Crafting entertainment with care

Gamesys Group plc
Annual Report and Accounts 2020

Welcome

We craft entertainment with care

We are a leading operator of online casino and bingo-led brands. Our focus is on building a diverse portfolio of distinctive and recognisable brands that deliver best-in-class player experience and gaming content to a global audience.

Find out more at www.gamesysgroup.com

Gamesys Group plc shares are listed on the premium listing segment of the Main Market of the London Stock Exchange.

2020 Highlights

Financial

Revenue
(£m)

£727.7m

+29%

Adjusted EBITDA
(£m)[1]

£206.2m

+30%

Net debt
(£m)[1]

£312.3m

-31%

Adjusted net income
(£m)[2]

£155.4m

+86%

Operational

- Successful business integration of Gamesys and JPJ Group.
- Prioritised player and employee wellbeing during the COVID-19 pandemic.
- Maintained 100% business continuity.
- Delivering on our ESG goals and social commitments.
- Excellent operational performance and growth in key markets.
- A capital allocation policy designed to create value and including a maiden dividend.

EGR OPERATOR VIRTUAL AWARDS 2020
Winner
Operator of the year
Gamesys Group

EGR OPERATOR VIRTUAL AWARDS 2020
Winner
Bingo operator
Gamesys Group

1. This is a non-IFRS measure. See pages 56, 57 and 170 for additional information.
2. Net income as reported under IFRS was £67.2 million in 2020, net income of £9.1 million in 2019.
3. Pro-forma figures. See page 171 for additional information.

What's inside

Proactively supporting players and employees through COVID-19. **See more on pages 40 and 44**

Our four key geographic markets all made excellent progress in 2020 with the standout contributions coming from Asia and the UK. **See more on page 03**

At a Glance

Who we are

Gamesys Group plc is the Parent Company of an online gaming group that provides entertainment to a global consumer base. Through its subsidiaries, Gamesys Group plc currently offers bingo and casino games to its players using brands which include Jackpotjoy, Virgin Games, Botemania, Vera&John, Heart Bingo, Rainbow Riches Casino and Monopoly Casino.

What we do

We want players to be in control of their gambling and we facilitate this with many different tools. Not only is it the right thing to do but it also helps us build longer-term, healthier player relationships, which ultimately result in more sustainable revenue. We're proud of the fact that our approach to responsible gambling is beyond just compliance and we're committed to being leaders in this area.

Core markets drive growth

Our four key geographic markets all made excellent progress in 2020 with the standout contributions coming from Asia and the UK. The platform for growth in North America and Spain leaves both these territories well-placed to accelerate momentum in 2021.

Average Active Players
(per month)

712,334

Average Real Money Gaming Revenue
(per month)

£58.2m

Real Money Gaming Revenue per Average Active Player
(per month)

£82

UK

Strong growth in our largest market reflecting a successful multi-brand strategy. An expanding recreational player-base creates a sustainable platform for future growth. As a leading voice in the Betting and Gaming Council, we have the opportunity to be an industry role model for responsible gambling.

Revenue 2020
(£m)

£423.3m

2020		58%
2019[1]		63%

See more on pages 22-23

Asia

Our highest growth region in the Group and continued investment in brands, content, marketing and customer service supports our upwards trajectory.

Revenue 2020
(£m)

£218.3m

2020		30%
2019[1]		22%

See more on pages 24-25

Europe

Our largest market in Europe is Spain which exited 2020 with strong growth momentum supported by the hugely successful launch of Monopoly Casino.

Revenue 2020
(£m)

£68.0m

2020		9%
2019[1]		12%

See more on pages 26-27

Rest of the world (ROW)

The US is our largest territory in ROW and having been in New Jersey for seven years already, we consider ourselves well placed to take advantage of the major growth opportunity in North America – including Canada.

Revenue 2020
(£m)

£18.1m

2020		3%
2019[1]		3%

See more on pages 28-29

1. Pro-forma figures. See page 171 for additional information.

At a Glance continued

Delivering a portfolio of successful gaming brands

We operate a suite of award-winning brands and were named EGR operator of the year for 2020. Our focus is on building a diverse portfolio of distinctive and recognisable brands that deliver best-in-class player experience and gaming content to a global audience.

- Casino-led
- Bingo-led

Rainbow Riches Casino

Launched in late 2019, this addition to the Gamesys portfolio leverages the powerful brand equity of the nation's most loved slots game and includes exclusive Rainbow Riches titles

Virgin Casino

Extending the relationship with Virgin further, Virgin Casino was launched in November 2013 in New Jersey, USA

Largest number of exclusive titles in the market

Virgin Games

Partnered with Sir Richard Branson in 2013 to become the UK's leading casino-led brand

A rewarding trusted online casino that dares to do things differently

MEGAWAYS Casino

Launched in the UK in 2021, MEGAWAYS Casino is the new home of Megaways games, the official Megaways Casino

Provides slots players with the ultimate slots experience where they can enjoy multiple, exciting ways to win on Megaways games and more

Tropicana Casino

One of the most established online casinos in New Jersey, USA

Integrates with the loyalty system of the land-based operator

VIP Casino

Launched in early 2019 with a contemporary, premium and yet ever evolving brand personality

VIP Casino product offerings include Online Casino, Live Dealer and Sports

Offers unique engaging promotions targeted at the Canadian market

Successful New Brands

In 2020, we enjoyed tremendous success with three new brand launches; Rainbow Riches Casino in the UK, InterCasino in Japan and Monopoly Casino in Spain – the latter represents our most successful launch ever. The recent launch of MEGAWAYS Casino further underlines Gamesys' commitment to developing a regularly-refreshed portfolio of games, destinations and exclusive branded content which appeal to our broad community of players – with all the safer gambling protections you'd expect.

Vera&John

- Fun online casino brand
- High retention model, delivering high growth
- Presence across a number of international markets

InterCasino

- One of the stalwarts of online gaming, launched in 1996
- Relaunched in 2020 in Japan with a traditional Japanese Anime theme and two proprietary characters
- Offers unique retention features targeted at the Asian market

Monopoly Casino

- Launched in the UK in 2015 and in Spain in 2020 to become our fastest-growing brand
- A wide range of exclusive Monopoly game titles, from Slots to Live Casino

Jackpotjoy

- Gamesys' first bingo-led brand, launched in the UK in 2002
- There's a winner every minute at Jackpotjoy – we want to be known for creating more winners than anyone else

Heart Bingo

- Launched in 2010, leverages the UK's biggest commercial radio brand, Heart
- Created for players who want a modern bingo experience with a lively community feel

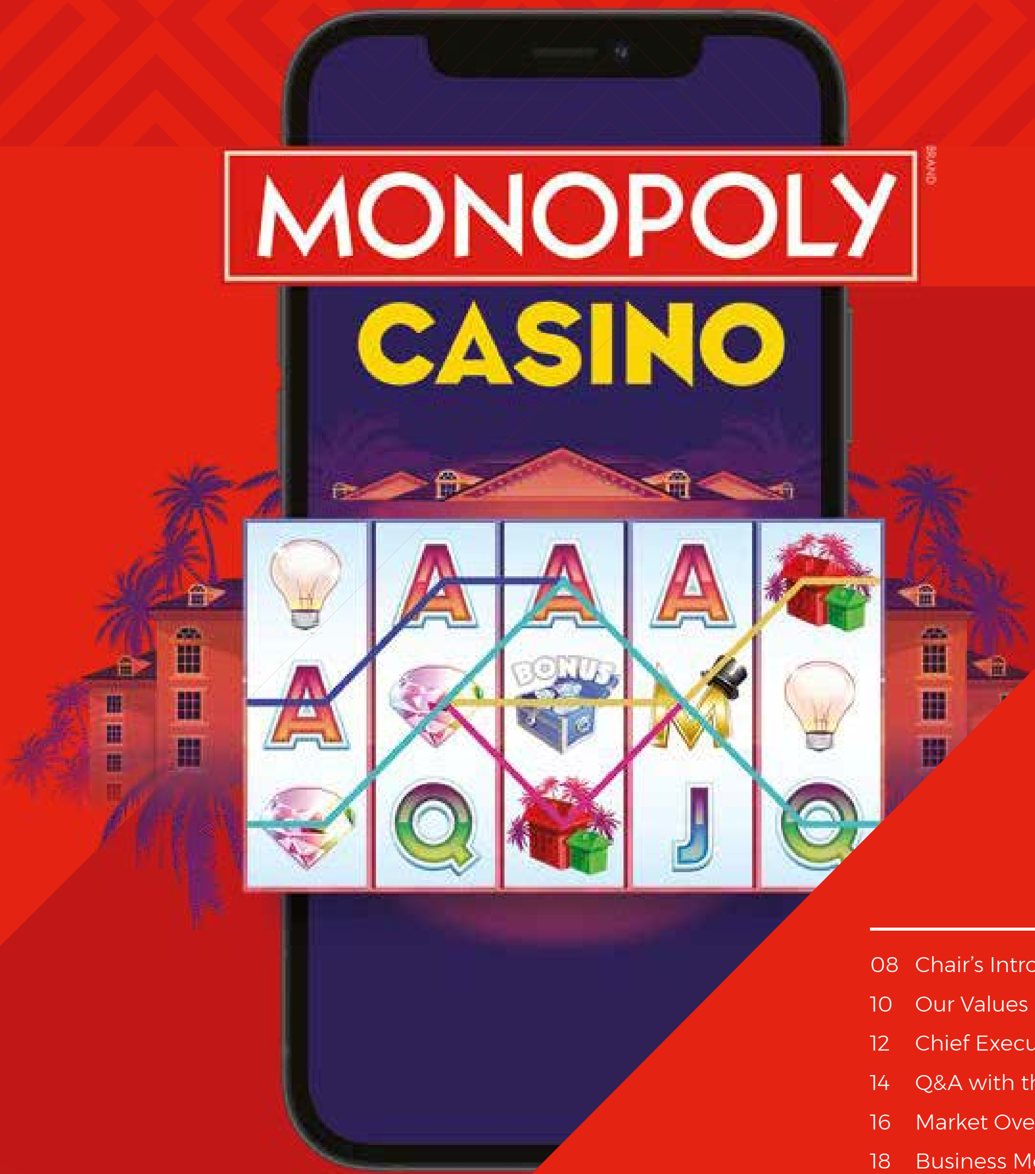
Botemania

- Launched in Spain in 2007 to become Spain's number one slots brand
- The home of unique and exclusive slots titles such as 'Tiki's island', the top-grossing slots game in Spain

Strategic Report

Delivering a best-in-class experience

It is not just the outstanding financial performance of which we are proud, but also the unwavering commitment to responsible gambling which we have demonstrated.


MONOPOLY
CASINO

Chair's Introduction

Growth during unprecedented times

Neil Goulden
Non-Executive Chair

Highlights of the year

- Unprecedented challenges set by the COVID-19 pandemic
- An unwavering commitment to responsible gambling
- Another record set of annual results
- Smooth integration between two very complementary businesses
- Commenced returns to shareholders via a progressive dividend policy

Overview and summary of results

Once again, I can report that the Group has delivered a record set of annual results, despite the unprecedented challenges set by the COVID-19 pandemic. However, it is not just the financial performance of which we are proud, but also our unwavering commitment to responsible gambling. Investment in both people and resources has supported our responsible gambling strategy and during 2020 we have seen increases in non-wagering sessions, players setting deposit limits and proactive engagement with our players.

After the transformative combining of JPJ Group and Gamesys in 2019, the past year has seen the smooth integration we were hoping for between two very complementary businesses. This has been achieved despite having a workforce based almost entirely remotely; something which was achieved seamlessly as lockdowns began.

On a pro-forma basis[1], revenues grew by 29% in 2020, underpinned by strong growth in our major markets and successful new brand launches. Asia was again the standout, but the UK also delivered strong double-digit growth and there was a good performance from North America. Adjusted EBITDA,[2,3] on a pro-forma[1] basis also grew by 30%, even after ongoing investment for growth and the full-year impact of higher UK gaming taxes.

A high conversion rate of adjusted EBITDA[2,3] to operating cash flow has consistently featured in our financial performance over many years and 2020 was no exception. At the end of the year the adjusted net leverage ratio[4] had fallen from over 3.0x at the time of the Gamesys Acquisition to 1.51x and therefore within the Board's target range of 1-2x. Our trajectory towards this range and confidence in future cash flows, supported the Board's decision to announce an inaugural interim dividend in August and an ongoing progressive dividend policy.

Focus on responsible gambling intensified during COVID-19

Following the unprecedented challenges presented by the COVID-19 pandemic, our top priority has been the health and wellbeing of our players and employees. During 2020, we invested in additional resources and capabilities in our responsible gambling teams and experienced a significant increase in both the number of players

1. Pro-forma figures. See page 171 for additional information.
2. This is a non-IFRS measure. See pages 56, 57 and 170 for additional information.
3. Figures for the year ended 31 December 2019 have been amended to include share-based compensation expense that is no longer excluded from adjusted EBITDA and adjusted net income.
4. Adjusted net leverage ratio consists of existing term loans, deferred consideration, fair value of interest rate swap and cross currency swap, less non-restricted cash divided by LTM to 31 December 2020 pro-forma adjusted EBITDA of £206.2 million.

Our ongoing focus on responsible gambling has intensified during COVID-19 and at the same time, the Group has demonstrated outstanding operational execution.

setting deposit limits and also in proactive outbound calls to customers to discuss their play. After the commencement of COVID-19 lockdowns in Q1 2020, we were the first operator to cease untargeted customer marketing in the UK, including the suspension of TV and radio campaigns.

The Group continues to focus on providing a recreational and entertaining experience for our community of players to enjoy. This is reflected in the significant increases in chatroom engagement and non-wagering sessions seen across our sites throughout 2020.

