Gamesys Group plc

Excellent financial performance and operational execution
Revenue ahead 17%, adjusted EBITDA up 16%, leverage reduced

LONDON, 10 August 2021 – Gamesys Group plc (LSE: GYS) (the 'Group', 'Gamesys') announces its financial results for the six months ended 30 June 2021.

Financial summary

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)	**Reported change (%)**
Revenue	**398.8**	340.0	**17**
Adjusted EBITDA[1]	**110.3**	95.0	**16**
Net income (as reported under IFRS)	**14.0**	23.3	**(40)**
Adjusted net income[1]	**81.6**	68.1	**20**
Diluted net income per share[2]	**12.7p**	21.4p	**(41)**
Diluted adjusted net income per share[1,2]	**74.2p**	62.6p	**19**

Financial highlights

- Excellent financial performance across the Group
  - Revenue grew by 17% with good momentum in the UK and Asia
  - Adjusted EBITDA[1] increased 16% year-on-year, driven by strong revenue growth
  - Adjusted net income[1] increased 20% year-on-year
- Cash conversion of 94% from adjusted EBITDA[1]; adjusted net leverage ratio[3] reduced to 1.17x
  - Operating cash flow of £103.5 million
- Cash balances at 30 June 2021 increased to £253.7m and post period-end, the Group paid down £100.0 million towards its outstanding term loan debt

Operational highlights

- The Group continues to execute successfully across key LTM performance indicators[4]:
  - Average Active Players per Month[4] grew 16%, from 640,436 to 744,807
  - On a monthly average basis, Real Money Revenue per Month[4] increased 23%, from £50.9 million to £62.8 million
  - As a result, Monthly Real Money Revenue per Average Active Player[4] increased 5%, from £80 to £84
- In the UK, revenues increased 20% in H1 2021 with Virgin Games, Monopoly Casino and Rainbow Riches Casino driving strong performance

[1] This release contains non-IFRS financial measures, which are noted where used. For additional details, including with respect to the reconciliations from these non-IFRS financial measures, please refer to the information under the heading 'Note regarding non-IFRS measures' on page 5 of this release and note 4 – 'Segment information' of the unaudited interim condensed consolidated financial statements on pages 19 through 21 of this release.
[2] Per share figures are calculated on a diluted weighted average basis using the IFRS treasury method.
[3] Adjusted net leverage ratio consists of existing term loans, deferred consideration, fair value of interest rate swap and currency swap, less non-restricted cash divided by LTM to 30 June 2021 adjusted EBITDA of £221.5 million.
[4] For additional details, please refer to the information under the heading 'Key performance indicators – pro-forma' on page 11 of this release.

- Asia continues to deliver significant double-digit growth with revenues increasing by 30% year-on-year on a constant currency basis[5]
- In Europe, revenues declined by 29% reflecting a more challenging regulatory environment in Germany, Scandinavia and, to a degree, in Spain
- Revenues in ROW fell marginally by 1% year-on-year, with growth in North America offset by a contraction in other smaller markets

COVID-19 and responsible gambling

- With the pandemic still present in all our operating markets, we remain fully committed to ensuring the health and safety of both our players and employees throughout our global communities. This will remain a top priority whilst the virus is still in existence across our markets worldwide
- We have continued to see 100% continuity in our global business operations, and this is a testament to the commitment and diligence of our teams across the globe. We remain committed to creating a working environment which allows for increased flexibility for all employees in the future
- We continue to take proactive steps to enhance our responsible gambling approach through ongoing investment in new capabilities and resources. This is strengthening our position as a best-in-class operator in protecting our recreational players
- We remain fully supportive of the UK Government's review of the 2005 Gambling Act and reiterate the need for a rigorous evidence-based approach to potential policy change to ensure the complete protection of vulnerable customers whilst also allowing the majority to continue to enjoy their play in a responsible way

Capital allocation, dividend and completion of combination of Gamesys and Bally’s Corporation

- The Group has further strengthened its robust balance sheet in the first half of 2021, as exceptional cash generation supports ongoing deleveraging and the paydown of debt on 30 July 2021
- In the scheme document relating to the combination of Gamesys and Bally's Corporation, the Board reserved the right to declare an interim dividend of up to 15.0p. The Board has approved and declared an interim dividend for the year ending 31 December 2021 of 15.0p per ordinary share in the Group (‘Ordinary Shares’). The interim dividend will be paid on 15 October 2021 to shareholders on the register on 10 September 2021 and the Ordinary Shares will become ex-dividend on 9 September 2021, subject to the scheme of arrangement not becoming effective before that date
- The combination of Gamesys and Bally’s Corporation is expected to become effective in Q4 of the current financial year

Lee Fenton, CEO, Gamesys Group plc, commented:

“The Group has delivered another set of excellent results for the first half of 2021 with revenue growth of 17% and adjusted EBITDA[1] increasing by 16% during the period. This performance reflected significant double-digit revenue growth in our key markets of the UK and Asia and our continuing strong cash flow has seen leverage reduce further. We are fully focused on operational execution, product innovation and the enhancement of safer gambling initiatives across all of our markets and we remain fully confident in the Group’s ability to deliver long-term sustainable growth.”

[5] Constant currency amounts are calculated by applying the same EUR to GBP average exchange rates to both current and prior period comparative figures.

Conference call

There will be a conference call for analysts and investors today at 1.00pm BST / 8.00am ET. To join the call, participants should dial one of the following numbers, using the password 'Gamesys', approximately 10 minutes ahead of the scheduled start time.

UK toll free	0808 109 0700
Canada toll free	1 866 378 3566
USA toll free	1 866 966 5335
Standard international access	+44 (0) 33 0551 0200

A replay facility will be available for 30 days and can be accessed by dialling one of the numbers below and quoting conference 5896372#

Standard international access	+44 (0) 20 8196 1480
USA toll free	1 866 583 1035

A transcript will also be made available on Gamesys Group plc's website at www.gamesysgroup.com/investors

Enquiries

Gamesys Group plc
Jason Holden
Director of Investor Relations

jason.holden@gamesysgroup.com
+44 (0) 207 478 8150
+44 (0) 7812 142118

Finsbury
James Leviton, Robert Allen

gamesysgroup-LON@finsbury.com
+44 (0) 207 251 3801

Chief executive's business review

Overview

I am incredibly proud that our dedicated workforce has continued to prosper and thrive despite the challenges which the COVID-19 pandemic still presents and that the Group has delivered a record set of half-year numbers. As I have said before, we now know that 'normal' is never likely to return in exactly the same way but we will continue to maintain a focus on the wellbeing of both staff and players. Replacing old practices will require dedication but our workforce has an unerring appetite to learn how we can best market to and serve our players in the new world. We have made significant strides towards establishing a hybrid working environment as our offices open up across our international footprint and look forward to enhancing the collaboration-focused environment we have established remotely when teams do gather together onsite.

UK

A record performance from the UK, the Group's largest geographic market, in H1 2021. Revenue growth of 20% in H1 2021 was very similar to 21% in H2 2020 and has been driven by popular and established brands building on leading positions (e.g. Virgin Games and Monopoly Casino), and new brands such as Rainbow Riches Casino boosting growth. Meanwhile, our player base continues to grow sustainably; average monthly actives grew by 10% over H1 2020.

Asia

A record performance in H1 2021 building on well-established momentum and against extremely strong comparatives. The Group is the clear online casino market leader in Japan and success reflects best-in-class operational expertise, investment in product, infrastructure, customer support and marketing. We are launching new brands into Japan and have expanded our game portfolio with new, internally developed, exclusive titles. Our B2B business in Asia continues to grow supported by increasing features and improvements for our partners.

Europe

Europe was impacted by regulatory measures across a number of markets, namely Spain, Germany and Sweden. Spain did however show signs of stabilising in Q2 2021, with Monopoly Casino continuing to build momentum in this market. Revenues were also impacted by a withdrawal from some peripheral markets.

ROW

In our ROW market, the standout performer in H1 2021 was Canada with triple-digit growth over H1 2020. Our largest market in ROW is New Jersey in the US and we have invested in headcount and the technology platform to support our operations. We have built a foundation for sustainable growth in North America as a whole. Revenues were impacted by the contraction in some smaller markets in H1 2021.

Regulatory update

When the UK Government announced that it was initiating a review of the 2005 Act we welcomed the opportunity to create a framework fit for the digital age that was built upon on balance, evidence, efficacy and proportionality as the key drivers of sound policy. We now await the findings of that review and what we hope will be continued steps to enhance the protection of vulnerable customers whilst also protecting the enjoyment of the vast majority of customers who never experience any harms whatsoever.

