provider.

HAPPYBET

Revenue from HAPPYBET decreased by 9% to €18.2 million (2022: €20.1 million), with costs decreasing by 3%. The business remains loss making, with Adjusted EBITDA loss in the current year of €11.8 million (2022: loss of €10.8 million), albeit 2023 includes a €2.0 million expense relating to a litigation settlement.

Below EBITDA items

Depreciation and amortisation

Reported and adjusted depreciation increased by 12% to €46.5 million (2022: €41.5 million). After deducting amortisation of acquired intangibles of €42.6 million (2022: €42.0 million), adjusted amortisation increased by 24% to €84.1 million (2022: €67.8 million) after the renewal of certain licences in Snaitech during H2 2022, which were previously extended for free until June 2022, meaning there was no corresponding amortisation in H1 2022. The remainder of the balance under depreciation and amortisation of €21.2 million (2022: €18.9 million) relates to IFRS 16 Leases and the recognition of the right-of-use asset amortisation.

Impairment of intangible assets

The reported impairment of intangible assets of €89.8 million (2022: €38.5 million) mainly relates to:

- the impairment of the Eyecon cash-generating unit (CGU) of €7.8 million (2022: €13.6 million), driven by underperformance due to the increasingly competitive UK online market;
- the impairment of the Quickspin CGU of €9.6 million (2022: €7.0 million), as the business goes through a transitional period, resulting in a decline in revenue, but shows signs of recovering following an internal realignment whereby it is now under management of the Live business unit; and
- the impairment of the Sports B2B CGU of €72.2 million (2022: €Nil) due to the loss of two significant retail contracts in the year.

The prior year impairment of €38.7 million related to the impairments of the Eyecon CGU of €13.6 million, Quickspin CGU of €7.0 million, Bingo VF CGU of €12.5 million and IGS CGU of €5.6 million.

Finance income and finance costs

The reported and adjusted finance income of €12.3 million (2022: €11.6 million) mainly relates to net foreign exchange gain of €2.2 million (2022: €9.2 million) and interest received of €10.0 million (2022: €2.4 million).

Reported finance costs include interest payable on bonds and other borrowings, bank facility fees, bank charges, interest expense on lease liabilities and expected credit losses on loan receivables. Reported finance costs decreased by 26% to €46.2 million (2022: €62.8 million), mainly due to the repayment of the 2018 Bond in H2 2023. The difference between adjusted and reported finance costs is the movement in contingent consideration of €3.3 million (2022: €0.1 million) relating to the acquisition of AUS GMTC PTY Ltd.

Unrealised fair value changes in derivative financial assets

The unrealised fair value increase in derivative financial assets of €153.4 million (2022: €6.0 million) is due to the movement of the fair value of the various call options held by the Group which fall under the definition of derivatives within IFRS 9 Financial Instruments, with the most significant increase being as a result of the uplift in the fair value of the Playtech M&A Call Option. Further details on the fair value of the various call options are disclosed in Note 21C of the financial statements.

Taxation

A reported tax expense from continuing operations of €130.7 million (2022: €55.0 million) arises on a reported profit before tax of €235.8 million (2022: €95.6 million) compared to an expected charge of €55.4 million based on the UK headline rate of tax for the period of 23.5%. The key item for which the reported tax charge has been adjusted are UK tax losses on which a deferred tax asset of €37.2 million was derecognised as expected utilisation would fall outside the forecasting period and therefore there is not sufficient certainty they will be recovered.

The total adjusted tax expense is €93.7 million (2022: €54.9 million) which arises on an Adjusted Profit before tax of €250.5 million (2022: €215.4 million). The total adjusted tax expense of €93.7 million consists of an income tax expense of €35.3 million (2022: €20.4 million) and a deferred tax expense of €58.4 million (2022: €34.5 million). The total adjusted deferred tax expense mainly consists of a deferred tax expense of €42.2 million relating to the Snaitech group including the use of Snaitech tax losses and excess interest expense.