We welcome the ongoing review of the 2005 Gambling Act. We are playing a full part in contributing to an evidence-based assessment as to how to enhance the environment for responsible gambling, whilst ensuring that our recreational customers continue to enjoy the fun and entertainment offered on our sites.

Governance update

The Board continues to be supported in its endeavours by the Audit & Risk; Environmental, Social and Governance (ESG); Nomination; and Remuneration Committees. Notable achievements overseen by these Committees include the review and development of risk management and internal controls for the enlarged Group and the adoption of a Diversity and Inclusivity Statement. Other highlights included the Group's transition to operating on a carbon neutral basis and committing to the UN Global Compact, overseeing the Group's governance framework following last year's transformative acquisition of Gamesys, and launching the first all-employee share scheme.

The ESG Committee also provides support for the Gamesys Foundation, which the Group funds with £150k a month (over £2.3 million to date). The Foundation Trustees allocated funds to a number of important health and wellbeing causes, including over £400k to the domestic abuse charity Women's Aid.

Capital structure

The overriding message, in terms of capital allocation and structure, is that we intend to remain flexible and agile in relation to the balance between cash conservation, debt paydown, potential bolt-on acquisitions and returning cash to shareholders.

We have consistently said that our long-term strategy is to reduce the adjusted net leverage ratio[4] to a target range of 1-2x adjusted EBITDA[2] and to commence dividend payments, with the retained ability to launch a sustained share buyback programme if the Board believes it is appropriate. Given we were very much on track to achieve our target leverage at the time of our interim results in August 2020, the Board believed that this was the right time to commence returning cash to shareholders.

The Group declared an inaugural interim dividend of 12.0p per share which was paid in October 2020 and the implementation of a broader dividend and capital allocation policy. Subsequent to this the Group has announced a final dividend of 28.0p per share for FY 2020. The Board intends to implement a progressive dividend policy going forward, and while adopting this policy, it remains our intention to use the Group's strong cash generation to maintain the adjusted net leverage ratio[4] at below 2x adjusted EBITDA[2].

The Directors believe that this policy, coupled with the Group's continued strong cash generation, will provide returns to shareholders while retaining sufficient cash within the Group to invest in organic opportunities and to potentially undertake bolt-on acquisitions to accelerate growth. The Group's cash position will also provide flexibility to undertake returns to shareholders through share buyback programmes, should the Directors consider it to be the best use of excess capital at that time.

Board developments

Having led the Group through a transformational phase, I returned to the position of Non-Executive Chair with effect from 1 October 2020.

The Group's evolution has seen us relist on the London Stock Exchange; subsequently obtain a Premium Listing; successfully merge with and rebrand as Gamesys Group; become a FTSE250 constituent; and now introduce a progressive dividend policy.

Following the Gamesys Acquisition in September 2019, we now have an exceptionally strong executive team in place and have successfully integrated the two businesses and delivered strong, sustainable results. The business is in very good hands and I look forward to supporting Lee and his team in a non-executive capacity going forward.

I am also delighted to welcome our Chief People Officer, Tina Southall, to the Group Board as of 9 March 2021. As an online leisure and entertainment service provider, our people – colleagues and through them our customers – are central to our business and our growth strategy. She will add a very important new voice to the Board.

Our people

We are extremely proud of the productivity and focus that has been maintained by our teams across the Group, particularly during what has been a difficult time for many people and their families. Attracting and retaining the very best talent available is fundamental to our success and we believe that our philosophy of 'Crafting entertainment with care' is essential in highlighting that we are an employer who focuses on enjoyment and wellbeing for both employees and players.

Outlook

Entertainment, recreation and community have attracted a record number of players to our well known and trusted brands and we have significantly expanded our player-base from which to deliver sustainable and long-term growth. We have managed the growth in our players and their activity in a highly responsible way and we are confident that this will stand us in good stead for many years to come.

Neil Goulden

Non-Executive Chair

Our Values

We craft entertainment with care, building trusted brands and creating great experiences that always put the player first.

Be The Player

We succeed by putting ourselves in the shoes of our players. We want to know more about them than any of our competitors, so we can give them an amazing experience – and they come back to enjoy more of the same. We always look to do the right thing, even when no one is looking.

Be One Team

We're one, big global family – and the kind of family who really do give a damn about each other! We take personal responsibility for delivery but always share success. We never point the finger of blame, even when things haven't turned out perfectly. We like straight-forward people who mean and do what they say, and always show great respect for each other.

Shoot for the Moon

There's no doubt we're an ambitious company full of ambitious people. We set our goals high; and our standards even higher. We all want to be the best we can be, in everything we do. There's also that relentless desire to do stuff that no one else is doing, all in the name of creating the best possible experience for our players – and because we can! Go on, shoot for the moon!

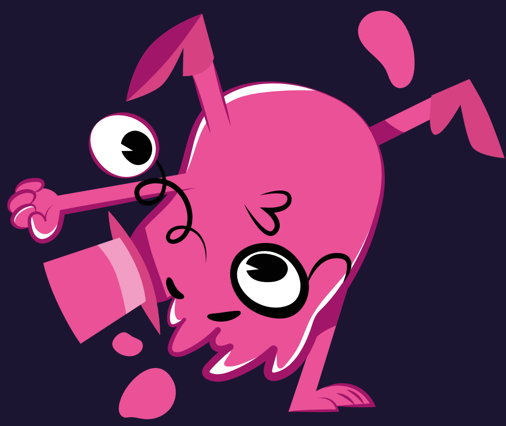
Our Company purpose is underpinned by the six strands of our cultural DNA.

Place Smart Bets

We place smart bets on our people, our products and our investments. We're ambitious and entrepreneurial, and, armed with an amazing array of data, we're confident about taking calculated risks. We really are commercially savvy, so know when to fold and when to hold.

Always Ready

In a fast-moving business likes ours, we know change is never far away. We don't just embrace it; we're ready for it. We're ready to flex and adapt, and take on new challenges. It's like we were born ready. Of course it can feel daunting at times, but we always seem to emerge inspired, with a few more experiences in our locker, and ready for the next thing coming our way.



Stay wonderfully weird

We're a wonderfully diverse group of people who play nicely together and don't take ourselves too seriously. We prefer to set rather than adopt trends, and there's often a slightly quirky, unique, or unconventional edge which makes a Gamesys person stand out. We don't prescribe what wonderfully weird means, but we all know it when we see it. It's part of who we are, and we're not going to change that for anyone!

Chief Executive's Statement

An outstanding operational performance whilst prioritising the wellbeing of players and employees

Lee Fenton
Chief Executive Officer

We began 2020 with three months of business integration behind us and a detailed plan of execution for the year. As we closed in on the end of a successful Q1 it became clear that 2020 was not going to be the year that we had planned for. We had to adjust our plan in real time to respond to the challenges presented by the developing COVID-19 pandemic and focus our entire Group on business continuity, remote working and changing working practices to ensure both staff and player wellbeing. The shift had to come quickly, and it had to come with high quality. Over a period of three weeks in March we took our entire employee base, circa 1,500 staff at that point, to remote working. We ensured that they had the equipment, the connectivity, the processes and the support to continue their roles. We had 100% business continuity through the period of adjustment. The response we had from all teams around the world was truly inspiring and showed the resilience we have within the business. 'Always Ready' is one of the Group's six strands of DNA and it has never been more important than in 2020.

The wellbeing of staff and players is our priority

We now know that 'normal' is never likely to return in exactly the same way. Throughout 2020 maintaining the focus on the wellbeing of both staff and players has been helped by an insatiable appetite to learn; how we can best develop for, market to and serve our players in the new world. Many things have gone incredibly well, for example our code output and release frequency has never been higher, but we have had to work harder in some areas to ensure that we can find new ways to replace old practices. Ensuring an ongoing innovation pipeline without the face-to-face everyday whiteboard activities has needed specific focus and new approaches. Our future mode is likely to be one of more hybrid working, flexibility around where staff work from will be significantly increased from pre- COVID-19 levels and our real estate portfolio will adapt to give us a more dynamic, collaboration-focused environment for when teams do gather together physically.

Aspiring to be an industry leader in sustainability

COVID-19 has also given us an opportunity to step back and re-evaluate our social commitments. We want to play our part in building a better future for everyone and we have set ourselves a goal to be an industry leader in sustainability. We've implemented a number of significant business changes already: achieving the demanding GamCare Safer Gambling Level 2 Standard; becoming operationally carbon neutral; providing in excess of £2.3 million of funding to the Gamesys Foundation; and becoming the first FTSE250 gambling company to sign the UN Global Compact. We believe in the value of these schemes to our business and our stakeholders, and they have our ongoing support.

Stakeholder feedback on our approach over the last year has been overwhelmingly positive. We have scored highly in a number of ESG rating schemes, not least achieving 'Prime' status from ISS, and won several prestigious industry EGR awards. Notably we were awarded 'Employer of the Year', in part because of how we are caring for employees during COVID-19. Further, our annual employee survey which was carried out in April 2020 to give us an early Group-wide view on how staff were coping, had the highest engagement scores that we have ever achieved. I believe it is this engagement that has been the driving force behind the results we delivered in 2020.

Strong growth in the UK as the regulatory backdrop evolves

In our home market of the UK we saw strong returns from our multi-brand strategy throughout the year where pro-forma[1] revenue finished 19% ahead of 2019. Stand out performances from Virgin Games, Monopoly Casino and the most recent addition to our brand stable, Rainbow Riches Casino, complemented a robust performance from our other brands and ensured that we increased our average active customers by 24% over 2019.

The continued regulatory evolution in the UK is reflected in the evolving shape of our active player base. We have more players, spending less both in terms of absolute spend and average wager. This gives us an incredibly sustainable platform as we enter 2021 to engage with Government, the Gambling Commission and other stakeholders in the Gambling Act Review. We welcome the UK Government's initiative to review the 2005 Act. It is critical for the future of domestically regulated online gambling that balance, evidence, efficacy and proportionality are reasserted as the key drivers of sound policy. This requires the industry to be much stronger on rigorous evidence-based dialogue and constructive self-criticism on the one hand, but it must also provide a much clearer demonstration of the value of gambling to customers, the wider economy and the effectiveness of measures that are existing or being developed in the current framework.

In its call for evidence for the review the Government highlighted that problem gambling has been stable in the UK for many years whilst also noting that some customers have been able to spend clearly unaffordable sums without intervention. As an industry we must ensure that we do all we can to protect vulnerable customers whilst also protecting the enjoyment of the vast majority of customers who never experience any harms whatsoever. Getting this balance right will be key to effective regulation going forward and maximising the support and service we can give to players. As a leading voice in the Betting and Gaming Council, we have the opportunity to be an industry role model for responsible gambling. We have implemented a Global Sustainability Commitment to drive our own, beyond regulatory, responsible gambling standards, which we are reinforcing with new global key performance indicators ('STRIPEs'). We invest in tools to monitor and prevent problems arising and we operate with integrity, withdrawing all direct marketing during every UK lockdown.

Asia stands out, North American opportunities, successful new brand launches in Europe

Asia has continued to go from strength to strength with revenues increasing 78% compared to 2019. The launch of InterCasino to support the established market leader Vera&John, complemented by continued investment in content, marketing and customer service, has helped us to continue our upward trajectory in the region. I believe that our continued focus on highly localised product is allowing us to flourish despite multiple new market entrants spurred on by our success. With the addition of another brand, more marketing channels, product enhancements and algorithm evolution based on an ever growing dataset, we expect to make further ground in 2021.

One of the by-products of COVID-19 has been the shuttering of many retail gambling locations and an acceleration of channel shift to online. In the US, where most states do not permit online casino gambling, the closure of many retail casinos left players with no online alternative. The wider negative impact of COVID-19 on economies and public finances has triggered reviews of online gambling regulation which has moved higher up the state legislative agenda. Having been in New Jersey for seven years already, we consider ourselves well placed to take advantage of the growth of the US market over time. Due to the legislative frameworks that have emerged in the market we have to partner to access further states and when we believe we have the right partner, with the right economics to enable long term sustainable growth, we will continue our expansion. Further North American opportunities exist in Canada and we expect to be able to make inroads into this market during 2021 as Ontario moves to regulate online gaming and potentially other territories open up.

Our European operations finished 2020 with revenues slightly down by 1% compared to 2019 with robust performances in Spain and Germany offset by continued challenges in the Nordics, particularly Sweden, where new conditions around an ability to bonus players, negatively impacted performance. In the middle of the year we launched Monopoly Casino in Spain which has been extremely positively received. In its first six months of operation revenue growth was faster than we have seen from any other venture that we have ever launched globally.

Creating a platform for future growth

In 2020 we demonstrated the validity of the investment case to bring JPJ Group and Gamesys together to form Gamesys Group, delivering strong growth and creating considerable value for our shareholders. 2021 will be about building the platform for the next five years of growth and value creation. We will stay true to our mission of, 'Crafting entertainment with care', bringing our blend of entertainment and community to more players in more markets, leveraging the repeatability of our model and the immense talent base we have assembled. Our people showed us in 2020 that they are ready for anything and that even under the most challenging circumstances they will always keep our players at the heart of what each of them do every day. That will allow us to grow, in the right way.

Lee Fenton

Chief Executive Officer

1. Pro-forma figures. See page 171 for additional information.

Q&A with the Chief Executive

Ensuring players have a positive, entertaining experience has been our focus

Could you give us an overview of current trends in the business, and the key highlights you would pick out from 2020?

Continued growth is definitely the stand-out trend. More revenue driven by more players. Group revenue up 29% YOY. Average monthly actives were up by 21%, total deposits up by 42%. ARPUs in the UK declined 4% vs 2019 offset by a maturing base in Asia that saw ARPUs rise by more than 1%. Asia continues to give terrific growth, 78% up YOY and UK delivering an excellent performance up 19%.

Repeatability is also very much at the heart of what we do and delivering the benefits of our multi-brand model with high quality, trusted brands continues.