Outlook

At its core, Gamesys is focused on providing entertainment, recreation and community to the record number of players who enjoy our well known and trusted brands. We continue to significantly expand our player base and we are well placed to deliver sustainable and long-term growth.

Note regarding non-IFRS financial measures

The following non-IFRS definitions are used in this release because management believes that they provide additional useful information regarding ongoing operating and financial performance. Readers are cautioned that the definitions are not recognised measures under IFRS, do not have standardised meanings prescribed by IFRS, and should not be considered in isolation or construed to be alternatives to revenue and net income/(loss) and comprehensive income/(loss) for the period determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities. Accordingly, our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

Adjusted EBITDA, as defined by the Group, is net income before interest expense including accretion (net of interest income), income taxes, amortisation and depreciation, severance costs, one-off tax (recovery)/charges, transaction related costs and foreign exchange (gain)/loss. Management believes that Adjusted EBITDA is an important indicator of the issuer's ability to generate liquidity to service outstanding debt and uses this metric for such purpose. The exclusion of severance costs, one-off tax (recovery)/charges, transaction related costs and foreign exchange (gain)/loss eliminates items which management believes are either non-operational and/or non-routine.

Adjusted Net Income, as defined by the Group, means net income plus or minus items of note that management may reasonably quantify and believes will provide the reader with a better understanding of the Group's underlying business performance. Adjusted Net Income is calculated by adjusting net income for accretion on financial liabilities, amortisation of acquisition related purchase price intangibles, severance costs, one-off tax (recovery)/charges, transaction related costs, foreign exchange (gain)/loss and deferred tax on purchase price intangibles. The exclusion of accretion on financial liabilities eliminates non-cash items and the exclusion of amortisation of acquisition related purchase price intangibles, severance costs, one-off tax (recovery)/charges, transaction related costs, foreign exchange (gain)/loss and deferred tax on purchase price intangibles eliminates items which management believes are non-operational and/or non-routine. Adjusted Net Income is considered by some investors and analysts for the purpose of assisting in valuing a company.

Diluted Adjusted Net Income per share, as defined by the Group, means Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period. Management believes that Diluted Adjusted Net Income per share assists with the Group's ability to analyse Adjusted Net Income on a diluted weighted average per share basis.

Cautionary Note Regarding Forward Looking Information

This announcement may contain statements that constitute 'forward-looking information', 'future-oriented financial information' and 'financial outlook' within the meaning of applicable laws, including Canadian securities legislation. Forward-looking information contained in this announcement includes, but is not limited to statements with respect to: the Group's future financial performance, including its FY21 revenue and adjusted EBITDA[1]; the future prospects of the Group's business and operations; the Group's growth opportunities and the execution and sustainability of its growth and diversification strategies, including the pursuit of bolt-on acquisitions and opportunities in North America; the importance of the Group's enlarged and engaged customer base in driving sustainable growth; the Group's anticipated cash flow generation and deleveraging, and its ability to meet stated long-term targets ahead of schedule or at all; the Group's anticipated cash conversion rate from adjusted EBITDA[1]; returns to shareholders through share buyback programmes or otherwise; the anticipated timing of a dividend payment, and the implementation of a broader dividend and capital allocation policy; the Group's contributions to the environment for responsible gaming; the Group's preservation of flexibility to balance between cash conservation, debt paydown, potential acquisitions and returns of cash to shareholders; the Group's future priorities, including its focus on expanding its global revenue footprint; the implications of COVID-19 on the business and operations of the Group, including with respect to employee working environments; the Group's intention to exit markets that are subscale and/or have regulatory regimes that make cash generation challenging; future rates of e-commerce adoption; and continued investment in new games content and development of the Group's existing portfolio. Statements that reflect the Group's current expectations related to future events or its future results, performance, achievements or developments, and future trends affecting the Group constitute forward-looking information. Words such as 'plans', 'expects', 'estimates', 'projects', 'predicts', 'targets', 'seeks', 'intends', 'anticipates', 'believes', 'may', 'could', 'should', 'might', 'will' or similar expressions suggesting future outcomes or events are intended to identify such forward-looking information. Such forward-looking information is based on current expectations, estimates, forecasts and projections about the Group's business and the industry, regulatory and economic environments in which it operates, and include beliefs and assumptions made by management of the Group which may prove to be incorrect, including, but not limited to: the ability of the Group to secure, maintain and comply with all required licences, permits and certifications to carry out business in the jurisdictions in which it currently operates or intends to operate; no unforeseen changes in governmental or regulatory policies, including the introduction of new laws or changes in existing laws (or the interpretation thereof) related to online gaming; no downturn in general business, economic or market conditions (including market growth rates and the withdrawal of the UK from the European Union); uninterrupted operations; the Group operating in foreign jurisdictions; no unfavourable changes in the competitive environment; the expected growth of the online gaming market and potential new market opportunities; anticipated and unanticipated costs; the protection of the Group's intellectual property rights; the Group's ability to successfully integrate and realise the benefits of its completed acquisitions; the Group's continued relationship with third parties; the ability of the Group to service its debt obligations; the ability of the Group to obtain additional financing, if, as and when required; the Group's ability to retain its active customers; the availability of suitable bolt-on acquisition targets; and no unforeseen changes due to the COVID-19 pandemic. Such statements could also be materially affected by risks relating to the lack of available and qualified personnel or management; stock market volatility; taxation policies; competition; foreign operations; the Group's limited operating history and the Group's ability to access sufficient capital from internal or external sources. Gamesys believes that these are reasonable assumptions, based on information currently available to the Group.

Whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond the Group's control. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things: risks relating to the lack of available and qualified personnel or management; unfavourable regulatory changes in key markets; risks associated with fluctuations in interest rates and failure to manage exposure to credit and financial instrument risk; a significant expansion in length or severity of the COVID-19 pandemic restricting or prohibiting the Group's operations or significantly impacting the Group's workforce; the severity of mitigation measures related to the COVID-19 pandemic; and risks associated with economic uncertainty and financial market volatility.

Although the Group has attempted to identify important factors that could cause actual results, performance, achievements or developments to differ materially from those described in forward-looking statements, there may be other factors that cause actual results, performance, achievements or developments not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those expressed in or implied by the forward-looking information contained in this announcement.

All forward looking information in this announcement speaks as of the date of this announcement. While subsequent events and developments may cause the Group's expectations, estimates and views to change, the Group does not undertake or assume any obligation to update or revise any forward-looking information, except as required by applicable law.

In addition, the Group cautions readers that information provided in this announcement regarding the Group's outlook on certain matters, including any future-oriented financial information and financial outlook, is provided in order to give context to the Group's future financial performance and future prospects of the Group's business and operations, and may not be appropriate for other purposes.

Financial review

Revenue

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
UK	**237.3**	197.4
Asia	**128.0**	98.9
Europe	**24.3**	34.4
ROW	**9.2**	9.3
	398.8	340.0

The increase in total revenue for the six months ended 30 June 2021 in comparison to the same period in the prior year relates to organic growth[6] in the UK and Asia markets of the Group's online gaming segment.

Costs and expenses

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Distribution costs	**221.2**	181.3
Administrative costs	**114.7**	107.1
Impairment of financial assets	**–**	3.0
Severance costs	**0.8**	–
Transaction related costs	**21.9**	2.8
	358.6	294.2

Distribution costs

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Selling and marketing	**87.4**	69.0
Licensing fees	**36.9**	30.1
Gaming taxes	**57.4**	52.5
Processing fees	**39.5**	29.7
	221.2	181.3

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. Licensing fees consist of fees paid to game suppliers. Gaming taxes largely consist of point of consumption taxes payable in regulated jurisdictions that the Group operates in. Processing fees consist of costs associated with using payment providers and include payment service provider transaction and handling costs as well as deposit and withdrawal fees. With the exception of selling and marketing expenses, distribution costs tend to be variable in relation to revenue.

The increase in distribution costs for the six months ended 30 June 2021 compared to the same period in 2020 is mainly due to increased revenue and marketing spend in the online gaming segment.

Administrative costs

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Compensation and benefits	**50.4**	45.0
Professional fees	**4.2**	3.3
General and administrative	**11.8**	12.4
Amortisation and depreciation	**48.3**	46.4
	114.7	107.1

[6] Organic growth is growth achieved without accounting for acquisitions or disposals.

Compensation and benefits costs consist of salaries, wages, bonuses, directors' fees, benefits, long-term incentive plan expense and share-based compensation expense. The increase in these expenses for the six months ended 30 June 2021 compared to the same period in 2020 is primarily due to additional staff hired as the business continues to grow.

Professional fees consist mainly of legal, accounting and audit fees. The increase in professional fees for the six months ended 30 June 2021 compared to the same period in 2020 can be attributed to services obtained in relation to some of the Group's operational and corporate initiatives.