The Group's effective adjusted tax rate for the current period is 37.4%. This rate is higher than the UK headline rate for the period of 23.5%. The key reasons for the differences are a mix of profits including subsidiaries located in territories where the tax rate is higher than the UK statutory tax rate (which predominately relates to Snaitech based in Italy), current year tax losses not recognised for deferred tax purposes and expenses not deductible for tax purposes which include impairment of intangibles.

Chief Financial Officer's review continued

Discontinued operations

Finalto (formerly TradeTech Group)

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

Adjusted Profit

	2023 €'m	2022 €'m
Reported profit from continuing operations	**105.1**	40.6
Employee stock option expenses	**6.3**	8.0
Professional fees	**14.4**	15.7
Fair value change and finance costs on contingent consideration and redemption liability	**3.3**	(4.2)
Ukraine employee support costs	**—**	3.3
Onerous contract	**—**	10.4
Impairment of investment and receivables	**5.1**	—
Fair value changes of equity instruments	**6.6**	0.3
Fair value changes of derivative financial assets	**(153.4)**	(6.0)
Fair value loss on convertible loans	**—**	3.0
Loss on disposal of subsidiary	**—**	8.8
Amortisation of intangible assets on acquisitions	**42.6**	42.0
Impairment of property, plant and equipment and intangible assets	**89.8**	38.5
Deferred tax on acquisitions	**(8.2)**	(8.3)
Derecognition of brought forward deferred tax asset	**37.2**	—
Tax related to uncertain provision	**8.0**	8.4
Adjusted Profit from continuing operations	**156.8**	160.5

The reconciling items in the table above are further explained in Note 11 of the financial statements. Reported profit post tax from continuing operations was €105.1 million (2022: €40.6 million), mainly due to the increase in the fair value of the derivative financial assets, partly offset by an increase in CGU impairments and the derecognition of brought forward deferred tax assets.

Adjusted EPS (in Euro cents)

	2023	2022
Adjusted basic EPS from continuing operations	**51.7**	53.5
Adjusted diluted EPS from continuing operations	**50.2**	51.5
Basic EPS from profit attributable to the owners of the Company	**34.7**	29.2
Diluted EPS from profit attributable to the owners of the Company	**33.7**	28.1
Basic EPS from profit attributable to the owners of the Company from continuing operations	**34.7**	13.5
Diluted EPS from profit attributable to the owners of the Company from continuing operations	**33.7**	13.0

Basic EPS is calculated using the weighted average number of equity shares in issue during 2023 of 303.3 million (2022: 300.1 million). Diluted EPS also includes the dilutive impact of share options and is calculated using the weighted average number of shares in issue during 2023 of 311.9 million (2022: 311.9 million).

Cash flow

Cash conversion

Playtech continues to be cash generative and delivered operating cash flows of €366.9 million (2022: €410.9 million) including cash from discontinued operations which only impacts H1 2022.

	2023 €'m	2022 €'m
Adjusted EBITDA	**432.3**	429.2
Net cash provided by operating activities	**366.9**	410.9
Cash conversion	**85%**	96%
Change in jackpot balances	**3.3**	(3.6)
Change in client funds and security deposits	**(2.1)**	15.3
Professional fees	**14.4**	24.4
ADM security deposit (Italian regulator)	**0.7**	11.5
Adjusted net cash provided by operating activities	**383.2**	458.5
Adjusted cash conversion	**89%**	107%

Excluding the impact of discontinued operations, operating cash flows decreased from €382.7 million in the prior year to €366.9 million in 2023, with the decline driven by the outstanding Caliplay receivable as further explained in Note 7 of the financial statements.

	2023 €'m	2022 €'m
Adjusted EBITDA	**432.3**	395.4
Net cash provided by operating activities	**366.9**	382.7
Cash conversion	**85%**	97%
Change in jackpot balances	**3.3**	(3.6)
Change in client funds	**(2.1)**	(9.4)
Professional fees	**14.4**	15.7
ADM security deposit (Italian regulator)	**0.7**	11.5
Adjusted net cash provided by operating activities	**383.2**	396.9
Adjusted cash conversion	**89%**	100%

Adjusted cash conversion of 89% (2022: 100%) is shown after adjusting for jackpot balances, client funds, professional fees and ADM security deposit.