We launched Monopoly Casino in Spain and it has been most successful start we have ever seen for a new venture launch.

Earlier in the year we went multi brand in Japan and through H2 InterCasino continued to perform very strongly for us in that market.

A key highlight for me is that we continue to have a very happy and very engaged team. Not easy under current circumstances but we have worked exceptionally hard to keep communication flowing and ensure that we can not only continue to deliver but continue to improve our delivery.

What are the key drivers of this growth and what gives Gamesys a competitive advantage over peers?

I believe our competitive advantage comes from our points of difference and excellence in execution.

We are truly player centric:

- Everyone is thinking about how we improve the player experience every day.
- We have a deep understanding of our players.
- We believe in doing the right thing – built trust over many years
- Our content gives us something unique.

Continuous improvement is in the DNA of our business and during this period of huge disruption I am extremely proud that the team have improved our proposition to players more than in any time I have been with the business over the last 12 years.

There are two operational highlights I would call out in Technology and Marketing.

In Technology, our code deployment frequency is significantly up and our change failure rate is significantly down.

Ally this to more and more of our tech pipeline moving to automated and we really are motoring in getting more features into players' hands, at high quality, quicker than ever before – all without sacrificing the overall stability of our platforms.

In Marketing, we have continued to acquire large numbers of new players (2020 FTDs up 33% YOY). And we are delivering them improved onboarding journeys – focused on them using the control tools we make available – which in turn leads to the long term sustainable growth we are constantly focused on.

2020 KPIs highlight that average active players per month grew strongly, +21% YOY on a pro-forma basis. What are your strategies for retaining those players and how do you leverage your proprietary technology platforms in this situation?

We had very strong acquisition numbers throughout 2020. Keeping those new players with us is, naturally, top of mind. It is that focus on the player every day that enable us to keep happy, engaged players. 2020 average monthly actives were up 21% YOY. You are only counted as active if you have wagered in the month, but we have said before that roughly half of our overall visits are non-wagering....players coming onto site to chat or maybe to play a free game... this level of engagement is important and we believe will mean more players stay with us and stay with us longer.

Following last year's transaction we now run two proprietary tech platforms 'Excite' from the legacy Gamesys business and 'Enjoy' from the legacy JPJ Group business. In addition to that we have other proprietary tech components that feed both Excite and Enjoy. Engage is our new Games Platform that integrates content and provides other functionality such as tournaments. Our Marketing Stack is the technology that constantly optimises our acquisition channels and our Sustainability Stack (Empower) manages player interactions in real time.

The UK and Japan are core markets for Gamesys. What other geographies do you see as growing to become key markets for Gamesys going forward?

North America is naturally a focus for us. We include Canada in that as that is a market we want to grow in 2021.

Other Asian markets outside of Japan look interesting from what we know from our B2B supply.

We have footholds in a number of other markets (e.g. Brazil) that could be interesting depending on where the regulations go and if the eco-systems of the markets enable long-term sustainable growth.

We constantly monitor global markets closely and over the next few years we expect to further diversify our geographic revenue mix.

In terms of business strategy, do you envisage focusing on current geographies or do you plan to move into any new markets?

We will enter new markets and/or put our foot to the floor in markets that we are in but done little to drive growth thus far such as Canada that I mentioned earlier.

Markets that are subscale and/or those that have regulatory regimes that make cash generation extremely challenging we will take focus away from to enhance focus where we see the opportunity for growth.

Both before and during the pandemic, Gamesys has championed responsible and safer gambling. What current measures do you have in place to ensure player protection, and what can Gamesys and other operators do to make sure the industry is moving in the right direction?

I mentioned earlier that player controls and ensuring players have a positive, entertaining experience have been our focus for many years. Lockdown did see us take additional measures; we ceased untargeted advertising and donated TV sponsorship and we are acutely aware that these are unusual times so we are maintaining our enhanced vigilance for unusual play.

More specifically, I think operators should have a focus right now on ensuring that new customers have a positive experience. Those players that are switching from retail into online due to restrictions are not used to online and we need to be extra aware that there may be those who get carried away.

The key mantra should be one of continuous improvement. Problem Gambling rates in the UK have been falling over the last ten years rather than rising like some of the anti-lobby would have you believe. We should continue to develop the protections we can offer and the controls we can give customers to look after themselves. But we should not forget that we have an industry that is enjoyed by millions every day. Online gambling is no niche sector so we must enhance protections for the vulnerable without destroying the entertainment factor for the vast majority of players who play without any issues whatsoever.

Market Overview

Online gambling resilient during COVID-19

The global online gambling market showed healthy growth in 2020 whilst the land-based industry faced major disruption from global lockdowns during the COVID-19 pandemic.

The global online gambling market is estimated to be worth €82bn in 2020, having grown at 21% YoY[1]. The market has been very heavily impacted by the COVID-19 pandemic and global government responses to it. One of the features of all global markets was the resilience of online gaming to the pandemic, although it should be noted that overall levels of gambling fell significantly due to the enormous and continuing disruption of the landbased gaming industry.

While suffering from significant disruption of live sporting events during Q2, a combination of moving delayed content into Q3, pent up customer demand and favourable sporting results, led to the betting market increasing by an estimated 10% YoY in 2020 to €40.1bn[1]. The gaming market, with the exception of poker's Q2 activity spike, had a less volatile year, growing at 33% globally to €41.9bn[1]. While every market is different, growth has largely come from two areas:

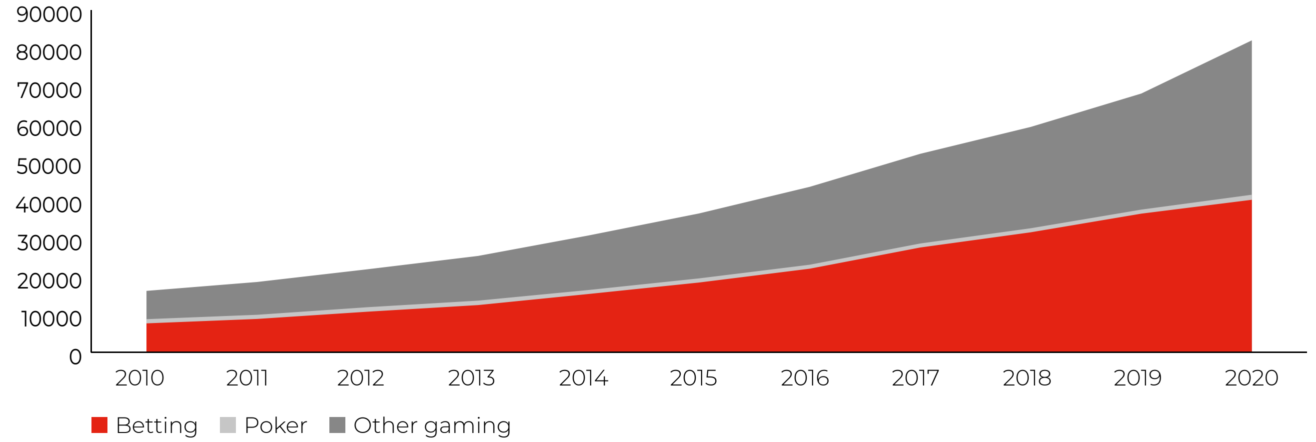
- Increased online player activity in all markets during periods of consumer disruption, which has tended to normalise as disruption eases.
- Increased player adoption in less mature markets, which so far seems to be a more permanent shift, although we note that it is far too early to be definitive on any clear trends.

Gamesys' global market share is best understood in terms of its core addressable market and therefore excluding betting and poker: the solus gaming market that is either regulated at Point of Consumption (like the UK) or regulated at Point of Supply (like Japan). Gamesys has no involvement in any 'black markets' and does not consider these addressable. Given the broadly accessible choice of platform and content, combined with the global nature of demand, Gamesys' addressable market is structurally fragmented. However, this fragmentation is reducing, driven by three factors:

- Growing mass market participation, which reduces the number of accounts used over time and consolidates market share into trusted brands with a strong offer.
- Increasing regulatory scrutiny and more regulated markets, which favours larger operators and can encourage greater mass market participation over time.
- Industry consolidation, albeit this does not always affect the number of brands a customer might have access to.

These drivers are still in relative infancy, however, meaning Gamesys' addressable market share of 3% globally and c.14%[1] in the UK are among market leading rates for gaming. Indeed, the Virgin brand is among the top three casino brands in the UK (10% segment share) while the Jackpotjoy brand remains the number one bingo brand (19% segment share)[1]. We believe that the increasing focus on mass market participation, tighter regulation and industry consolidation all favour Gamesys' brand and balance sheet scale, proven in-house operating capabilities and strong safer gambling ethos.

Global remote gambling market
(€m)



1. Regulus Partners estimates.

The outlook for 2021 and beyond is highly uncertain. At the macro level, there are four significant converging issues that Gamesys is constantly monitoring.

01

The first is how the pandemic will impact consumer behaviour in terms of longer-term digital adoption and also how any economic factors will affect the online gaming market. While these are unknown, the resilience demonstrated so far is encouraging.

02

The second is how governments will respond to the crisis from a fiscal and regulatory perspective. Again, this is both unknown and likely to be highly varied by market. Nevertheless, the online gambling sector has overall shown itself to be a responsible stakeholder during the pandemic and government engagement is an area that Gamesys takes very seriously. Gamesys will be working hard to ensure a fair and balanced outcome across all the geographies where the Company has a presence.

03

A specific area of regulatory uncertainty not related to the COVID-19 pandemic is the UK Gambling Act Review and its preceding 'Affordability' consultation. Gamesys believes in the balanced and evidence-based approach that the government has outlined in its call for evidence and is engaged in providing both detailed evidence and working solutions to modernise Britain's gambling laws. Gamesys is proud to be a key stakeholder in a market that has seen no material change in Problem Gambling rates for two decades despite the significant long-term growth in online gambling. It is, however, right that the government modernises protections in an effective manner and creates a regulatory framework fit for the digital age.

More positively, governments globally, and especially an increasing number of US states, are recognising that online gambling is an activity enjoyed by many consumers regardless of the regulatory environment. Creating a positive regulatory framework that protects customers without diminishing their enjoyment is critical to good policy making. As more jurisdictions outside Europe seek to adopt or modernise online regulation, Gamesys will assess opportunities for further geographical diversification and sustainable growth.

04

Another key positive is that globally rates of online gambling adoption are closely correlated with wider e-commerce adoption. The UK, Australia, mature Asian economies and some Nordic counties still lead the way in e-commerce, with adoption at over 80%[1]. However, in 2019 global e-commerce adoption was just 30%[1] of the adult population. Increasing rates of e-commerce adoption underpin secular growth in global online gambling markets and these will further drive growth and diversification opportunities for the Group.

The above highlights that the short-term outlook for the global gaming industry is somewhat in flux. However, while there are a number of risks and uncertainties, Gamesys is well positioned to navigate these challenges. More importantly for the longer-term, a combination of the three features below gives us high confidence in the long-term sustainable growth potential of the Group:

- Shifting demand dynamics to high quality brands in more mature markets.
- Greater regulated markets reach.
- Global secular growth underpinned by attractive e-commerce adoption factors.

Business Model

Growing our business responsibly

We craft entertainment with care, building trusted brands and creating great experiences that always put the player first.

Our key differentiators

Diversified operations/geographic spread
Operating across geographies and regulated/unregulated markets provides a backdrop for balanced growth.

Strong financial position
Solid capital structure and track record of strong cash generation.

Proprietary technology
Two proprietary platforms: 'Excite', which supports Jackpotjoy and other brands, and 'Enjoy', which primarily supports Vera&John.

Strong player relationships
Building trusted relationships with our players and always acting with integrity.

Global brands with high standards of care and fairness
Distinctive and recognisable online casino and bingo-led brands that deliver best-in-class player experience and gaming content.

Dedicated teams
Our people care, both about the quality of the work they do and about the player they are seeking to entertain.

The value we create

Our business is highly cash generative, with high growth and high margins. We maintain high standards of corporate governance to ensure we are building our business responsibly and sustainably, thus generating value for all our stakeholders.

For investors
For more on how we engage with our stakeholders, see our Sustainability Report.

For players
We offer a user-friendly, multi-platform approach aimed at meeting our players' needs and encourage players to play responsibly.

For employees
We provide a working environment where employees can develop, thrive and be their best.

For government
We contribute to the economies where we operate through revenue generation and taxes paid.

For society
We promote a culture of responsible gaming and market our activities in a transparent and responsible way.

For partners
We collaborate with partners to create, influence and change more than we, or they, could individually.

Stakeholder engagement
For more on how we engage our stakeholders, see pages 30 to 33.

What we do

Online sites from well-known brands with an engaging interface

High volume of typically low/moderate risk-taking players

Social interaction through chat rooms

High participation in non-gambling and gambling games

Frequent games, low waiting times and higher, more frequent jackpots

Creating a sustainable and loyal player base in a responsible gambling environment

Potential to cross-sell in-house brands

High barriers to entry

Growth in revenues and margins

Reinvest in technology platforms and offering

How we operate

By managing our risks
See more on pages 60-67

By embodying the Gamesys DNA
See more on pages 10-11

By managing a responsible business
See more on pages 34-51

Our Strategy

Focus on expanding our global revenue footprint

Our strategy is now based on six strategic pillars following the addition of 'Deliver the best content', and its goal to make our Gamesys brands the best place for players to play their favourite games. This year's focus is on increasing our presence in all existing markets, and building on the work our teams delivered through 2020.