General and administrative expenses consist of items such as travel and accommodation, insurance, listing authority fees, technology and development costs, charitable donations and other office overhead charges. The decrease in these costs for the six months ended 30 June 2021 compared to the same period in 2020 relates to a one-time write-off of accounts receivable recorded in the prior period and lower office overhead charges, partially offset by higher technology and development costs and insurance.

Amortisation and depreciation expenses consist of amortisation of the Group's intangible assets and depreciation of the Group's tangible and right-of-use assets over their useful lives and lease terms, respectively. The increase in amortisation and depreciation in the six months ended 30 June 2021 is primarily due to a change in rates used to amortise purchase price intangibles bought as part of the Gamesys Acquisition to reflect expected player attrition.

Impairment of financial assets

Impairment of financial assets relates to net increases in provisions on certain high-risk balances in transit from, and rolling reserves held with payment service providers, as discussed in note 16 of the Annual Financial Statements.

Transaction related costs

Transaction related costs consist of legal, professional, due diligence and other direct costs/fees associated with transactions and acquisitions or disposals contemplated or completed by the Group. The increase in transaction related costs in the six months ended 30 June 2021 compared to the same period in 2020 relates to the Bally's Combination.

Net income

The Group's net income during the six months ended 30 June 2021 was 40% lower than in the same period in 2020. The decrease can be primarily attributed to the fact that the UK corporation tax rate change from 19% to 25% has been substantively enacted in the period ended 30 June 2021, resulting in recognition of an additional deferred tax provision. The tax rate change will apply from April 2023. This was partially offset by lower interest expense incurred in the current period due to pay down of long-term debt and higher foreign exchange gains. The remainder of the movement in the Group's net income compared to the prior period is attributable to gaming revenue as well as costs and expenses discussed above.

Business unit results

Online gaming

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)	Variance (£m)	Variance %
Revenue	**398.8**	340.0	58.8	17
Distribution costs	**222.1**	181.3	40.8	23
Administrative costs	**57.6**	52.2	5.4	10
Impairment of financial assets	–	3.0	(3.0)	(100)
Adjusted EBITDA[1]	**119.1**	103.5	15.6	15

Unallocated corporate costs – adjusted EBITDA[1]

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)	Variance (£m)	Variance %
Adjusted EBITDA[1]	**(8.8)**	(8.5)	(0.3)	(4)

Online revenue by geography

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)	Variance (£m)	Variance %
UK	**237.3**	197.4	39.9	20
Asia	**128.0**	98.9	29.1	29
Europe	**24.3**	34.4	(10.1)	(29)
ROW	**9.2**	9.3	(0.1)	(1)
	398.8	340.0	58.8	17

Revenue for the online gaming segment for the six months ended 30 June 2021 was 17% higher than in the same period in 2020. UK revenues increased by 20% for the six months ended 30 June 2021 compared to the same period in 2020 despite the continued impact of enhanced responsible gambling measures. Asia continued to perform strongly, growing revenue by 29% for the six months ended 30 June 2021 compared to the same period in 2020. Europe revenues declined by 29% for the six months ended 30 June 2021 compared to the same period in 2020, largely due to the impact of regulatory measures in Spain, Sweden and Germany, as well as exit from certain peripheral markets in the current period. ROW was mostly flat for the six months ended 30 June 2021 compared to the same period in 2020 as growth in North America was offset by contraction in smaller markets.

Distribution costs for the online gaming segment increased 23% for the six months ended 30 June 2021 compared to the same period in 2020 as a result of higher marketing spend as well as higher licensing costs, gaming taxes and processing fees, all driven by higher revenues achieved.

The increase in administrative costs for the online gaming segment for the six months ended 30 June 2021 compared to the same period in 2020 was mainly driven by increases in personnel costs as the Group continues to grow, partially offset by a decrease in administrative overhead costs.

Financial position

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)	Variance (£m)
Total non-current assets	**954.5**	979.6	(25.1)
Total current assets	**324.4**	285.9	38.5
Total assets	**1,278.9**	1,265.5	13.4
Total current liabilities	**194.6**	157.1	37.5
Total non-current liabilities	**579.8**	589.0	(9.2)
Total liabilities	**774.4**	746.1	28.3

The £25.1 million decrease in non-current assets since 31 December 2020 largely relates to amortisation of the Group's intangible assets.

The £2.6 million decrease in current assets (excluding a cash increase of £41.1 million) since 31 December 2020 largely relates to a £3.3 million decrease in taxes receivable due to a refund received in the current period.

The £37.5 million increase in current liabilities mostly relates to higher accounts payable and accrued liabilities due to an increase in the Group's direct costs, higher short-term payables arising from costs incurred for the Bally's Combination and a £9.6 million increase in provision for taxes related to strong results achieved by the Group.

The £9.2 million decrease in non-current liabilities primarily relates to a £13.9 million decrease in the Group's long-term debt largely due to foreign exchange fluctuations on the EUR Term Facility, partially offset by a £8.0 million increase in deferred tax liabilities driven by the fact that the UK corporation tax rate change from 19% to 25% has been substantively enacted as at 30 June 2021, resulting in recognition of an additional liability.

Cash flow by activity

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)	Variance (£m)
Operating activities	**103.5**	101.1	2.4
Financing activities	**(43.4)**	(61.1)	17.7
Investing activities	**(13.9)**	(8.9)	(5.0)

Cash provided by operating activities during the six months ended 30 June 2021 relates to cash generated from the operational activities of the online gaming segment, less corporate expenses. For the six months ended 30 June 2021, the operating cash flow increased compared to the same period in 2020 primarily due to strong results achieved by the Group.

Decrease in cash used in financing activities during the six months ended 30 June 2021 compared to the same period in 2020 primarily relates to the fact that the Group did not pay down any of its long-term debt in the current period (six months ended 30 June 2020 – £40.0 million) and lower interest payments associated with the reduced long-term debt balance, partially offset by a £30.7 million payment of shareholder dividends in the current period (six months ended 30 June 2020 – £nil).

Increase in cash used in investing activities during the six months ended 30 June 2021 compared to the same period in 2020 primarily relates to higher spend on tangible and intangible assets as the Group continues to grow.

Key performance indicators – pro-forma[7]

Average Active Players and **Average Active Players per Month** are a key performance indicator used by management to assess real money player acquisition and real money player retention efforts of each of the Group's brands. The Group defines average active players ('Average Active Players') as being real money players who have placed at least one bet in a given month. 'Average Active Players per Month' is the Average Active Players per month, averaged over a twelve-month period. While this measure is not recognised under IFRS, management believes that it is a meaningful indicator of the Group's ability to acquire and retain players.

Total Real Money Revenue and **Average Real Money Revenue per Month** are key performance indicators used by management to assess revenue earned from real money gaming operations of the business. The Group defines total real money revenue ('Total Real Money Revenue') as revenue less revenue earned from B2B operations. The Group defines average real money revenue per month ('Average Real Money Revenue per Month') as Real Money Revenue per month, averaged over a twelve-month period. While these measures are not recognised under IFRS, management believes that they are meaningful indicators of the Group's real money operational results.

Monthly Real Money Revenue per Average Active Player is a key performance indicator used by management to assess the Group's ability to generate Real Money Revenue on a per player basis. The Group defines monthly real money revenue per average active player ('Monthly Real Money Revenue per Average Active Player') as being Average Real Money Revenue per Month divided by Average Active Players per Month. While this measure is not recognised under IFRS, management believes that it is a meaningful indicator of the Group's ability to generate Total Real Money Revenue.

	Twelve months ended 30 June 2021	Twelve months ended 30 June 2020	Variance	Variance %
Average Active Players per Month (#)	**744,807**	640,436	104,371	16%
Total Real Money Revenue (£000's)[8]	**753,811**	611,106	142,705	23%
Average Real Money Revenue per Month (£000's)	**62,818**	50,926	11,892	23%
Monthly Real Money Revenue per Average Active Player (£)	**84**	80	4	5%

Monthly Real Money Revenue per Average Active Player increased by 5% year-over-year, maintaining a level consistent with the Group's overall player acquisition and retention strategy.

[7] All pro-forma figures present Group results as though the acquired Gamesys brands have been a part of the Group for the entire comparative period.
[8] Total Real Money Revenue for the twelve months ended 30 June 2021 consists of total revenue less revenue earned from B2B activity of £32.6 million (30 June 2020 – £27.0 million).

Principal risks and uncertainties

Details of the Group's principal risks were set out on pages 60 to 66 of the Annual Report for the year ended 31 December 2020 (the '2020 Annual Report'). As at 30 June 2021, the directors have reviewed the Group's risk profile in the context of current market conditions and the outlook for the remaining six months of the financial year. In addition, they have reconsidered previous statements made on risk appetite, risk governance and internal controls and do not consider there to be any significant changes since the 2020 Annual Report.