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

Cash flow statement analysis

Net cash outflows used in investing activities totalled €317.6 million (2022: €358.3 million), key items of which include:

- €79.8 million for the acquisition of a small minority interest in Hard Rock Digital (refer to Note 21B);
- a €41.3 million cash payment in relation to a subcontractor option redemption (refer to Note 21C); and
- €150.0 million (2022: €125.4 million) used in the acquisition of property, plant and equipment, intangibles and capitalised development costs.

Net cash inflows from financing activities totalled €39.9 million (2022: outflow of €566.9 million), key movements of which include:

- redemption of the outstanding €200.0 million bond due 2023; and
- net proceeds of €297.2 million received from the new bond issued in 2023.

Balance sheet, liquidity and financing

	2023 €'m	2022 €'m
Cash and cash equivalents (net of ECL)	**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
Bonds	**646.1**	547.6
Gross debt	**646.1**	547.6
Net debt	**282.8**	275.2
Adjusted EBITDA	**432.3**	395.4
Net debt/Adjusted EBITDA ratio	**0.7**	0.7

Cash

The Group continues to maintain a strong balance sheet with total cash and cash equivalents of €516.2 million at 31 December 2023 (2022: €426.5 million). Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, increased to €363.3 million as at 31 December 2023 (2022: €272.4 million), a result of the new €300.0 million bond issue and the continued strong performance of the Group throughout the year, offset by the repayment of the outstanding €200.0 million bond due 2023 (the "2018 Bond") and the Caliplay outstanding debt of €86.5 million.

Financing and net debt

As at 31 December 2023, the Group had the following borrowing facilities:

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

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

Net debt, after deducting Adjusted gross cash, increased slightly to €282.8 million (2022: €275.2 million), while net debt/Adjusted EBITDA remained stable at 0.7x (2022: 0.7x).

Chief Financial Officer's review continued

Balance sheet, liquidity and financing continued

Contingent consideration

Contingent consideration increased to €6.2 million (2022: €2.9 million), mostly due to the fair value movement in the contingent consideration related to the AUS GMTC PTY Ltd acquisition. The existing liability as at 31 December 2023 comprised the following:

Acquisition	Maximum payable earnout (per terms of acquisition)	Contingent consideration as at 31 December 2023	Payment date (based on maximum payable earnout)
Aus GMTC PTY Ltd	€45.3 million	€5.4 million	Q4 2025
Other	€0.8 million	€0.8 million	Various

Going concern and viability assessment

In adopting the going concern basis in the preparation of the financial statements, the Group has considered the current trading performance, financial position and liquidity of the Group, the principal risks and uncertainties, together with scenario planning and reverse stress tests completed for a period of no less than 15 months from the approval of these financial statements.

At 31 December 2023, the Group held total cash of €516.2 million (2022: €426.5 million) and Adjusted gross cash, which excludes the cash held on behalf of clients, progressive jackpots and security deposits, of €363.3 million (2022: €272.4 million). Net debt, which is gross debt after deducting Adjusted gross cash, increased slightly to €282.8 million (2022: €275.2 million).

The financing and net debt position has been reported and analysed in the relevant section above. As at the date of this report (26 March 2024) the Group's facilities include the 2019 Bond of €350.0 million and the 2023 Bond of €300.0 million, both of which are long-term borrowings due in 2026 and 2028 respectively, as well as the fully undrawn RCF of €277.0 million.

As per the going concern assessment under Note 2, under its base case scenario management, 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.

While the base case cash flow forecasts have assumed full recovery of the Caliplay outstanding amounts within the going concern period of assessment, there is a remote risk that no cash will be received depending on the progress of the legal dispute, 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 and concludes 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.

1 Adjusted numbers throughout relate to certain non-cash and one-off items. The Board of Directors believes that the adjusted results represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 11 of the financial statements.

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

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

4 Comparative information throughout has been restated due to a change in accounting policy. Further details are provided in Note 4C of the financial statements.

Chris McGinnis
Chief Financial Officer
26 March 2024