01

Double-digit growth across the UK and Spain

Leveraging a multi-brand strategy

- Optimise marketing spend across the brand portfolio to drive quality and improved contribution from new and returning players
- Prepare for regulatory changes with best-in-class implementation in operations and technology
- Development and delivery of a customer care proposition
- Create value for players through a differentiated content strategy
- Enhance our rewards proposition to improve revenue retention
- Relaunch of Starspins as MEGAWAYS Casino in the UK
- Increase Spanish market share by executing a multi-brand strategy with further investment in Monopoly Casino

02

Grow the Asian market

Maintain high growth in expanding market

- Source new marketing partners and new acquisition channels
- Increase marketing investment to underpin growth
- Improve our Customer Care service levels and overall customer experience
- Invest in and develop exclusive content
- Extend our multi-brand strategy and launch at least one new brand into Japan
- Extend our affiliate foothold through Samurai Click
- Potential launch of new product verticals
- Increase customer retention through utilising experience in more mature markets

03

Invest in North America

Invest in platform and data infrastructure to build a scalable business for future growth

- Accelerate overall revenue growth in the region
- Deliver key successful features that are present in the latest version of the Excite platform in New Jersey
- Significantly increase acquisition spend to grow FTDs on Virgin Casino in New Jersey
- Test and learn in order to find scalable and sustainable acquisition sources
- Platform investment to enhance the player experience in Canada
- Develop our understanding of sports betting players through launch of Sports in Canada
- Create value for players through a differentiated content strategy
- Explore the introduction of a multi-brand strategy

The player as always, is central to everything we do, and the wellbeing of our players and people, as well as our role in the community remains a key focus for us, as reflected in the 'Gamesys cares' pillar.

For our KPIs see pages 52–53

04

Deliver the best content

Develop exclusive and tailored content

- Make exclusive content an integral part of our offering in Asia
- Augment existing content in Asia – including the use of progressive jackpots
- Create an onsite experience tailored to product preference in Asia
- Build market intelligence and control of content through partnerships in Asia
- Make all top slots content available on our sites in North America
- US platform to achieve parity with the UK in terms of content optimisation, functionality and features
- Release and Promote Live Casino in North America
- Establish Live Casino as a leading product type for Gamesys in the UK and Spain
- Roll out greater usage of engagement features in marketing campaigns in the UK and Spain
- Define and implement clear product strategy for Poker and Bingo in the UK & Spain

05

Gamesys cares

Our approach to sustainability is underpinned by three pillars

i. Player wellbeing

- Achieve Gamcare Level 3 Accreditation, the highest accreditation available in the industry
- Continue to deliver our Global Sustainability Commitments
- Embed and deliver our Responsible Gaming KPIs – STRIPES – Satisfaction, Training, RG tools, Investment, Player interaction, Employee pride

ii. People engagement

- Measure and maintain high engagement levels with an engagement index target of over 90%
- Evolve our ways of working, embracing flexible and agile hybrid working models suited to roles
- Proactively support our employees' holistic wellbeing
- Continue to hire, nurture and develop the most diverse and inclusive workforce in our industry
- Continue to invest in learning and development, building Gamesys into the natural employer of choice for talent at all levels
- Ensure our culture and DNA values underpin everything we do

iii. Building a Brighter Future

- Achieve carbon neutral status
- Implement our longer term ambition of reducing direct energy usage by 50% by 2023
- Lead the industry by achieving the UN Global Compact Standard
- Continue to support the Gamesys Foundation

See more on pages 34–51

06

Successful foundations

Enhancing foundations to accelerate growth

Technology

- Support the North America strategy with state-of-the-art Excite instance
- Engage platform as Gamesys' single aggregator and RGS
- Deliver robust, value generating data solutions
- Boost productivity in a distributed workplace
- Maintain stable, secure, and scalable platforms
- Identify and drive alignment, best practice, and sharing across the technology organisation

Finance

- Realign operational finance into consolidated hubs to better meet all financial reporting requirements
- Diversify and increase the frequency of financial reports, enabling informed and timely decision making
- Enhance controls and governance around key financial processes
- Create consolidated hubs

Legal, Compliance and Regulatory

- Champion enhanced levels of regulatory compliance and controls
- Introduce an automated document management system for Legal, HiQ
- Continue to deliver integrated programmes

Operational Review: UK

Sustained growth and momentum delivered through an expanding brand portfolio

The UK remains Gamesys' key market accounting for c.58% of overall Group Revenue in 2020. Against the backdrop of challenging conditions brought about by the changing Regulatory environment, coupled with the impacts on the sector as a consequence of COVID-19, the strengths arising from the newly formed Gamesys Group, and our proven multi-brand approach, helped our UK Operations deliver impressive revenue growth of 19% year on year.

Revenue 2020 (£m)

£423.3m

UK as a percentage of Revenue (%)

58%

2019[1]: 63%

UK portfolio

With popular and established brands such as Jackpotjoy and Virgin Games building on leading positions in their respective segments, and with Monopoly Casino proving itself to be another scalable Casino focused proposition in the UK and beyond, we have been able to attract new players at scale with a high level of marketing efficiency. The launch of Rainbow Riches Casino in November 2019 as a destination site for the most popular Slots franchise in the UK has been a great success, building on our desire to bring our players the most engaging and rewarding experience with exclusive content. With its ability to capture a new audience and drive greater wallet share Rainbow Riches Casino has contributed strongly to above market growth and strong momentum throughout the year.

Revenues in H1 were up 16% year on year building off an acceleration during the second quarter as the UK entered lockdown. Strong retention rates and a focus on optimising spend across the brand portfolio saw growth in H2 accelerate to 21% with record Actives and Deposit levels combining to provide real momentum in to 2021.

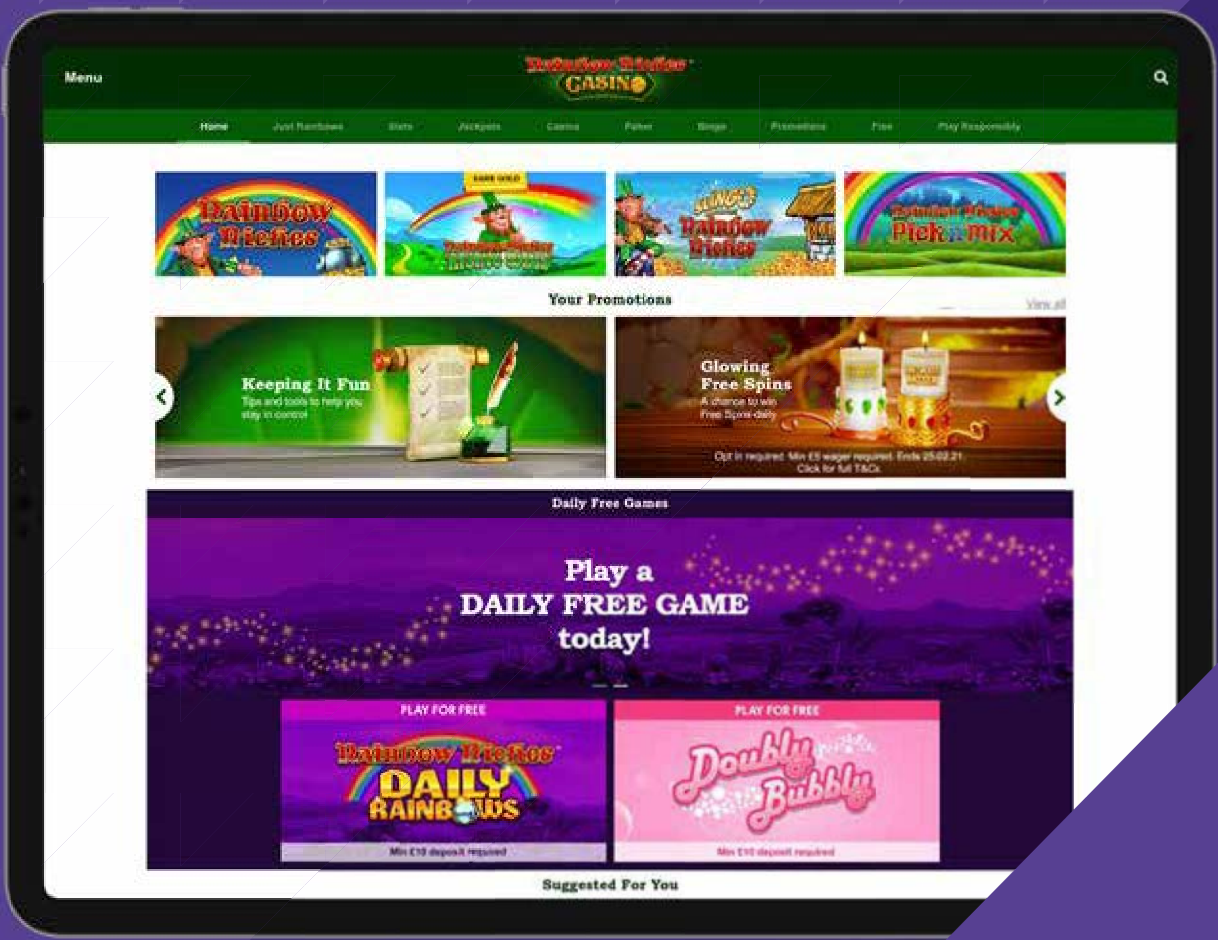
Rainbow Riches Casino was voted by WhichBingo as the best new Slots site of 2020. The Group won the award for Best Bingo Operator and the icing on the cake, being crowned Operator of the Year at the EGR Operator Awards is testimony to the breadth and depth of the proposition and performance of the UK business.

The growth achieved in 2020 and the investments we have made in expanding our brand portfolio must be seen within the context of a set of market conditions which have challenged Operators across the sector, and which will continue to do so in the year ahead. We believe the strengths of our proposition in the UK allows us to diversify our revenue across a broad spectrum of player segments, protect our margins, and continue to invest in new and innovative products and content. As a Category A member of the Betting and Gaming Council we have played an important role in shaping the Raising of Standards across the Industry. After entering COVID-19 lockdowns in Q1 we were the first operator to cease untargeted customer marketing in the UK, including the suspension of TV and Radio Advertising. We have deployed the new Industry Code that governs the operation of High Value Customer schemes; we have been actively involved in drawing up and implementing stricter measures around Advertising and Game Design to ensure we are protecting vulnerable individuals; and we stopped taking credit card payments as a means of funding accounts. As we look forward to 2021, we will continue to take a leadership role in raising standards across the Industry in the UK. Whilst there are a number of regulatory headwinds, we are well positioned with the diversity of our brand portfolio, and the different customer segments that we serve, to navigate forthcoming changes in regulations.

Our focus in 2021 will be to build on the success and momentum achieved throughout the prior 12 months. Continued investment in new Games content and developing our existing portfolio of popular bingo and casino brands will underpin our efforts to attract and retain wallet share. Building on the success of Rainbow Riches Casino we have also launched MEGAWAYS Casino in Q1 2021, taking the popular MEGAWAYS mechanic and creating a destination site for all the best MEGAWAYS slots in the market together with some new and exclusive titles. We believe this will be a further great addition to our UK business and will continue to help us to grow and create a rich source of engaging content for players.

1. Pro-forma figure. See page 171 for additional information.

With an effective proprietary platform and further investment in our multi-brand strategy we continue to engage with a growing segment of players to deliver strong double-digit growth.



Operational Review: Asia

Clear market leader in Japan with strong momentum and expanded presence in Asia

Coupling best-in-class operational expertise with deep market knowledge has seen our Asia division achieve new heights and deliver almost 80% growth YOY. We are entering 2021 in a position of strength and are well placed to continue on this trajectory despite increased competition.

Revenue 2020 (£m)

£218.3m

Asia as a percentage of Revenue (%)

30%

2019[1]: 22%

Asia portfolio

New brand launches help underpin growth

Our operation in Japan has gone from strength to strength during 2020. Not only does it represent the fastest major growing market in percentage terms across the Group, it has also delivered the most growth in absolute terms.

In 2020 we have relaunched our InterCasino brand with a fully localised theme and brand identity as well as a set of unique features, such as our rebate style loyalty programme. The rebrand was a resounding success with InterCasino revenues increasing more than fivefold year on year.

Over the course of the year, we have struck new acquisition partnerships that have led to record numbers of new players and also expanded our game portfolio with new, internally developed, exclusive titles such as Heart of Ra.

Players continue to recognise Vera&John as the most popular and trusted brand in the market, in fact we were just voted the number one online casino brand for the fifth year running.

We take the trust our players place in us very seriously and in March a separate responsible gaming mini-site was launched in the Japanese market.

Sustainability is a key cornerstone of the Gamesys Group ethos and we are continuing to bring the high operating standards we have honed in Europe to our international business.

Building functionality, scale and content

Our B2B business in Asia had a good year with over 30 features and improvements released for our partners during 2020.

Solid Gaming, our Asian-facing game aggregation business, has seen strong growth and we currently offer our clients over 6,000 games from more than 60 game providers. The platform now processes over one billion transactions per month.

Golden Hero, our internal game studio, has continued to grow and has expanded its game portfolio of titles. We released two new 'Pachi-slot' titles, Oiran Dreams and Raigeiki Rising; the former was exclusively released on our brands in the summer and has quickly become one of our most popular titles.

1. Pro-forma figure. See page 171 for additional information.

This year we have been able to establish ourselves as the clear online casino market leader in Japan, with a strong growth trajectory.

Operational Review: Europe

Multi brand strategy delivers continued strong growth

In our first full year of operations from our new Ceuta office base, our Spanish business performed well in the face of increasing regulatory pressure, and the emergency pandemic measures imposed by the Spanish Government. These included the limiting of all acquisition and retention marketing between April and June and was a stricter precursor of the Royal Advertising decree which was finally signed into law in November. A high number of new entrants to the market (licensed operators increased from c.55 to c.80) also meant that the competitive landscape intensified over the year.

Revenue 2020 (£m)

£68.0m

Europe as a percentage of Revenue (%)

9%

2019[1]: 12%

Europe portfolio

Our Bingo-led proposition Botemania was able to consolidate its position in the face of significantly increased competition, defending its 2019 revenue levels.