However, while COVID-19 has not had a dramatic impact on the company's ability to operate thus far, it still poses a significant threat to the global economy and the discretionary spending of our customer base, particularly in the event of recurring lockdowns and/or a prolonged economic recession. To this point, we have been proactive in managing the impact of the pandemic on our business, and our main priority has always been and continues to be the safety and wellbeing of our customers and employees. This resulted in us taking prompt action to introduce new responsible gambling policies to protect customers during lockdown, as well as encouraging our employees to work from home since the crisis began in line with government guidance, and implementing policies and initiatives to support and help improve their home working environment. We expect to manage the crisis in a similarly appropriate way in the months ahead, responding to changes in consumer behaviour and other challenges that may be presented by COVID-19.

Directors' responsibility statement in respect of the half yearly financial report

For the six months ended 30 June 2021, we confirm to the best of our knowledge that:

a) The condensed interim set of financial statements has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the United Kingdom;

b) The Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

A list of the current Directors is maintained on the Gamesys Group plc website: https://www.gamesysgroup.com/.

Signed on behalf of the Board of Directors

Lee Fenton

Chief Executive Officer

10 August 2021

INDEPENDENT REVIEW REPORT TO GAMESYS GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Interim Condensed Consolidated Statements of Comprehensive Income, the Interim Condensed Consolidated Balance Sheets, the Interim Condensed Consolidated Statements of Changes in Equity, the Interim Condensed Consolidated Statements of Cash Flows and the related notes.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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

BDO LLP
Chartered Accountants
London
10 August 2021

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Revenue[4]	**398.8**	340.0
Costs and expenses		
Distribution costs[4,5]	**221.2**	181.3
Administrative costs[5]	**114.7**	107.1
Impairment of financial assets[4]	–	3.0
Severance costs[4]	**0.8**	–
Transaction related costs[4]	**21.9**	2.8
Foreign exchange (gain)/loss[4]	**(2.7)**	6.2
Total costs and expenses	**355.9**	300.4
Interest income[6]	**(0.2)**	(0.2)
Interest expense[6]	**10.1**	12.6
Accretion on financial liabilities[6]	**0.6**	0.5
Total financing expenses	**10.5**	12.9
Net income for the period before taxes	**32.4**	26.7
Tax expense[4,7]	**18.4**	3.4
Net income for the period attributable to owners of the parent	**14.0**	23.3
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods		
Foreign currency translation gain/(loss) on retranslation of foreign subsidiaries	**3.6**	(6.2)
Unrealised (loss)/gain on currency swap[16]	**(4.2)**	4.4
Unrealised gain/(loss) on interest rate swap[16]	**0.3**	(1.5)
Other comprehensive loss for the period	**(0.3)**	(3.3)
Total comprehensive income for the period attributable to owners of the parent	**13.7**	20.0
Net income for the period per share		
Basic[8]	**12.8p**	21.4p
Diluted[8]	**12.7p**	21.4p

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
ASSETS		
Non-current assets		
Tangible assets[11]	**10.5**	8.9
Intangible assets[12]	**373.0**	407.6
Goodwill[12]	**524.0**	526.2
Right-of-use assets[17]	**20.8**	21.9
Deferred tax assets[7]	**14.2**	9.9
Other long-term receivables[13,21]	**12.0**	5.1
Total non-current assets	**954.5**	979.6
Current assets		
Cash[14,21,24]	**253.7**	212.6
Player deposits[14,21]	**27.6**	29.6
Trade and other receivables[15,21]	**42.6**	39.9
Taxes receivable	**0.5**	3.8
Total current assets	**324.4**	285.9
Total assets	**1,278.9**	1,265.5
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities[18,21]	**106.5**	98.6
Transaction related payables[21]	**18.3**	0.3
Current portion of currency and interest rate swap payable[10,16,21]	**7.2**	3.7
Current portion of lease liabilities[10,17,21]	**6.3**	6.1
Interest payable[10,21]	**2.2**	1.9
Payable to players[21]	**27.6**	29.6
Taxes payable	**26.5**	16.9
Total current liabilities	**194.6**	157.1
Non-current liabilities		
Other long-term payables[10,16,21,22]	**12.1**	13.1
Provisions[19]	**5.6**	6.8
Lease liabilities[10,17,21]	**15.5**	16.6
Deferred tax liabilities[7]	**52.4**	44.4
Long-term debt[10,20,21]	**494.2**	508.1
Total non-current liabilities	**579.8**	589.0
Total liabilities	**774.4**	746.1
Equity		
Retained earnings	**230.4**	246.3
Share capital[23]	**11.0**	11.0
Share premium	**11.4**	8.9
Other reserves	**251.7**	253.2
Total equity	**504.5**	519.4
Total liabilities and equity	**1,278.9**	1,265.5

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital (£m)	Share Premium (£m)	Merger Reserve (£m)	Share-based Payment Reserve (£m)	Translation Reserve (£m)	Hedge Reserve (£m)	Retained Earnings (£m)	Total (£m)
Balance at 1 January 2020	**10.9**	**4.7**	**234.5**	**10.1**	**25.4**	**(11.6)**	**190.8**	**464.8**
Comprehensive income/(loss) for the period:								
Net income for the period	–	–	–	–	–	–	23.3	23.3
Other comprehensive (loss)/income	–	–	–	–	(6.2)	2.9	–	(3.3)
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**(6.2)**	**2.9**	**23.3**	**20.0**
Contributions by and distributions to shareholders:								
Exercise of options	–	0.5	–	(0.1)	–	–	0.1	0.5
Payment of long-term incentive plan	–	–	–	(0.4)	–	–	–	(0.4)
Share-based compensation	–	–	–	1.2	–	–	–	1.2
Total contributions by and distributions to shareholders	**–**	**0.5**	**–**	**0.7**	**–**	**–**	**0.1**	**1.3**
Balance at 30 June 2020	**10.9**	**5.2**	**234.5**	**10.8**	**19.2**	**(8.7)**	**214.2**	**486.1**
Balance at 1 January 2021	**11.0**	**8.9**	**234.5**	**12.0**	**17.9**	**(11.2)**	**246.3**	**519.4**
Comprehensive income/(loss) for the period:								
Net income for the period	–	–	–	–	–	–	14.0	14.0
Other comprehensive income/(loss)	–	–	–	–	3.6	(3.9)	–	(0.3)
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**3.6**	**(3.9)**	**14.0**	**13.7**
Contributions by and distributions to shareholders:								
Shareholder dividends[23]	–	–	–	–	–	–	(30.7)	(30.7)
Exercise of options[23]	–	2.5	–	(0.8)	–	–	0.8	2.5
Purchase of shares to satisfy employee incentive obligations[23]	–	–	–	(1.6)	–	–	–	(1.6)
Share-based compensation[23]	–	–	–	1.2	–	–	–	1.2
Total contributions by and distributions to shareholders	**–**	**2.5**	**–**	**(1.2)**	**–**	**–**	**(29.9)**	**(28.6)**
Balance at 30 June 2021	**11.0**	**11.4**	**234.5**	**10.8**	**21.5**	**(15.1)**	**230.4**	**504.5**

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Operating activities		
Cash generated from operations[24]	**105.5**	106.9
Income taxes paid	**(5.2)**	(5.8)
Income taxes received	**3.2**	–
Total cash provided by operating activities	**103.5**	101.1
Financing activities		
Proceeds from exercise of options[23]	**2.5**	0.5
Payment of long-term incentive plan	**–**	(0.4)
Debt issuance and repricing costs[10,20]	**–**	(0.3)
Principal payments made on long-term debt[10,20]	**–**	(40.0)
Purchase of shares to satisfy employee incentive obligations[23]	**(1.6)**	–
Lease payments[10,17]	**(3.1)**	(2.8)
Repayment of non-compete liability[10]	**–**	(4.7)
Interest and swap payments[10]	**(10.5)**	(13.4)
Payment of shareholder dividends[23]	**(30.7)**	–
Total cash used in financing activities	**(43.4)**	(61.1)
Investing activities		
Purchase of tangible assets[11]	**(3.6)**	(1.3)
Purchase of intangible assets[12]	**(10.3)**	(7.6)
Total cash used in investing activities	**(13.9)**	(8.9)
Net increase in cash during the period	**46.2**	31.1
Cash, beginning of period	**212.6**	100.3
Exchange (loss)/gain on cash and cash equivalents	**(5.1)**	4.6
Cash, end of period	**253.7**	136.0

See accompanying notes

gamesys group

SUPPLEMENTARY NOTES FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. Corporate information

Gamesys Group plc is an online gaming holding company that was incorporated under the Companies Act 2006 (England and Wales) on 29 July 2016. Gamesys Group plc's registered office is located at 10 Piccadilly, London, United Kingdom. Unless the context requires otherwise, use of 'Group' in these accompanying notes means Gamesys Group plc and its subsidiaries, as applicable.