In June, capitalising on the brand equity and trust of the Monopoly franchise, the Monopoly Casino launch saw the creation of the fastest growing new venture in Gamesys' history, validating our multi-brand strategy and focus on the growing casino vertical in Spain. In terms of marketing spend the strength of the Monopoly brand was evident in previously unseen levels of player conversion.

The results of our multi-brand strategy in Spain have meant that the Spanish business was able to show a high single digital percentage top line growth in 2020. Of note was a particularly strong performance in Q3 where our growth over the previous quarter was 14% compared to the Spanish iGaming segment overall which contracted by 11% leaving our overall Q3 iGaming market share at 14.3%. The year ended on a positive note with a record month in December and a projected Q4 iGaming share of c15.4%.

Over the year, we certified and added 148 new (and upgraded) game titles on Botemania and 259 on Monopoly Casino to further extend our leading slots and casino proposition in the market. We also carried out a significant number of site improvements and added functionality in order to comply with the newly published Royal Advertising Decree and the State of Emergency decree (at very short notice) which highlighted the versatility and flexibility of our systems and people.

2021 presents further challenges as the Royal Advertising decree beds in. However, we will be exploiting our considerable expertise in digital acquisition channels and the strength of our brands to gain competitive advantage in acquisition.

2021 also brings with it the upcoming Responsible Gaming Decree. With our expertise and focus in this area we will be collaborating with the Directorate General for the Regulation of Gambling (DGOJ) in order to share our best practice and help formulate the best framework to protect our players, with best in breed functionality and tools.

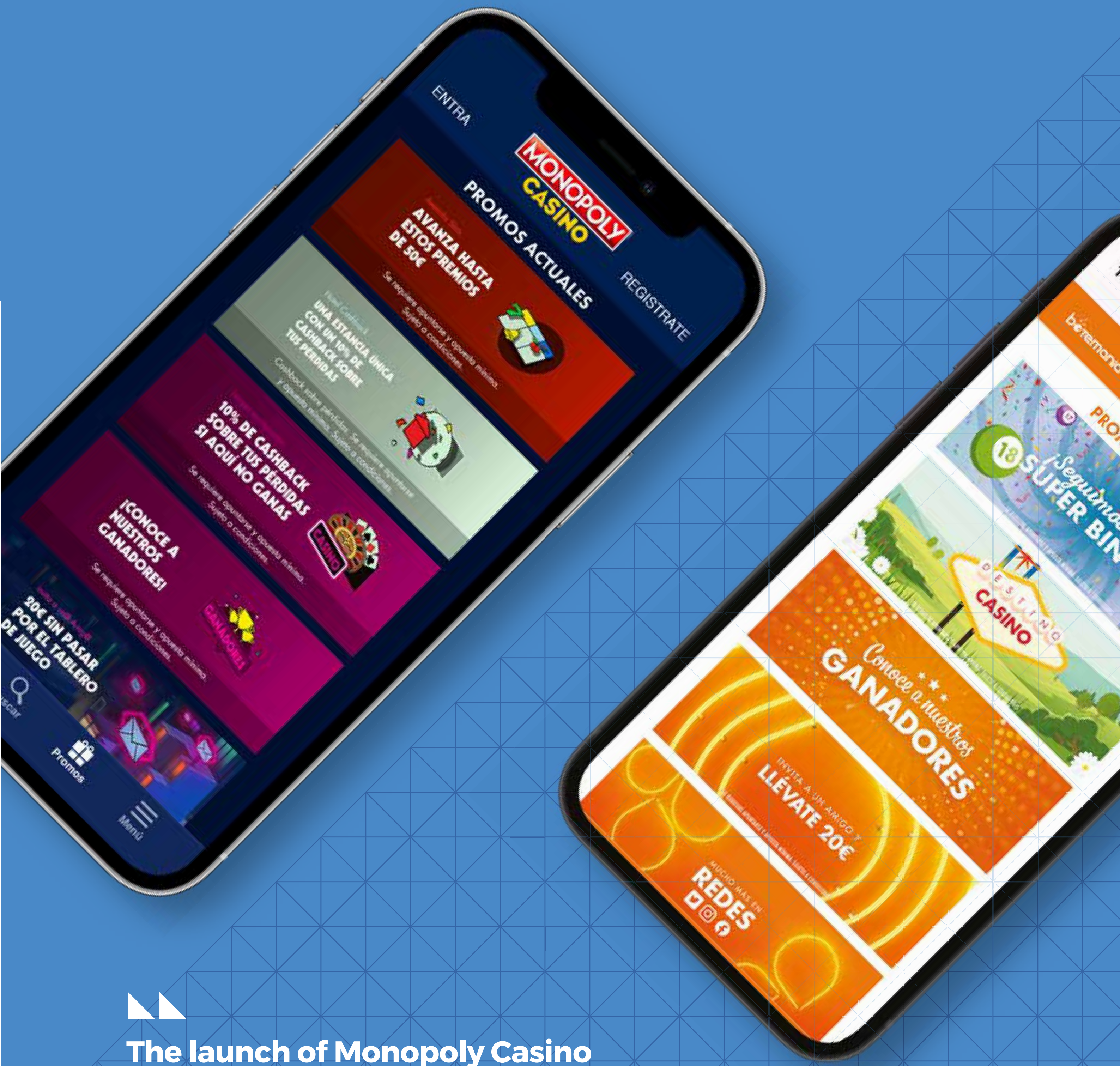
We look forward to growing top line revenues through building on our customer retention focus and further adding to our market-leading product offering including innovative free games and further extending our Monopoly-branded games proposition.

Outside of Spain, Germany showed strong double-digit growth while the Nordics continued to suffer due to regulatory measures in Sweden and payment processing challenges in Norway. The Nordics haven't been a focus area for the business of late, as we see greater opportunities elsewhere and this trend is unlikely to reverse.

While Germany has shown growth, the proposed regulation could significantly dilute the product proposition and will inevitably drive players to unlicensed operators. The market has already seen the impact of this with the introduction of the interim regulations on the 15th of October.

In 2021 we will continue to focus on our core markets and monitor developments in Europe for potential opportunities.

1. Pro-forma figure. See page 171 for additional information.



The launch of Monopoly Casino sets the foundation for accelerating growth in 2021 with a casino-focused proposition in Spain – our largest European market.

Operational Review: Rest of the world

A foothold in the expanding US market

The largest single geography where we are present in 'Rest of the World' is the regulated online gaming market in New Jersey in the US. In the state of New Jersey, we operate on the Tropicana Atlantic City licence whilst also providing Tropicana with a B2B service, alongside operating on a B2C basis through our Virgin Casino brand.

Revenue 2020 (£m)

£18.1m

Rest of the World as a percentage of Revenue (%)

3%

2019[1]: 3%

2020 3%
2019 3%

Rest of the World portfolio

Revenues from New Jersey have shown robust growth over the last few years, and we remain profitable whilst continuing to invest in developing our expertise in the market. The environment is a highly competitive one so marketing spend must be judicious and efficient, but our foothold in New Jersey is important given the bigger picture. Our established partnership with Tropicana Atlantic City gives us a foundation in the US market as the number of individual states continue to expand with respect to regulated online casino, with the potential for Gamesys to extend reach further afield in North America.

During this period, we, along with the wider Group, have had teams working remotely whilst North America grapples with the pandemic. We were thankfully not in the position where we needed to furlough staff and were able to recruit into roles as required. Productivity and team efforts were sustained, if not exceeded, during this period.

New Jersey

Our New Jersey revenues saw significant growth in 2020 due to the fast-changing market conditions, including sports schedules being cancelled and retail casino properties closing during the enforced lockdown. Virgin Casino achieved a near c.40% increase in registrations and healthy revenue growth from 2019 as players moved activity to online casinos during the period.

The reduced sports schedules also saw sports operators accelerate their launch of online casino verticals adding to an already competitive landscape, but players continue to value the Gamesys proposition as retention rates remain strong.

2020 saw additional regulatory requirements set forward by the regulator, whilst Gamesys also focused investment in ongoing improvements to the platform and architecture, as we continue to investigate further expansion into opportunities in North America.

Canada

Following the launch of VIPCasino.ca in 2019, there has been intensified focus on the market opportunity in Canada. We have expanded the team support, invested in the platform, and developed best practices based on learnings from other markets and this has delivered sustained growth.

Canada is currently the only territory where Gamesys offers sports betting, a new vertical for the business where we continue to develop learning and understanding of the product, markets, and player engagement, and how it supports our casino offering.

We are expecting to continue to expand and grow the proposition in Canada especially given that individual territories – including Ontario – are looking to regulate and license iGaming. In order to further support North American growth we are building a technology & data hub in Canada to provide dedicated resources as states and provinces expand and develop regulations, This office, along with our New Jersey location, cements Gamesys' investment in North America.

1. Pro-forma figure. See page 171 for additional information.

Our established partnership with Tropicana Atlantic City gives us a foundation in the US market as individual states continue to expand with respect to regulated online casino, with the potential for Gamesys to extend reach further afield in North America.

Section 172(1) Statement

Stakeholder engagement

Our business strategy is shaped and informed by the views of our stakeholders. To this end we actively engage with our six core stakeholder groups (players, employees, investors, government and regulators, partners and society) to understand their priorities, and we use their feedback to shape our business.

Interactions take place at all levels of the organisation, and our Directors are involved in, or have visibility of, many of these engagements. Notable engagements led by the Board include shareholder meetings, monthly and quarterly employee updates, Gamesys Foundation Trust meetings and engagement with the Betting and Gaming Council (BGC).

The Board also engages with different samples of employees throughout the year through the Employee Voice process. Feedback from these sessions, which are hosted by Katie Vanneck-Smith, Non-Executive Director, is shared at the ESG Committee and Board meetings.

Key:

L = Director led engagement

V = Director visibility of engagement

Players

The people who have paid to play any of our games on any of our brands

Why are they important to us?

Players' safe enjoyment of our games drives our revenue and long-term growth. Understanding player attitudes and behaviours is critical for shaping our brand, products and delivering our market-leading experience.

How do we engage with them?

- 'Voicebox', our online research community. We use this community of circa 11,000 players for piloting new games, trialling advertising and conducting ad hoc surveys. V
- Annual player satisfaction survey. V
- Annual responsible gambling survey. V
- Focus groups. Small groups of players and non-players used to get in depth feedback on topics. V
- Chat rooms. Player chat rooms are extensively used. We monitor comments and host conversations to get feedback on specific topics.
- Direct interactions with support staff.
- Social media.

Employees

Everyone directly employed by us

Why are they important to us?

Our employees create our assets and provide our exemplary customer service. They are critical for our success. We use a structured calendar of events, initiatives and campaigns throughout the year to engage with them.

How do we engage with them?

- Monthly video presentations by the CEO and CFO on Company and financial performance.
- Quarterly updates. Video updates from the CEO and other senior business leaders covering a broad range of business matters and employee milestones, including functional updates, employee awards, strategic goals and business performance. L
- Annual employee engagement survey. In-depth survey of all employee views on a broad range of matters. V
- Employee Voice representative. Roundtable discussions hosted by Katie Vanneck-Smith, the Board's Employee Voice representative. L
- Roundtables. Senior leaders frequently lead intra department and division roundtables.
- Employee networks. Our diversity communities provide forums for employees to share experiences and ideas on how to make the business more inclusive. V
- G PRO. The Company's performance development review process provides opportunities for employees to give feedback to their line managers.
- Employee representative associations. These represent approximately 1% of employees and cover general employment conditions, our workplace environment as well as wellbeing and culture initiatives.
- Exit, initiation and probation interviews.
- Informal interactions between all levels of the organisation are fostered by an open and non-hierarchical culture.
- Other engagements include competitions, social events, campaigns and the intranet.

Investors

Institutions and individuals who hold shares in Gamesys Group plc

Why are they important to us?

Our shareholders own our Company and we openly engage with them on a broad range of issues to guide our approach.

How do we engage with them?

- Annual General Meeting. L
- One-to-one meetings between shareholders and the Senior Independent Directors. L
- Direct engagements with the Director of Investor Relations. V
- ESG rating schemes. V
- Responses to investor information requests.
- Reviews of analysts' research. V

Partners

People or organisations that we work or collaborate with. They include suppliers, trade bodies, industry organisations and NGOs

Why are they important to us?

Collaborating with partners allows us to create, influence and change more than we, or they, could individually.

How do we engage with them?

- Industry collaborations, e.g. the Betting and Gaming Council. V
- Supplier account meetings.
- Research partnerships. V
- Charity collaborations e.g. Wolverhampton Citizen's Advice Bureau. V

Society

Individuals and organisations affected by, or with an interest in, our Company

Why are they important to us?

We have a civic duty to play our part in society. It's the right thing to do and it's what we want to do.

How do we engage with them?

- The Gamesys Foundation. L
- Business in the Community membership.
- Social media interactions. V
- National and local press and media coverage. V
- Local community interactions.

Government & Regulators

Why are they important to us?

We work closely with our regulators to uphold and drive forward the shared standards expected of our industry.

How do we engage with them?

- Compliance and reporting meetings. V
- Regulatory body working groups. V
- Participation in Government initiatives e.g. submitting an Annual Assurance Statement to the UK Gambling Commission. V
- Formal responses to the Gambling Act 2005 and other regulatory reviews.
- Lobbying, primarily via the Betting and Gaming Council. V

Responding to our Stakeholders

You told us...

When our stakeholders tell us something important, we listen, we understand, and when something needs to change, we do it.

Employees

You told us...

You want to learn from people who are experts in their field.

So we...

Developed three new industry expert-led training academies.

You told us...

Take action to support the Black Lives Matter movement.

So we...

Set up a cross-business working group with budget to develop the Group's approach (see page 45).

You told us...