The Group currently offers bingo, casino and other games to its players using the Jackpotjoy, Megaways Casino, Botemania, Virgin Games, Heart Bingo, Virgin Casino, Monopoly Casino, Rainbow Riches Casino, Vera&John, InterCasino and VIP Casino brands. All brands operate off proprietary software owned by the Group.

On 24 March 2021, the boards of the Group and Bally's Corporation ('Bally's') announced a possible combination and on 13 April 2021, the Group announced agreement of definitive terms by which it will combine with Bally's (the 'Bally's Combination'). Pursuant to the Bally's Combination, Bally's and Premier Entertainment Sub, LLC (an indirect wholly-owned subsidiary of Bally's) would acquire the entire issued and to be issued ordinary share capital of the Group. Under the terms of the Bally's Combination, each shareholder of the Group will be entitled to receive 1,850p in cash for each ordinary share of the Group. Bally's will also make available a share alternative, pursuant to which Gamesys shareholders may elect to receive Bally's shares in lieu of part or all of the cash consideration to which they would otherwise be entitled under the terms of the Bally's Combination. Under the share alternative, for each ordinary share of the Group, shareholders will be entitled to 0.343 of Bally's shares.

On 30 June 2021, shareholders of the Group and Bally's voted in favour of the Bally's Combination.

These Unaudited Interim Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors of Gamesys Group plc on 10 August 2021.

2. Basis of preparation

Basis of presentation

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared by management on a going concern basis, are presented in compliance with UK-adopted International Accounting Standard 34 – *Interim Financial Reporting* and have been prepared on a basis consistent with the accounting policies and methods used and disclosed in Gamesys Group plc's consolidated financial statements for the year ended 31 December 2020 (the 'Annual Financial Statements'), except for the adoption of new and amended standards as described in note 3. Certain information and disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') have been omitted or condensed.

These Unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Statements. All defined terms used herein are consistent with those terms as defined in the Annual Financial Statements.

The comparative financial information for the year ended 31 December 2020 in these Unaudited Interim Condensed Consolidated Financial Statements does not constitute statutory accounts for that year. The auditors' report on the statutory accounts for the year ended 31 December 2020 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared under the historical cost convention, other than for the measurement at fair value of the Group's Interest Rate Swap, Currency Swap and certain loans receivable.

3. Significant accounting policies

For a description of the Group's significant accounting policies, significant accounting estimates and assumptions, and related information see notes 3 and 4 to the Annual Financial Statements. Other than what is described below, there have been no changes to the Group's significant accounting policies or significant accounting estimates and assumptions during the six months ended 30 June 2021.

Accrued liabilities

Management has exercised judgement in applying the Group's accounting policies to the recognition of transaction related costs attributable to work performed during the six months ended 30 June 2021 in relation to the Bally's Combination and has recognised certain expenses in line with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. Judgement was exercised principally in assessing the probability of the transaction completing and the likelihood that certain costs will be incurred. As a result, certain liabilities have been recognised accordingly in these Unaudited Interim Condensed Consolidated Financial Statements

IBOR Reform – Phase 2 and its effects on financial reporting

The Group has adopted amendments to the below standards in response to the interest rate benchmark reform – phase 2 (the 'IBOR Reform – Phase 2') issued in August 2020:

- IFRS 9 – *Financial Instruments;*
- IAS 39 – *Financial Instruments: Recognition and Measurement;*
- IFRS 7 – *Financial Instruments: Disclosures;* and
- IFRS 16 – *Leases*

In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. These amendments did not have a material effect on the Group's current or comparative periods, consequently comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

4. Segment information

The Group has a single operating segment, being online gaming. The online gaming segment consists of online bingo and casino operating results of the Jackpotjoy, Megaways Casino, Virgin Games, Heart Bingo, Botemania, Rainbow Riches Casino, Virgin Casino, Monopoly Casino, Vera&John, InterCasino and VIP Casino brands, as well as the Group's B2B operations.

The following tables present selected financial results for online gaming and the unallocated corporate costs.

Six months ended 30 June 2021:

	Online gaming (£m)	Unallocated corporate costs (£m)	Total (£m)
Revenue	**398.8**	**—**	**398.8**
Distribution costs	221.2	—	221.2
Amortisation and depreciation	48.0	0.3	48.3
Compensation, professional, general and administrative expenses	57.6	8.8	66.4
Severance costs	0.8	—	0.8
Transaction related costs	—	21.9	21.9
Foreign exchange loss/(gain)	0.7	(3.4)	(2.7)
Financing, net	0.5	10.0	10.5
Income/(loss) for the period before taxes	**70.0**	**(37.6)**	**32.4**
Tax expense	18.3	0.1	18.4
Net income/(loss) for the period after taxes	**51.7**	**(37.7)**	**14.0**
Net income/(loss) for the period after taxes	**51.7**	**(37.7)**	**14.0**
Interest expense, net	0.5	9.4	9.9
Accretion on financial liabilities	—	0.6	0.6
Tax expense	18.3	0.1	18.4
Amortisation and depreciation	48.0	0.3	48.3
EBITDA	**118.5**	**(27.3)**	**91.2**
Severance costs	0.8	—	0.8
Recovery of one-off tax charges	(0.9)	—	(0.9)
Transaction related costs	—	21.9	21.9
Foreign exchange loss/(gain)	0.7	(3.4)	(2.7)
Adjusted EBITDA	**119.1**	**(8.8)**	**110.3**
Net income/(loss) for the period after taxes	**51.7**	**(37.7)**	**14.0**
Severance costs	0.8	—	0.8
Recovery of one-off tax charges	(0.9)	—	(0.9)
Transaction related costs	—	21.9	21.9
Foreign exchange loss/(gain)	0.7	(3.4)	(2.7)
Amortisation of acquisition related purchase price intangibles	39.9	—	39.9
Accretion on financial liabilities	—	0.6	0.6
Deferred tax on purchase price intangibles	8.0	—	8.0
Adjusted net income/(loss)	**100.2**	**(18.6)**	**81.6**

Six months ended 30 June 2020:

	Online gaming (£m)	Unallocated corporate costs (£m)	Total (£m)
Revenue	**340.0**	**—**	**340.0**
Distribution costs	181.3	—	181.3
Amortisation and depreciation	46.1	0.3	46.4
Compensation, professional, general and administrative expenses	52.2	8.5	60.7
Impairment of financial assets	3.0	—	3.0
Transaction related costs	—	2.8	2.8
Foreign exchange loss	0.7	5.5	6.2
Financing, net	0.5	12.4	12.9
Income/(loss) for the period before taxes	**56.2**	**(29.5)**	**26.7**
Tax expense	3.3	0.1	3.4
Net income/(loss) for the period after taxes	**52.9**	**(29.6)**	**23.3**
Net income/(loss) for the period after taxes	**52.9**	**(29.6)**	**23.3**
Interest expense, net	0.5	11.9	12.4
Accretion on financial liabilities	—	0.5	0.5
Tax expense	3.3	0.1	3.4
Amortisation and depreciation	46.1	0.3	46.4
EBITDA	**102.8**	**(16.8)**	**86.0**
Transaction related costs	—	2.8	2.8
Foreign exchange loss	0.7	5.5	6.2
Adjusted EBITDA	**103.5**	**(8.5)**	**95.0**
Net income/(loss) for the period after taxes	**52.9**	**(29.6)**	**23.3**
Transaction related costs	—	2.8	2.8
Foreign exchange loss	0.7	5.5	6.2
Amortisation of acquisition related purchase price intangibles	38.5	—	38.5
Accretion on financial liabilities	—	0.5	0.5
Deferred tax on purchase price intangibles	(3.2)	—	(3.2)
Adjusted net income/(loss)	**88.9**	**(20.8)**	**68.1**

During the six months ended 30 June 2021, revenue was earned from players situated in the following locations: United Kingdom – 60% (six months ended 30 June 2020 – 58%), Japan – 28% (six months ended 30 June 2020 – 25%), rest of Europe – 6% (six months ended 30 June 2020 – 10%), rest of world – 6% (six months ended 30 June 2020 – 7%).

During the six months ended 30 June 2021, the Group's B2B revenue comprised 4% (six months ended 30 June 2020 – 4%) of the Group's total revenues, with the remaining portion being revenues earned from Net Gaming Revenue operations.

Non-current assets by geographical location as at 30 June 2021 were as follows: Europe £99.8 million (31 December 2020 – £98.8 million), Americas £5.0 million (31 December 2020 – £6.1 million) and United Kingdom £849.7 million (31 December 2020 – £874.7 million). £25.2 million of the movement in non-current assets relates to the Group's online gaming segment, with the remainder relating to unallocated corporate costs.

5. Costs and expenses

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Distribution costs:		
Selling and marketing	**87.4**	69.0
Licensing fees	**36.9**	30.1
Gaming taxes	**57.4**	52.5
Processing fees	**39.5**	29.7
	221.2	181.3
Administrative costs:		
Compensation and benefits	**50.4**	45.0
Professional fees	**4.2**	3.3
General and administrative	**11.8**	12.4
Tangible asset depreciation	**4.6**	4.2
Intangible asset amortisation	**43.7**	42.2
	114.7	107.1

6. Interest income/expense

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Total interest income	**0.2**	0.2
Interest accrued and paid on long-term debt	**9.3**	11.6
Interest accrued and paid on cash balances	**0.2**	—
Fair value adjustment on secured convertible loan	**(0.2)**	0.2
Interest accrued on deferred consideration	**0.3**	0.3
Interest accrued and paid on lease liabilities	**0.5**	0.5
Total interest expense	**10.1**	12.6
Debt issue costs and accretion recognised on long-term debt	**0.6**	0.5
Total accretion on financial liabilities	**0.6**	0.5

7. Taxes and deferred taxes

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
UK	**4.5**	4.9
Foreign jurisdictions	**10.6**	4.2
Adjustments for prior periods	**(0.1)**	1.7
Current tax expense	**15.0**	10.8
Tax effect of temporary differences	**(4.6)**	(4.2)
Origination and reversal of temporary differences related to business combinations	**8.0**	(3.2)
Deferred tax expense/(credit)	**3.4**	(7.4)
Total tax expense	**18.4**	3.4

The difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period as follows:

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Profit for the period before taxes	**32.4**	26.7
Tax using Gamesys Group plc's domestic tax rate of 19% (2020 – 19%)	**6.2**	5.1
Adjusted for effects of:		
Enactment of new tax rate of 25%	**11.6**	—
Non-deductible expenses	**10.0**	5.9
Different tax rates applied in foreign jurisdictions	**(10.6)**	(14.6)
Non-capital loss for which no tax benefit has been recorded	**1.3**	5.1
Adjustments for prior periods	**(0.1)**	1.7
Utilisation of brought forward losses not previously recognised as an asset	**(0.2)**	0.2
Other differences	**0.2**	—
Total tax expense	**18.4**	3.4

As at 30 June 2021, tax payable and receivable balances consist primarily of taxes related to the 2018, 2019, 2020 and 2021 fiscal years.

As at 30 June 2021, the Group has tax losses amounting to £9.5 million (as at 31 December 2020 – £4.5 million) for which no deferred tax asset has been recognised due to reduced certainty over the existence of future taxable profits in the affected subsidiaries.

	Deferred tax assets (£m)	**Deferred tax liabilities (£m)**
Balance, 1 January 2020	—	53.2
Deferred tax on purchase price intangibles: reversal of temporary differences	—	(8.7)
Transfer from current taxes receivable	7.2	—
Temporary differences: intangible assets	1.7	—
Accrued tax rebates	4.8	—
Transfer to current taxes receivable	(3.8)	—
Foreign exchange translation	—	(0.1)
Balance, 31 December 2020	9.9	44.4
Deferred tax on purchase price intangibles: reversal of temporary differences	—	(3.6)
Deferred tax on purchase price intangibles: impact of tax rate change	—	11.6
Temporary differences: intangible assets	(0.8)	—
Accrued tax rebates	5.4	—
Foreign exchange translation	(0.3)	—
Balance, 30 June 2021	**14.2**	**52.4**

Deferred tax assets relate to differences in timing of distribution of taxed profits through intercompany dividend declarations (£13.6 million) and other temporary differences (£0.6 million). Deferred tax liabilities relate exclusively to balances arising on business combinations.

8. Earnings per share

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Numerator:		
Net income attributable to owners of the parent – basic	**14.0**	23.3
Net income attributable to owners of the parent – diluted	**14.0**	23.3
Denominator:		
Weighted average number of shares outstanding – basic (#)	**109.5**	108.7
Weighted average effect of dilutive share options and warrants (#)	**0.5**	0.1
Weighted average number of shares outstanding – diluted (#)	**110.0**	108.8
Net income per share[1,2]:		
Basic	**12.8p**	21.4p
Diluted	**12.7p**	21.4p

[1]*Basic net income per share is calculated by dividing the net income by the weighted average number of shares outstanding during the period.*

[2]*Diluted net income per share is calculated by dividing the net income by the weighted average number of shares outstanding during the period and adjusted for the number of potentially dilutive share options, warrants and contingently issuable instruments.*

9. Related party transactions

Compensation of key management

Key management is comprised of officers and members of management of the Group. Key management personnel compensation for services rendered is as follows:

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Salaries and bonuses	**3.8**	4.2
Pension and other post-employment benefit costs	**0.1**	0.1
Share-based compensation	**0.5**	0.6
	4.4	4.9

10. Liabilities arising from financing activities

	Long-term debt (£m)	Interest payable (£m)	Non-compete clauses (£m)	Interest rate swap liability (£m)	Currency swap liability (£m)	Deferred consideration (£m)	Lease liabilities (£m)	Total (£m)
Balance, 1 January 2020	530.3	1.0	4.7	1.1	9.3	10.0	22.7	579.1
Cash flows	(40.3)	(21.8)	(4.7)	(0.9)	(2.3)	—	(5.9)	(75.9)
Non-cash flows								
Fair value adjustments	—	—	—	1.6	(2.0)	—	—	(0.4)
Interest expense	—	22.9	—	—	—	—	1.2	24.1
Lease liabilities recognised	—	—	—	—	—	—	4.6	4.6
Accretion	1.2	—	—	—	—	—	—	1.2
Foreign exchange translation	16.9	(0.2)	—	—	—	—	0.1	16.8
Balance, 31 December 2020	508.1	1.9	—	1.8	5.0	10.0	22.7	549.5
Cash flows	—	(9.1)	—	(0.4)	(1.0)	—	(3.1)	(13.6)
Non-cash flows								
Fair value adjustments	—	—	—	(0.3)	4.2	—	—	3.9
Interest expense	—	9.6	—	—	—	—	0.5	10.1
Lease liabilities recognised	—	—	—	—	—	—	1.7	1.7
Accretion	0.6	—	—	—	—	—	—	0.6
Foreign exchange translation	(14.5)	(0.2)	—	—	—	—	—	(14.7)
Balance, 30 June 2021	**494.2**	**2.2**	**—**	**1.1**	**8.2**	**10.0**	**21.8**	**537.5**

11. Tangible assets

As at 30 June 2021

	Fixtures and fittings (£m)	Hardware and equipment (£m)	Total (£m)
Cost			
Balance, 1 January 2021	8.0	7.3	15.3
Additions	0.8	2.8	3.6
Foreign exchange translation	—	(0.1)	(0.1)
Balance, 30 June 2021	**8.8**	**10.0**	**18.8**
Accumulated depreciation			
Balance, 1 January 2021	1.9	4.5	6.4
Depreciation	0.6	1.3	1.9
Balance, 30 June 2021	**2.5**	**5.8**	**8.3**
Carrying value			
Balance, 30 June 2021	**6.3**	**4.2**	**10.5**

As at 31 December 2020

	Fixtures and fittings (£m)	Hardware and equipment (£m)	Total (£m)
Cost			
Balance, 1 January 2020	7.2	5.5	12.7
Additions	1.0	1.8	2.8
Disposals	(0.1)	(0.2)	(0.3)
Foreign exchange translation	(0.1)	0.2	0.1
Balance, 31 December 2020	**8.0**	**7.3**	**15.3**
Accumulated depreciation			
Balance, 1 January 2020	0.8	2.4	3.2
Depreciation	1.2	2.3	3.5
Disposals	(0.1)	(0.1)	(0.2)
Foreign exchange translation	—	(0.1)	(0.1)
Balance, 31 December 2020	**1.9**	**4.5**	**6.4**
Carrying value			
Balance, 31 December 2020	**6.1**	**2.8**	**8.9**