You weren't comfortable returning to the office post lockdown.

So we...

We decided in November to keep our offices closed until at least Easter 2021*.

Investors

You told us...

We evaluate your ESG data.

So we...

Now participate and perform well in four ESG Rating Schemes*.

You told us...

Shareholder return is a priority.

So we...

Introduced an inaugural interim dividend*.

Players

You told us...

You want to win more jackpots.

So we...

Developed a unique 'Powerbolts' feature with opportunities to win multiple jackpots every day.

You told us...

You can forget to claim a reward.

So we...

Launched a rewards hub, 'The Vault' to improve visibility of rewards on Virgin Games.

Society

You told us...

Health and wellbeing during COVID-19 is paramount.

So we...

Stopped untargeted customer advertising*.

* Principle strategic decisions.

Gamesys Cares

Our goal is to be recognised as the industry leader for player wellbeing, employee engagement and our positive impact on the community and environment.

i

Player wellbeing

We believe that the wellbeing of all our players is the key to growing a sustainable business.

The wellbeing of our players aligns with our purpose of 'Crafting entertainment with care'.

ii

People engagement

We are proud of our employees and the culture at Gamesys which provides our strong foundations. The engagement of our people is key to building our sustainable future.

iii

Building a brighter future

We care passionately about the environment and the community.

We recognise and embrace our responsibility to help build a brighter future.

Transparent reporting is a crucial component of our approach so this year we've aligned our reporting with the Global Reporting Initiative, included our impacts on the UN Sustainable Development Goals and presented our new strategy, 'Gamesys Cares'. There's also a lot of achievements to tell you about – our GamCare Safer Gambling Level 2 accreditation, the work of the Gamesys Foundation, becoming operationally carbon neutral and signing the UN Global Compact, to name but some.

Being a responsible business is core to Gamesys Group plc. It's part of our vision ('Crafting entertainment with care'), our values and our identity. Quite simply it is how we do business. And we're gaining recognition for this externally. We're part of the FTSE4Good Index and have scored highly on the MSCI, Bloomberg and VE (previously Vigeo Eiris) ESG rating schemes. For the ISS ESG rating scheme we achieved the highest accolade possible, 'Prime' status, in January 2021.

Our approach is led from the top by our Board-level ESG Committee. The ESG Committee is responsible for overseeing and publicly reporting on the Company's approach to all aspects of sustainability, including stakeholder engagement. The Committee is supported by our new Sustainability Director role which reports directly into the CEO. The Sustainability Director is responsible for co-ordinating and overseeing the Group's strategic approach to sustainability. We leverage our Business in the Community membership and external sustainability experts to guide our approach. Read more about our ESG Committee on pages 80 and 81.

You can find a table of the GRI Standards, and where our associated 'GRI-Referenced' information can be located, on our website (www.gamesysgroup.com). Historic key performance indicators (KPIs) are only shared in a few cases because of the recency of the formation of the unified Group (September 2019).

Corporate ESG Performance
RATED BY ISS ESG
Prime

Our strategic approach

Our sustainability strategy is one part of the Group's wider six-point strategic plan (see pages 20 and 21). This year we have refreshed and relaunched the sustainability element, which we call, 'Gamesys Cares'. Our ambitious overarching strategy aim is to be recognised as the industry leader for sustainability, which for us, means responding to the broader (social, economic and environmental) and long-term impacts of our business.

Gamesys Cares has been developed to reflect the priorities of our stakeholders, along with operational risks and opportunities. Stakeholder priorities were identified through a materiality assessment, including an in-depth review of investor and ESG rating scheme requirements, peer performance, and stakeholder feedback. An external sustainability expert was involved in this process. You can read more about the ways we seek feedback from our stakeholders on pages 30 to 33. Group risks and opportunities were evaluated using the Group risk review process (see pages 60 to 67).

To form our strategy our most material sustainability impacts have been clustered into three themes, 'player wellbeing', 'people engagement' and for our broader social and environmental responsibilities, 'building a brighter future'. For each of these we have set challenging targets for 2021, some of which we have already accomplished.

An additional workstream is in place to enhance our stakeholder sustainability communication and engagement.

Industry pioneers

Player wellbeing

Certified to Gamcare Safer Gambling Standard Level 2

(one of only eight organisations to have achieved this in 2020)

Find us on
Safer Gambling Standard

See more on pages 38-41

People engagement

EGR Operator Employer of the Year Award

EGR OPERATOR VIRTUAL AWARDS 2020
Winner
Employer of the Year
Gamesys Group

See more on pages 42-47

Building a brighter future

Signatory of the UN Global Compact
Carbon neutral operations

CARBON TRUST STANDARD
CARBON NEUTRAL

See more on pages 48-51

Sustainability Report continued

We support the achievement of the UN Sustainable Development Goals and are taking action to positively contribute to their attainment.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are the globally recognised path to a better and more sustainable future for all. There are 17 areas of impact and we positively contribute to nine of these by taking care of our employees across the globe, operating carbon neutrally and supporting charitable causes via our Gamesys Foundation.

Of course, as a gambling company we know that for a very small minority of players, gambling can become out of control and thus we could negatively impact on their health and wellbeing. We also know we have work to do on our gender pay gap, which like many companies, is reflective of the difference in the proportion of women at senior levels of the Company. We are working to address these issues.

Positive Contribution

1 No Poverty: We pay a fair and real UK Living Wage to our employees

5 Gender Equality: 97% of employees agree Gamesys accepts everyone's individual differences

10 Reduced Inequalities: In excess of £2.3m donated to the Gamesys Foundation and other charitable causes in 2020

3 Good Health and Well-Being: 97% of employees agree Gamesys has been supportive and considerate of their wellbeing during COVID-19

7 Affordable and Clean Energy: Target to source 50% of electricity from renewable sources by 2023

13 Climate Action: Carbon neutral operations

4 Quality Education: 34,047 hours of training provided

8 Decent Work and Economic Growth: Global Human Rights Policy

16 Peace, Justice and Strong Institutions: Zero whistleblowing incidents relating to corruption, human rights or other policy/legislative breaches

Needs Improvement

1 No Poverty: 7.0% players considered at risk of developing, or experiencing, gambling related harm

3 Good Health and Well-Being: 7.0% players considered at risk of developing, or experiencing, gambling related harm

5 Gender Equality: Gender pay gap

Abiding by our policies

Our approach to sustainability is governed by a framework of Group policies. Individual responsibilities for complying with our policies are enlivened in our Code of Conduct, which gives practical examples of the behaviours that we expect of employees, and those that are prohibited.

Employees are introduced to our policies and Code of Conduct during the induction process and all employees are required to complete annual compliance training covering anti-money laundering, anti-bribery and corruption, data privacy, information security, whistleblowing and responsible gambling.

Compliance with our Group policies, procedures and Code of Conduct, is periodically monitored by our internal audit function. Any suspected non-compliances can also be raised by employees and other stakeholders to the People Team or through our globally accessible independent whistleblowing hotline.

This year we updated our Whistleblowing Policy and refreshed the promotion of the whistleblowing hotline.
No significant breaches relating to any of our core Group policies were raised through this process during 2020.

Regulatory compliance

We're committed to operating in compliance with all relevant legislation, regulations and licensing requirements.

The UK government has announced a review of the Gambling Act 2005, which we welcome. Our consultation response, along with our response to the UK Gambling Commission customer affordability consultation, is aligned with the response of the Betting and Gaming Council (BGC), where we take a leading role. We advocate for an evidence-based review as to how to enhance the environment for responsible gambling.

Non-financial Information Statement

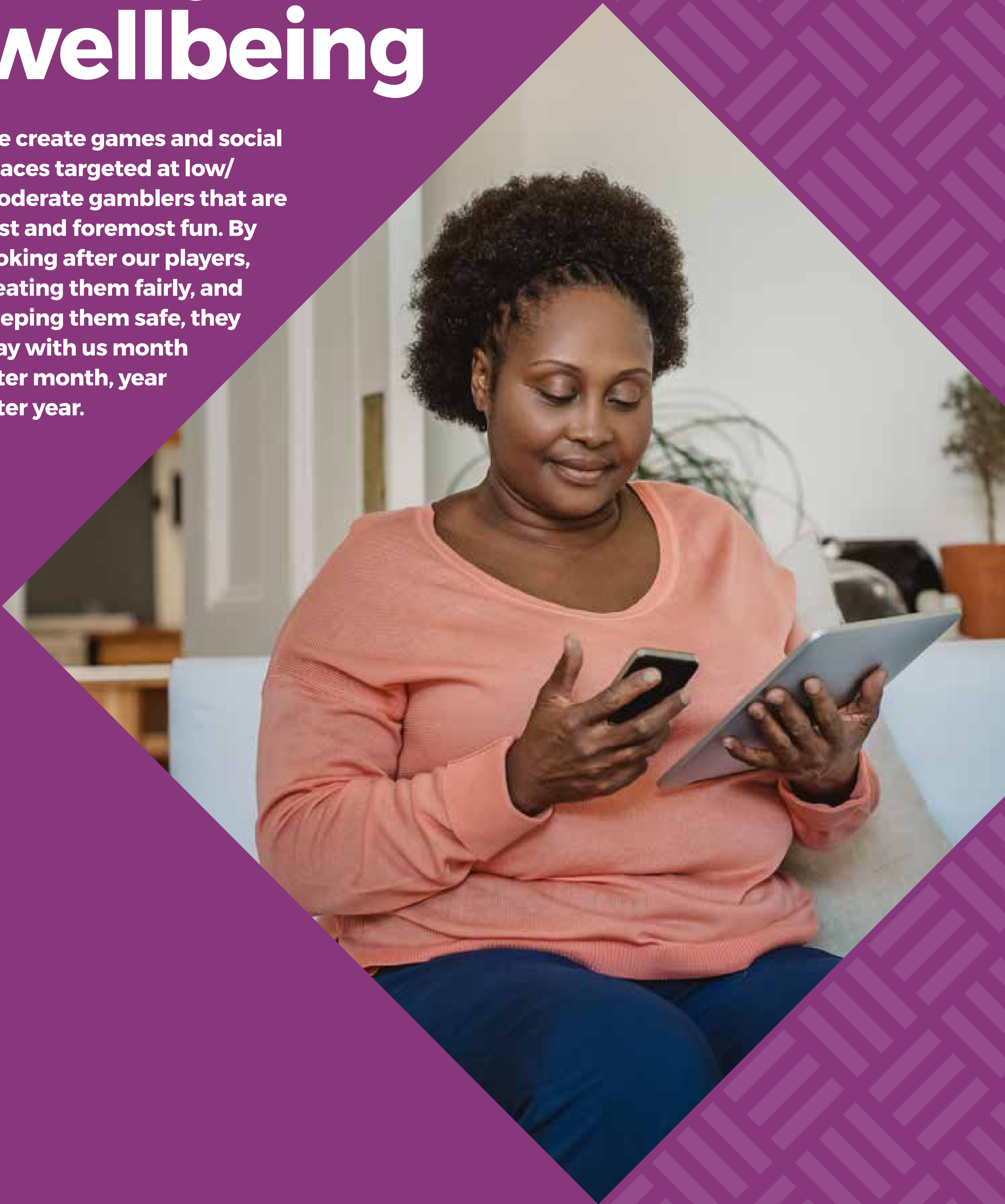
Detailed non-financial business information is interwoven throughout this report. Information on risks, policies and key performance indicators required by Section 414CB of The Companies Act 2006 are noted in the table below. Information on the Company's business model can be found on pages 18 and 19.

	Key risk	Policy[1]	Measured by	Find out more
Social matters	Responsible gambling	Global Sustainability Commitment	Players considered at risk of, or experiencing, gambling-related harm	See more on **pages 38-41**
Company employees	Talent attraction and retention	Human Rights Policy; Training Policy	Employee engagement index	See more on **pages 42-47**
Respect for human rights	Data privacy, discrimination and health and safety	Human Rights Policy; Privacy Mission Statement	Significant breaches of human rights	See more on **pages 50-51**
Anti-corruption and anti-bribery	Corruption and bribery	Anti-Bribery and Corruption Policy	Fines and penalties relating to corruption or bribery	See more on **pages 49-51**
Environmental matters	Climate change	Environment, Energy & Climate Change Policy	Net operational greenhouse gas emissions	See more on **pages 50-51**

1. All of these policies are publicly available on the Group's website (www.gamesysgroup.com).

i. Player wellbeing

We create games and social spaces targeted at low/moderate gamblers that are first and foremost fun. By looking after our players, treating them fairly, and keeping them safe, they stay with us month after month, year after year.



This generates sustainable revenue for us and allows us to really get to know our players and tailor our service to their needs. Our players understand that we are different to our peer group, and they choose our brands because they know that they'll be in good hands.

Player wellbeing is integrated into everything we do. Our Gamesys purpose is to 'craft entertainment with care' and part of our DNA is to 'be the player'. It should therefore come as no surprise that we put a huge amount of time and effort into all aspects of player wellbeing – that's looking after every one of our players by giving them truly excellent and exciting experiences, from fair and trusted brands, and a safe environment.

Our Gamesys Cares strategic aim is to be recognised as the industry leader for player wellbeing and we're already well on the way to achieving our ambitions: we're one of only eight companies to be accredited to the GamCare Safer Gambling Standard Level 2 in 2020, and we are now working towards Level 3 (the highest accreditation available in the industry); we have cemented our own Group-wide player wellbeing operating standards in our Global Sustainability Commitment; and we have launched STRIPEs, our global player wellbeing targets.

Participating in Safer Gambling Week

The UK industry Safer Gambling Week is an event we always participate in and for the first time this year, we chose to promote the initiative globally.

In accordance with the scheme requirements, we conducted extensive promotional marketing of our responsible gambling tools during the week and tracked the impact of our messaging. We saw only a minimal increase in gambling tool use and risk-triggered player conversations, something which we take very positively – it tells us the extensive and on-going communication of our responsible gambling tools is effective.