12. Intangible assets and goodwill

As at 30 June 2021

	Player relationships (£m)	Software (£m)	Brand (£m)	Partnership agreements (£m)	Goodwill (£m)	Total (£m)
Cost						
Balance, 1 January 2021	516.2	142.0	68.5	17.8	545.7	1,290.2
Additions	—	10.3	—	—	—	10.3
Foreign exchange translation	(1.0)	(2.3)	(0.5)	(0.2)	(2.6)	(6.6)
Balance, 30 June 2021	**515.2**	**150.0**	**68.0**	**17.6**	**543.1**	**1,293.9**
Accumulated amortisation/impairment						
Balance, 1 January 2021	262.0	38.7	20.0	16.2	19.5	356.4
Amortisation	35.3	5.7	1.7	1.0	—	43.7
Foreign exchange translation	(1.0)	(1.5)	(0.1)	(0.2)	(0.4)	(3.2)
Balance, 30 June 2021	**296.3**	**42.9**	**21.6**	**17.0**	**19.1**	**396.9**
Carrying value						
Balance, 30 June 2021	**218.9**	**107.1**	**46.4**	**0.6**	**524.0**	**897.0**

As at 31 December 2020

	Player relationships (£m)	Software (£m)	Brand (£m)	Partnership agreements (£m)	Goodwill (£m)	Total (£m)
Cost						
Balance, 1 January 2020	515.0	123.0	68.2	17.5	544.4	1,268.1
Additions	—	16.8	—	—	—	16.8
Foreign exchange translation	1.2	2.2	0.3	0.3	1.3	5.3
Balance, 31 December 2020	**516.2**	**142.0**	**68.5**	**17.8**	**545.7**	**1,290.2**
Accumulated amortisation/impairment						
Balance, 1 January 2020	188.4	25.6	16.5	8.7	20.2	259.4
Amortisation	72.4	12.0	3.4	3.4	—	91.2
Impairment[1]	—	—	—	4.1	—	4.1
Foreign exchange translation	1.2	1.1	0.1	—	(0.7)	1.7
Balance, 31 December 2020	**262.0**	**38.7**	**20.0**	**16.2**	**19.5**	**356.4**
Carrying value						
Balance, 31 December 2020	**254.2**	**103.3**	**48.5**	**1.6**	**526.2**	**933.8**

[1]During the year ended 31 December 2020, the Group concluded that a number of its purchase price partnership agreements have either expired or have been terminated. As a result, the Group recognised a £4.1 million impairment for the unamortised portion of the relevant contracts.

13. Other long-term receivables

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Secured convertible loan	**4.1**	3.9
Long-term loan receivable (net of ECL provision discussed in note 15)	**1.0**	1.0
Long-term prepayment	**6.9**	0.2
	12.0	5.1

14. Cash, restricted cash and player deposits

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Cash	**253.7**	212.6
Player deposits – restricted cash[1]	**27.6**	29.6

[1]Player deposits – restricted cash consists of cash held by the Group in relation to amounts payable to players.

15. Trade and other receivables

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Trade receivables	**9.9**	8.4
Due from payment service providers ('PSPs')	**20.1**	20.4
Prepaid expenses	**12.5**	12.4
Sales tax receivable	**6.1**	4.7
Other receivables	**3.2**	3.5
ECL on above balances	**(9.2)**	(9.5)
	42.6	39.9

The following table summarises the movement of the Group's expected credit loss provision on trade and other receivables:

	(£m)
Balance, 1 January 2020	4.5
ECL on certain balances held with PSPs	5.0
Balance, 31 December 2020	9.5
ECL on certain balances held with PSPs	—
Foreign exchange translation	(0.3)
Balance, 30 June 2021	**9.2**

The following table summarises the Group's expected credit loss on its trade and other receivables and other long-term receivables as at 30 June 2021:

	0-30 days (£m)	31-60 days (£m)	61-90 days (£m)	90 days + (£m)	Total (£m)
Trade and other receivables	0.2	0.2	—	0.7	**1.1**
Other long-term receivables (note 13)	—	—	—	0.2	**0.2**
	0.2	0.2	—	0.9	**1.3**

The following table summarises the Group's expected credit loss on its trade and other receivables and other long-term receivables as at 31 December 2020:

	0-30 days (£m)	31-60 days (£m)	61-90 days (£m)	90 days + (£m)	Total (£m)
Trade and other receivables	0.1	—	0.1	0.7	**0.9**
Other long-term receivables (note 13)	—	—	—	0.4	**0.4**
	0.1	—	0.1	1.1	**1.3**

16. Currency swap and interest rate swap

Currency swap

The Group considers there to be a clear economic relationship between the EUR Term Facility and the Currency Swap. Due to the consistency in key terms between the EUR Term Facility and the Currency Swap agreement, the Group has not experienced any notable hedge ineffectiveness.

As at 30 June 2021, the fair value of the Currency Swap was a £8.2 million payable (31 December 2020 – £5.0 million). The Group has included £6.5 million of this amount in current liabilities (31 December 2020 – £2.9 million), with the remaining balance included in other long-term payables, as discussed in note 22. For the six months ended 30 June 2021, the Group recognised a loss of £4.2 million in other comprehensive income (six months ended 30 June 2020 – gain of £4.4 million).

	(£m)
Balance, 1 January 2020	9.3
Currency Swap payments	(2.3)
FVOCI	(2.0)
Balance, 31 December 2020	5.0
Currency Swap payments	(1.0)
FVOCI	4.2
Balance, 30 June 2021	**8.2**

As at 30 June 2021, the Currency Swap references EURIBOR and has not yet transitioned to ESTR or an alternative interest rate benchmark. Phase 1 of the IBOR Reform has been applied to the hedging relationship in the context of IFRS 9, IAS 39 and IFRS 7.

Interest rate swap

The Group considers there to be a clear economic relationship between the GBP Term Facility and the Interest Rate Swap. Due to the consistency in key terms between the GBP Term Facility and the Interest Rate Swap agreement, the Group has not experienced any notable hedge ineffectiveness.

As at 30 June 2021, the fair value of the Interest Rate Swap was a £1.1 million payable (31 December 2020 – £1.8 million). The Group has included £0.7 million of this payable in current liabilities (31 December 2020 – £0.8 million), with the value of the remaining balance included in other long-term payables, as discussed in note 22. For the six months ended 30 June 2021, the Group recognised a gain of £0.3 million in other comprehensive income (six months ended 30 June 2020 – loss of £1.5 million).

	(£m)
Balance, 1 January 2020	1.1
Interest Rate Swap payments	(0.9)
FVOCI	1.6
Balance, 31 December 2020	1.8
Interest Rate Swap payments	(0.4)
FVOCI	(0.3)
Balance, 30 June 2021	**1.1**

As at 30 June 2021, the Interest Rate Swap references GBP LIBOR and has not yet transitioned to SONIA or an alternative interest rate benchmark. Phase 1 of the IBOR Reform has been applied to the hedging relationship in the context of IFRS 9, IAS 39 and IFRS 7.

17. Leases

The Group's leasing activity consists solely of leases of property. As at 30 June 2021, the carrying value of the right-of-use assets amounted to £20.8 million and the carrying value of lease liabilities amounted to £21.8 million, with £6.3 million (31 December 2020 – £6.1 million) of this balance shown in current liabilities and the remaining portion of £15.5 million (31 December 2020 – £16.6 million) reflected under non-current liabilities.

Right-of-use assets

	(£m)
Balance, 1 January 2020	22.2
Additions	4.2
Depreciation	(5.3)
Effect of modification of lease terms	0.4
Foreign exchange translation	0.4
Balance, 31 December 2020	21.9
Additions	1.4
Depreciation	(2.7)
Effect of modification of lease terms	0.3
Foreign exchange translation	(0.1)
Balance, 30 June 2021	**20.8**

Lease liabilities

The lease liabilities balances were calculated using an incremental borrowing rate range of 2.0 – 5.0%.

	(£m)
Balance, 1 January 2020	22.7
Additions	4.2
Interest expense	1.2
Effect of modification of lease terms	0.4
Lease payments	(5.9)
Foreign exchange translation	0.1
Balance, 31 December 2020	22.7
Additions	1.4
Interest expense	0.5
Effect of modification of lease terms	0.3
Lease payments	(3.1)
Balance, 30 June 2021	**21.8**

18. Accounts payable and accrued liabilities

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Trade payables	**15.5**	12.2
Accruals	**58.3**	52.3
Gaming taxes, social security and other taxes	**32.7**	34.1
	106.5	98.6

19. Provisions

	(£m)
Balance, 1 January 2020	9.8
Transfer to taxes payable	(3.8)
Release of provisions in the year	(6.0)
Provisions in the year	6.8
Balance, 31 December 2020	6.8
Release of provisions in the period	(0.9)
Foreign exchange translation	(0.3)
Balance, 30 June 2021	**5.6**

20. Long-term debt

	EUR Term Facility (£m)	GBP Term Facility (£m)	Total (£m)
Balance, 1 January 2020	282.9	247.4	530.3
Accretion[1]	0.7	0.5	1.2
Repayment	—	(40.0)	(40.0)
Debt repricing costs	—	(0.3)	(0.3)
Foreign exchange translation	16.9	—	16.9
Balance, 31 December 2020	300.5	207.6	508.1
Accretion[1]	0.3	0.3	0.6
Foreign exchange translation	(14.5)	—	(14.5)
Balance, 30 June 2021	**286.3**	**207.9**	**494.2**
Current portion	—	—	—
Non-current portion	286.3	207.9	494.2

[1]Effective interest rates are as follows: EUR Term Facility – 3.51% (2020 – 3.51%), GBP Term Facility – 4.56% (2020 – 4.56%).