To connect our employees with the event there was, amongst other things, a video message from our CEO, the launch of our refreshed responsible gambling compliance training and STRIPEs global key performance indicators, training sessions from addiction counselling experts, staff videos articulating what responsible gambling means to them, a quiz, and a video hosted by GamCare which included recordings of an addiction sufferer. A teabag and biscuit (or other country appropriate drink and snack) were also sent to the homes of all employees to reiterate our responsible gambling 'take a break' message.

A great experience

A net promoter score for every one of our brands that is higher than those of our peer group.

We are the EGR recognised 'Operator of the Year' and 'Bingo Operator of the Year'. Our first-class entertainment is far more than just Slots, Bingo and Casinos. We offer chat rooms, live shows and free games, and we really engage with our players – conversing with them, conducting surveys and involving them in testing our new games and products. In fact, 51% of activity on our websites is not gambling related. This fully rounded experience really appeals to our players and is a key reason why we score higher than our peer group in nearly all core measures in our annual player satisfaction survey. Notably our average net promoter score was 31, considerably higher than our peer group's highest score of 20[1].

We're always evolving our approach and this year we've introduced several new and carefully selected games (paid and free), a unique 'Powerbolts' feature offering multiple daily Bingo jackpots and 'Superlinks' which enables players to stay in their favourite room while never missing the biggest games. In response to player insights, we also launched a new rewards hub, 'The Vault' on Virgin Games, which makes rewards more visible and accessible. We have also reduced the automated cash withdrawal time from three hours to one minute for players using VISA Direct.

Trusted brands

We are more trusted than our peer group, and our players are more likely to return.

Marketing is a key function of our business and a large portion of our supply chain spend. We are committed to ensuring that we, and our affiliates, advertise and market activities in a fair, transparent and responsible way.
We deliver this by:

- Adhering to relevant regulations and complying with best practice standards including the latest (6th) edition of the Gambling Industry Code for Socially Responsible Advertising.
- Dedicating some of our advertising to the safer gambling message. In the UK we apply this to at least 20% of our TV and radio advertising, even though this isn't a regulatory requirement.
- Not targeting marketing or advertisements at people under the legal age for gambling, nor making them of particular appeal to this age group. We reinforce this with internal guidance notes on advertising and social media.
- Using the best available practice in each market to verify players are over the age of 18, and not sending direct marketing to anyone who hasn't been age-verified.

1. Net promoter scores can range from -100 to +100. This year's survey was completed by circa 3,500 competitor players and 1,000 Gamesys Group players per brand.

Sustainability Report continued

i. Player wellbeing

We centre our marketing activities around our target player categories. Work to update our segmentation strategy is underway and we have recently launched our six new 'tribes' for the UK. We will be expanding this work to other geographies next year. Another focus for 2021 will be re-positioning our customer care offering to both demonstrate our industry leading approach and to normalise responsible gambling tools.

Responsible gambling

99% of our employees agree that we take responsible gambling very seriously.

Protecting our players from gambling related harm is our top priority. Responsible gambling is regularly discussed at Board level and throughout our business. We strive to be at the forefront of managing the issue, and to bring the rest of the industry with us. For us, it is not a point of competition but something to collaborate with our peers on.

A range of responsible gambling tools are available on all brand websites. On average 34% of our active players have at least one responsible gambling tool in place and in our December 2020 responsible gambling survey, 96% of players said it was easy to find our responsible gambling tools.

We monitor individual player risk continually through sophisticated algorithms.

Communication campaigns and/or interventions are triggered automatically based on player risk rating. These range from gentle reminders on responsible gambling tools to more personal contact and for serious cases, account closure and addiction support.

We closely monitor the effectiveness of our interventions and their success at changing player gambling behaviours. On average 85% of players who received an intervention call from our responsible gambling team saw a reduction in their algorithmic risk rating after seven days.

Following research by behavioural science experts, we have this year trialled repositioning our player messaging and adapting our tone of voice to normalise the use of responsible gambling tools.

Our aim is to encourage players to use the tools as standard, rather than as a consequence of at-risk behaviour. Findings from the trial have been very positive, with a marked increase in the use of responsible gambling tools. Work is now underway to overhaul the tone of voice across all brands and communications.

Our progressive approach to responsible gambling is widely recognised by the industry, our players and employees. We were highly commended in the 'Safer Gambling Operator of the Year' category of the 2020 EGR Awards, were one of only eight operators to have achieved the GamCare Safer Gambling Standard Level 2 in 2020, and for yet another year our players have told us that we take responsible gambling more seriously than any of our peer group. Further, in our annual survey of employees, 99% agreed that we take responsible gambling very seriously.

Driving the industry with the Betting and Gaming Council (BGC)

Gamesys is one of the six full voting right ('Category A') members of the BGC, which champions progressive industry standards to ensure an enjoyable, fair and safe betting and gaming experience for all.

We are an advocate for the BGC's five Safer Gambling Commitments and are active in several of the BGC working groups. Through these forums we have supported the development of the BGC's COVID-19 10 pledge action plan and the Game Design Code of Conduct.

We closely track and review our efforts against the BGC commitments. Key milestones achieved in 2020 include attainment of GamCare's Safer Gambling Standard Level 2, participation in Safer Gambling Week, compliance with the BGC COVID-19 pledge and the reduction in high value player numbers (now approximately 125 in the UK), in advance of changes to UK licensing requirements.

Find out more at www.bettingandgamingcouncil.com

Supporting our players during COVID-19

Major life events can often be the trigger that changes recreational gambling to at-risk gambling and so at the start of the UK lockdown we promptly implemented a number of business changes.

First, we stopped all untargeted advertising in the UK, including all TV, sponsorship and radio advertising. We were the first operator in the market to do this. We also stopped direct mail marketing. Further, as Loose Women's sponsor we were able to give our show advertising slot to Women's Aid during both lockdowns, promoting a very worthy, and sadly very much needed, cause.

Second, we increased our safer gambling messaging (banners, emails etc.) and monitoring of player behaviours.

Thirdly we increased our customer-facing operations headcount over the year by 41% which means that in Q2 we were able to conduct 44% more outbound customer support calls than in Q1.

Throughout the lockdowns we have seen an increase in chat room use, which has proved a vital source of some much-craved social interaction.

How we form long-term player relationships

01

Attract the right people.

- We use responsibly positioned and expertly executed marketing to attract low/moderate risk-taking players of a legal age to gamble.

02

Carefully select our players.

- No one under legal age, no one who has self-excluded in the past six months and no-one registered with GAMSTOP can play.

03

Create their individual safe place.

- Registration prompts setting of deposit limits and prohibits use of credit card payments in the UK.
- Communication and promotion of responsible gambling tools commences immediately.

04

Provide fantastic entertainment in a controlled environment.

- Extensive non-gambling entertainment including free games and chat rooms.
- Regular promotion of responsible gambling tools.
- Readily contactable customer support.
- Continuous algorithmic monitoring of individual player risks and automatically triggered risk-level appropriate support.

i. Player controlled risk management tools for all.

- Deposit limits.
- Session reminders (allows players to set a time limit for how long they want to play).
- Cool-off periods (player set time breaks of between 24 hours and six weeks).
- Self-exclusions (full exclusion from all our brands).

ii. Professional and personal support for at-risk players.

- **Investigate:** Skilled responsible gambling teams analyse account information using an intelligent review system.
- **Interact:** Tailored rapid responses proportionate to the level of need (e.g. site pop-ups, automated emails or phone calls etc.).
- **Intervene:** Where we believe a problem exists, we immediately close accounts and provide territory specific gambling support. In the UK this includes funding Gamban (software to prevent gambling applications working on phones and other devices), encouraging and directing players to GAMSTOP (prevents players using other UK licensed gambling sites) and directing players to appropriate mental health and gambling charity services.

Data privacy

ISO 27001 aligned Information Security Management System

We recognise the importance of protecting personal information and are committed to processing it responsibly and in compliance with applicable data protection laws in all countries in which we operate. Our ISO 27001 aligned Information Security Management System includes policies and procedures to assess, treat and mitigate risks, implement technical and physical controls, respond to incidents, provide training and ensure security in outsourced data processing.

		2020 (UK only)
Player satisfaction	**Performance metrics**	
	Net promoter score	31.0
	Player satisfaction (score out of 10)	8.0
	Management metrics	
	Players likely to continue using Gamesys brands (score out of 10)	8.4
	Players trust of Gamesys brands (score out of 10)	8.2
	Player time spent on non-gambling related activities	51%
Responsible gambling	**Performance metrics**	
	Employees agreeing that Gamesys takes responsible gambling very seriously	99%
	Players believing that Gamesys brands take responsible gambling seriously (score out of 10)	8.5
	Players considered at risk of developing, or experiencing, gambling related harm	7%
	Management metrics	
	Internal investment in responsible gambling (resources, tools, training, advertising etc.)	£5.7m
	Players believing that Gamesys brands care (score out of 10)	7.8
	Players with a risk rating reduction seven days after a responsible gambling intervention (monthly average)	85%
	Active players with at least one responsible gambling tool in place (monthly average)	34%
	Players agreeing that is easy to find responsible gambling tools	96%

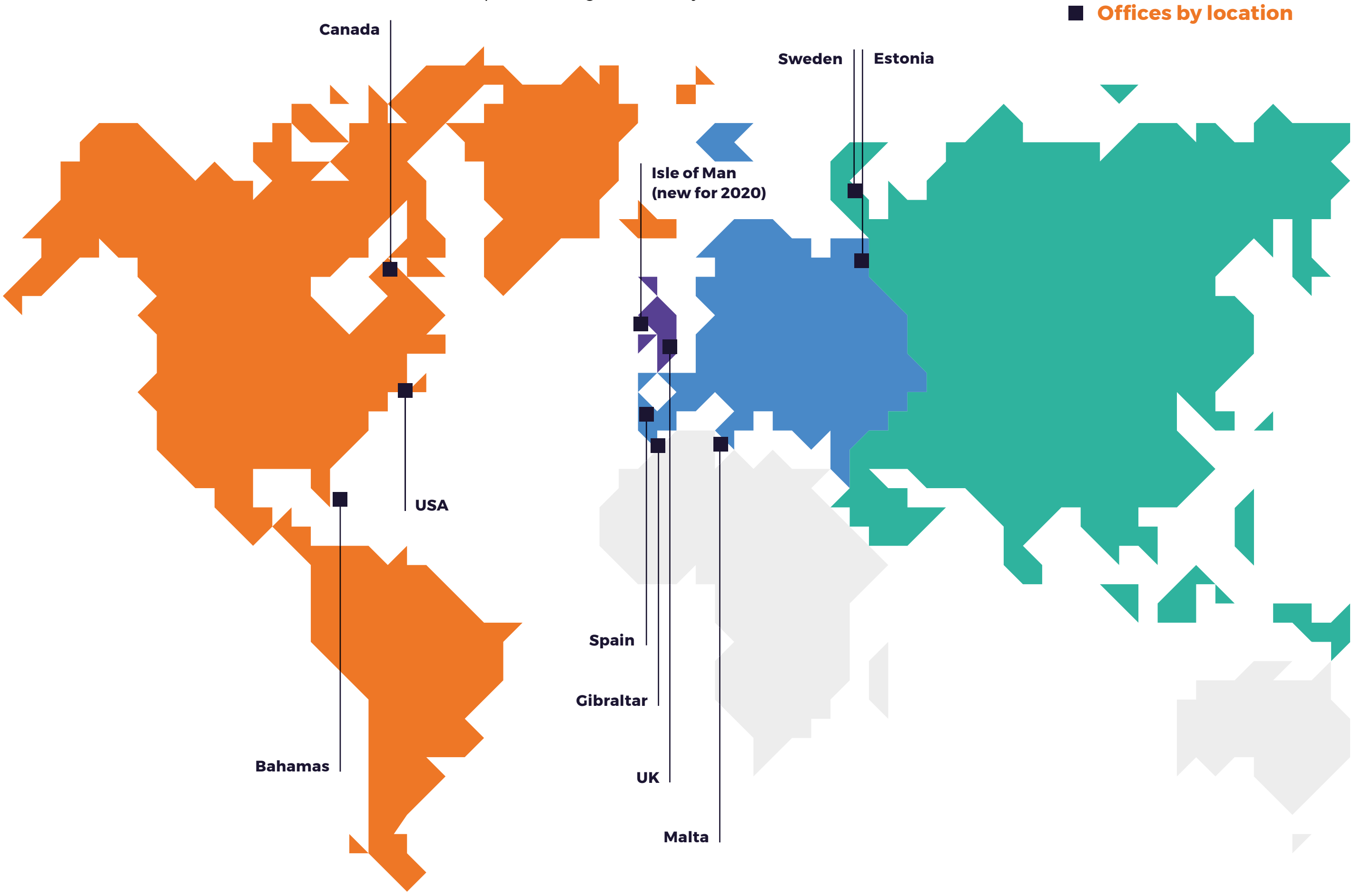
ii. People engagement

We are a diverse, dynamic and passionate workforce, united in our values and motto to 'have fun making fun'.

Just over a year ago we were two organisations that united, but now we are very much one team. We've evolved and launched our new brand identity, embedded our Group values (our 'DNA' as we call it), worked on standardising our policies and procedures, consolidated HR and other systems and aligned everyone to our shared purpose of 'Crafting entertainment with care'. More than that though, we've bonded – we are a happy team, an effective team and a growing team, with 1,576 employees globally.

As part of our expansion plans during 2020 we both opened an office in Ceuta (Spain) and began operations on the Isle of Man. We also work very closely with a select number of service providers in Hong Kong, Malta, Philippines, Spain and Uruguay. We treat these providers as our partners, including them in significant business communications and extending many of our staff benefits to their employees, most recently including them in our new share-incentive scheme. Our career's website has recently been relaunched and advertises both Gamesys and partner organisation jobs.