21. Financial instruments

Financial assets

	Financial assets as subsequently measured at amortised cost	
	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Cash	**253.7**	212.6
Player deposits	**27.6**	29.6
Trade and other receivables	**24.0**	22.8
Other long-term receivables	**1.0**	1.0
	306.3	266.0

Financial liabilities

	Financial liabilities as subsequently measured at amortised cost	
	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Accounts payable and accrued liabilities	**73.8**	64.5
Transaction related payables	**18.3**	0.3
Interest payable	**2.2**	1.9
Payable to players	**27.6**	29.6
Deferred consideration payable	**10.0**	10.0
Lease liabilities	**21.8**	22.7
Long-term debt	**494.2**	508.1
	647.9	637.1

The carrying values of the financial assets and liabilities noted above approximate their fair values.

Other financial instruments

	Financial instruments at fair value – assets/(liabilities)	
	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Interest Rate Swap – through other comprehensive income	**(1.1)**	(1.8)
Currency Swap – through other comprehensive income	**(8.2)**	(5.0)
Other long-term receivables – through profit or loss	**4.1**	3.9
	(5.2)	(2.9)

Fair value hierarchy

All of the Group's financial instruments carried at fair value are classified in level 2 of the hierarchy as at 30 June 2021 and 31 December 2020.

The Currency Swap and Interest Rate Swap balances represent the fair values of expected cash flows under their respective agreements. Counterparty valuation reports are used as the basis of fair values of these instruments.

Other long-term receivables represent the fair value of the loan receivable from Gaming Realms. The key inputs into the fair value estimation of this balance include the share price of Gaming Realms on the date of cash transfer, a 1.5-year risk-free interest rate of 0.2131%, and an estimated share price return volatility rate of Gaming Realms of 76.0%.

22. Other long-term payables

	As at 30 June 2021 (£m)	As at 31 December 2020 (£m)
Deferred consideration payable	**10.0**	10.0
Interest Rate Swap (note 16)	**0.4**	1.0
Currency Swap (note 16)	**1.7**	2.1
	12.1	13.1

23. Share capital

	Ordinary shares of 10p	
	(£m)	(#)
Balance, 1 January 2020	10.9	108,665,248
Exercise of options	0.1	630,000
Issue of shares under the G MINE SIP	—	27,066
Balance, 31 December 2020	11.0	109,322,314
Exercise of options	—	367,666
Issue of shares under the G MINE SIP	—	28,539
Balance, 30 June 2021	**11.0**	**109,718,519**

Ordinary shares

During the six months ended 30 June 2021, Gamesys Group plc did not issue any additional ordinary shares, except as described below. The issued share capital is fully paid up.

Dividends

During the six months ended 30 June 2021, Gamesys Group plc declared and paid a final dividend for the year ended 31 December 2020 of 28.0p per share amounting to a total dividend of £30.7 million (six months ended 30 June 2020 – £nil).

Share options

	Share options (#)
Balance, 1 January 2020	1,591,852
Exercised	(630,000)
Expired	(587,186)
Balance, 31 December 2020	374,666
Exercised	(367,666)
Balance, 30 June 2021	**7,000**

Long-term incentive plan

On 25 May 2021, Gamesys Group plc granted additional equity-settled awards over ordinary shares of Gamesys Group plc under the Group's long-term incentive plan ('LTIP5'). The awards will (i) vest on the date on which the remuneration committee determines the extent to which the performance conditions (as described below) have been satisfied and (ii) are subject to a holding period of two years beginning on the vesting date. At 30 June 2021, the number of ordinary shares that may be allotted under the Group's LTIP5 awards is 320,827.

The performance condition as it applies to 50% of each LTIP5 award is based on the Group's total shareholder return compared with the total shareholder return of the companies constituting Gamesys' peer group over three years commencing on 1 January 2021.

The performance condition as it applies to another 25% of each LTIP5 award is based on the Group's total shareholder return compared with the total shareholder return of the companies constituting the Financial Times Stock Exchange 250 index (excluding investment trusts and financial services companies) over three years commencing on 1 January 2021.

The performance condition as it applies to the remaining 25% of the award is based on the compound annual growth rate ('CAGR') of the Group's earnings per share ('EPS') over a three year period commencing on 1 January 2021 and vests as to 25% if the EPS CAGR equals 5.0%, between 25% and 100% (on a straight-line basis) if final year EPS CAGR is more than 5.0% but less than 14.0%, and 100% if final year EPS CAGR is 14.0% or more.

During the six months ended 30 June 2021, the Group recorded £1.1 million (six months ended 30 June 2020 – £1.2 million) in share-based compensation expense relating to its long-term incentive plans with a corresponding increase in share-based payment reserve.

Employee share incentive plan

During the six months ended 30 June 2021, the Group recorded £0.1 million (six months ended 30 June 2020 – £nil) in share-based compensation expense relating to its G MINE SIP with a corresponding increase in share-based payment reserve.

Additionally, during the six months ended 30 June 2021, the Group made a cash payment of £1.6 million (six months ended 30 June 2020 – £nil) to acquire the Group's ordinary shares to be distributed to its employee base to satisfy the Group's obligation in respect of the one-time employee incentive, as discussed in the Annual Financial Statements.

24. Cash generated from operations

The following table provides a reconciliation of net income for the period to cash generated from operations:

	Six months ended 30 June 2021 (£m)	Six months ended 30 June 2020 (£m)
Net income for the period	**14.0**	23.3
Adjustments for:		
Share-based compensation expense	**1.2**	1.2
Amortisation and depreciation	**48.3**	46.4
Tax expense	**18.4**	3.4
Interest expense, net	**10.5**	12.9
Foreign exchange (gain)/loss	**(2.7)**	6.2
Restriction of cash balances	—	2.3
Increase in trade and other receivables	**(3.6)**	(2.6)
(Increase)/reduction in other long-term receivables	**(6.9)**	0.2
Increase in accounts payable and accrued liabilities	**9.2**	14.1
Increase/(reduction) in transaction related payables	**18.0**	(0.5)
Reduction in provisions	**(0.9)**	—
Cash generated from operations	**105.5**	106.9

25. Contingent liabilities

Indirect taxation

Gamesys Group plc subsidiaries may be subject to indirect taxation on transactions, including those that have been treated as exempt supplies of gambling, or on supplies that have been zero rated where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Revenue earned from players located in any particular jurisdiction may give rise to further taxes in that jurisdiction for example, by way of gaming taxes levied on the Group's revenue. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position.

Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered less than probable the contingency is not recognised as a liability at the balance sheet date.

Regulatory

As the Group operates real money gaming activities through various gambling licenses, compliant anti-money laundering, anti-terrorism, safer gambling, fraud detection, risk management and other regulatory policies, procedures, and controls to mitigate and effectively manage these risks must be maintained. If the Group fails to do so, enforcement action by gambling regulators, or other governmental agencies or private action by affected third parties could occur. Enforcement actions could include financial penalties or regulatory settlements, public warnings, the imposition of special operating conditions, and the suspension or revocation of gambling licenses. At any given point in time, the Group's operating practices are typically under review by one or more regulatory authorities whose ongoing reporting of findings will often be outstanding and as such the outcomes can be uncertain.

Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Such provision is recorded when three criteria are met: (1) a present obligation from a past event exists, (2) it is probable that an outflow of resources will be required to settle the obligation, and (3) a reliable estimate can be made. Where these three criteria are not met, no liability is recognised on the balance sheet date. At 30 June 2021, the Company has not recognised any such provision (31 December 2020 – £nil).

26. Subsequent events

On 30 July 2021, the Group voluntarily made the second paydown of £100.0 million towards its GBP Term Facility.

On 9 August 2021, the Board has approved and declared an interim dividend for the year ending 31 December 2021 of 15.0p per ordinary share in the Group. The interim dividend will be paid on 15 October 2021 provided that the Bally's Combination is not completed by 9 September 2021.