The backdrop throughout the year of course has been COVID-19. Whilst this has presented challenges, not least a swift adjustment to working from home for many, our teams have responded amazingly well. They've kept the business running and supported each other, and our players, through these hard times. Incredibly, our engagement index, which was measured in April, mid-pandemic, is still very high, 92%, and even higher than last year (2019 = 89%), something we're really proud of.



Offices
14

Countries
9

Nationalities
74

Female
36%

Sustainability Report continued

ii. People engagement

We live by our DNA

Our DNA shapes everything we do. It's the language we use, it's the context for our decision making and it's what sets us apart from our peers. We hire people that reflect it, evaluate our employee performance against it and celebrate those who most embrace it in our quarterly 'G-FORCE' Awards. These awards, along with a £1,000 cash prize, are given to ten colleagues nominated by their peers each quarter.

Learning and development

90% of employees agree that Gamesys invests in their development.

Fostering talent and enabling continual learning is what we want to be known for. It's what keeps our teams doing their best work and it helps us attract and retain the very best people. Our commitment to learning and development is set out in our Group-wide Training Policy and delivery is centrally managed by dedicated resources in the People Team.

In light of COVID-19 the majority of our training has now been adapted for remote delivery. Our delivery platform offers an excellent user experience, with chat, breakout and split screen capabilities. We continue to listen to feedback and evolve our approach, for example, by introducing content on how to work effectively remotely.

Improvements and consolidation of our training related systems has enhanced our reporting capabilities and we are now able to report training figures by time (see page 47). Overall, the average number of training hours per employee is high, in excess of three days per person.

Individual training needs and plans are formalised as part of the performance review objectives ('G PRO') process. This twice-yearly process also includes goal setting, performance reviews, and career planning. G PRO employee performance ratings coupled with Company performance are directly related to bonus payments.

Caring for our employees during COVID-19

COVID-19 has had a significant impact on all of us and maintaining the health and wellbeing of our staff and contractors throughout the pandemic has been vital. Risk assessments have been conducted, adaptations to office environments made, and home working supported.

Rapid adaptation to home-working was possible through our existing IT infrastructure, with no impact on our customer service delivery. Recognising that not everyone has the luxury of a suitable desk and chair at home we made £125 available to all employees to purchase such items and issued a working from home advice booklet. The number of holiday leave days available to roll-over to 2021 was increased.

Within six weeks of lockdown commencing in the UK we had adapted 65 critical face-to-face training courses for virtual delivery. Our recruitment and on-boarding processes have continued, albeit adapted, throughout the year and a survey showed that they continue to meet new starter expectations.

Our business leaders have worked hard to keep employees informed, involved, and engaged throughout the pandemic. Connection to the Company has been reinforced by responsible and considered use of merchandise.

Despite the challenges of COVID-19, our employees agree that they have the tools to do their job (91%) and that Gamesys has been supportive and considerate of their wellbeing (97%). Further, our retention rate has remained high and we've continued to recruit and grow the business.

None of our staff were furloughed or have been made redundant as a result of the pandemic.

Aside from the G PRO process, career progression is facilitated by strategic workforce planning, an internal jobs board and a commitment to advertise all jobs internally before looking externally. A personalised career development tool that intelligently uses skills matrixes to identify potential career paths and associated development plans for employees is currently being rolled out across the Company.

Diversity, inclusion & respect

97% of employees agree that Gamesys accepts everyone's individual differences.

'Stay wonderfully weird' is one of the six strands of our company DNA. We really do embrace the individual differences of our richly diverse workforce (74 nationalities operating across nine countries) and our aspiration is to have a Company so diverse that nobody even notices. It's something our leadership team don't just believe it but really champion and we've made respect the central theme of our Code of Conduct.

Formally our commitment to non-discrimination is set out in our Human Rights Policy, which prohibits discrimination against all International Labour Standard (ILO) recommended characteristics (including race, colour, nationality, ethnic or national origin, age, sex or sexual orientation, gender reassignment, religion or belief, marital or civil partner status, pregnancy or maternity, political opinion or disability). This applies to all aspects of employment including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment. If an employee were to become disabled during their employment, we would strive to continue their employment.

A number of controls and procedures are in place to facilitate non-discrimination, including diversity monitoring, unconscious bias training for managers and the executive team, gender-neutral job descriptions, enhanced parental, maternity and paternity leave, flexible working and participation in the UK Government's Tax-Free Childcare and childcare voucher schemes. In some locations maternity pay has been increased to exceed legal minimum standards. During 2020 we ran a series of three keynote speaker webinars on diversity and inclusion, each hosted by an external expert.

We publicly report our UK gender pay gap, which for April 2020 was 15.2% for Gamesys Ltd and 2.9% for Mice & Dice Ltd. For Gamesys Ltd this is an improvement on, but still comparable to, last year (16.4%). The disparity reflects our on-going challenge to attract more women into the gambling and technology sector and to increase female representation at the most senior levels of the business. For Mice & Dice Ltd the gender pay gap for 2020 (2.9%) is a marked improvement on 2019 (13%). This part of the business has seen a significant reduction in staff numbers (sportsbook employees did not join Gamesys in the acquisition) and the remaining, sizable, marketing department has a number of senior females in post.

We know there is more that we can do. Along with using expert advice from Business in the Community (BITC) and Stonewall, whom we have recently partnered with, we leverage the experience and insights of our employees. Across the Group we have four vibrant voluntary networks to champion the needs of different communities (parents; women; Black, Asian and ethnic minority; and the lesbian, gay, bisexual, pansexual, transgender, genderqueer, queer, intersexed, agender, asexual, and ally community). These funded groups provide platforms for networking, education and mentoring, and are empowered to drive changes in our business. Senior representatives from these networks attend a newly formed Diversity and Inclusion Advisory Group which meets monthly and reports on progress to the ESG Committee and Board.

From 2021 each employee will have a diversity and inclusion related personal performance objective.

Starting the year with Pride

THE BAME NETWORK

Stonewall

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network

Supporting the Black Lives Matter movement.

Like many, we were horrified at the killing of George Floyd in May 2020. Our employees rightly challenged us on how we were responding and we reacted by setting up a cross-business Black, Asian and minority ethnic (BAME) working group to explore how our BAME colleagues feel and are treated.

The Community consists of voluntary members, both BAME and non-BAME, and the Community's steering group is attended by our executive sponsor for race, Robeson Reeves. With £10k funding, the Community has already started to inform, educate and change our business. Their first interactive event included true-life stories from employees and a keynote speaker. It was attended by almost a third of employees globally and the feedback was overwhelmingly positive. Subsequently the steering group has driven an expansion of our voluntary diversity metric collection to include ethnicity (57% uptake) and is taking guidance from Business in the Community on other initiatives.

Reflecting our commitment to this issue, Gamesys has become the first of our peers to sign Business in the Community's Race at Work Charter. We adhere to all five elements of the charter.

The BAME launch was eye opening and the chat about equality was brilliant. It's great to see that Gamesys is becoming more open to the world around it and that inclusion is made more important than ever.

Gamesys employee.

Sustainability Report continued

ii. People engagement

Safety, health and wellbeing

97% of employees agree that Gamesys supports their wellbeing

Maintaining the health and safety of our employees and contractors is vital, but more than that, we see ourselves in our position to positively influence the wellbeing of those who work for us. Our Group commitment in this area is set out in our Human Rights Policy.

In terms of health and safety, as an office-based organisation our overall risks are usually relatively low. Safety incidents are rare (0 reportable incidents in 2020) and physical and mental health concerns are both infrequent. Our sickness related absence rate for 2020 was low 1%[1].

We conduct health (including mental health) and safety risk assessments and implement mitigation measures at a local level, in accordance with the health and safety regulations of the relevant country, sharing best practice as appropriate. Of course, for this year COVID-19 related health risks have been paramount and you can read more about how we have protected and supported our employees through the pandemic on page 44.

Rewards and benefits

Core benefits	Learning & development programmes; 'G MINE' (all employee share-incentive scheme); paid holiday leave; paid volunteering leave; wellbeing subsidy; work from home allowance; flexible working; enhanced parental leave; corporate discounts and Company events.
Financial incentives	'G Force' Awards; free share award; referral bonus; and tenure awards for length in service.
Variable pay	Twice yearly bonus based on a combination of individual performance ('G PRO' assessment) and Company performance (EBIDTA)
Guaranteed pay	Base

We are committed to providing decent and market-aligned rewards and benefits to our employees. Employee reward packages are set individually based on the role, level, knowledge and experience of the employee. We pay equally where there are equal roles and performance and we conduct regular internal and external benchmarking to ensure consistency, comparability and fairness.

In mid-2020 an all-Company share save scheme ('G MINE') was launched. This scheme allows employees and our closest business partners to purchase shares, and for each share purchased they receive an additional matched share. Since launch over a third of employees have become shareholders, demonstrating their loyalty and confidence in the business.

Under this same scheme a one-off free share award was also announced in Q4 2020, with a combined value of up to £1.8m, subject to the Company achieving a stretch performance target. The shares are expected to be awarded in March 2021 and have a minimum holding period of at least two years.

The association between Director remuneration and sustainability performance will be reviewed by the Remuneration Committee in 2021.

1. This data is from February 2020 (when our HR systems integration was completed) to December 2020.

Section	Metric				2020[1]
People engagement	**Performance metrics**				
	Employee engagement index				92%
	Employee turnover				15.8%
	– Voluntary turnover				11.8%
	– Involuntary turnover				4.0%
	Management metrics				
	Employees				1,576[2]
	Direct employees				1,378[3]
	– Full time | Part time				1,330 | 48
	– Permanent | Temporary				1,342 | 36
	Contractors				41
Learning & development	**Performance metrics**				
	Employees agreeing that Gamesys invests in their development				90%
	Employees receiving a performance 'G PRO' review[4]				98%
	Management metrics				
	Total training time				34,047 hrs
	Training time per employee (average)[5]				25 hrs
Equality, diversity & inclusion	**Performance metrics**				
	Employees agreeing that Gamesys accepts everyone's individual differences				97%
	Mean gender pay gap (Mice & Dice Ltd | Gamesys Ltd)				2.9% | 15.2%
	Management metrics[6]				
	Employees				1,378
	– Female | male | other | undeclared	36%	63%	0%	1%[7]
	– Age <30yrs | 30-50yrs | >50 yrs | unknown	31%	64%	2%	3%
	– Directors				9
	– Female | male | other | undeclared	22%	78%	0%	0%[7]
	– Age <30yrs | 30-50yrs | >50 yrs | unknown	0%	44%	56%	0%
	– Senior managers				56
	– Female | male | other | undeclared	32%	68%	0%	0%[7]
	– Age <30yrs | 30-50yrs | >50 yrs | unknown	0%	89%	11%	0%
	– Employees (excl. Directors and senior managers)				1,313
	– Female | male | other | undeclared	37%	62%	0%	0%[7]
	– Age <30yrs | 30-50yrs | >50 yrs | unknown	33%	63%	2%	3%
Safety, health & wellbeing	**Performance metrics**				
	Employees agreeing that Gamesys is supporting me, and considering my wellbeing, during this particular (COVID-19) time.				97%
	Reportable incidents per 200,000 working hours				0
	Sickness related absence rate				1%[8]
	Management metrics				
	Reportable incidents				0
	Wellbeing/mindfulness workshops (no. employees)				110

1. All figures, unless otherwise stated, relate to Gamesys Group plc and its subsidiaries, excluding Partner organisations.
2. Employees includes employees of Gamesys Group plc, its subsidiaries and Partner organisations.
3. For comparison, the 2019 equivalent figure was 1,255.
4. Excludes employees on probation or in their notice period.
5. Training averages are based on training time throughout the year divided by the employee profile as at 31st December 2020.
6. Gender and age profiles are as at year end (31st December 2020).
7. All employees: female = 502; male = 864; other = 2; undeclared = 10; Directors: female = 2; male = 7; Senior managers: female = 18; male = 38; Employees: female = 482; male = 819; other = 2; undeclared = 10.
8. Data here is from February 2020 (when our HR systems integration was completed) to December 2020.

iii. Building a brighter future

We recognise and embrace our responsibility to help build a brighter future for our communities and the environment.

The Gamesys Foundation, which we fund, donated £995k in grants and funding to mental health-related charitable causes in 2020, only its first year of operation. Environmentally our focus is on climate change and we are proud to now be operationally carbon neutral.

To substantiate our commitment to being a force for good we have recently become the first FTSE 250 gambling company to become a signatory of the UN Global Compact, an important pledge to advance societal goals relating to human rights, labour, the environment and anti-corruption. We have, and will continue to, embrace the UN Global Compact in our strategy, culture and the day-to-day operations of our business.

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

This report forms our Communication of Progress for the UN Global Compact. You can read about practical steps, and performance metrics, in relation to the principles as follows: Human rights (see page 50), labour (see page 42 to 47), environment (see page 50) and anti-corruption (see page 49).

Community impact

In excess of £2.3m donated to charitable causes during 2020.

We are passionate about playing a positive role in society. It is aligned with our mission to, 'Craft entertainment with care' and we know our stakeholders think it is important too.

The pinnacle of our contribution is the Gamesys Foundation, which we formally set up as a charity for improving mental health and wellbeing in February 2020. We finance the Foundation with £150k a month (£1.8m in 2020) and by the end of December 2020 the Foundation had received a total of £2.3m in funding. Donations in 2020 totalling £995k have been given to a number of mental health related charities, including Women's Aid, British Red Cross, Sue Ryder, Clubhouse, Mediatrust, Family Action and Alice. More information on the Foundation can be found on https://gamesysfoundation.org.

Our employees play an active role in the Foundation. They have been engaged in the selection of charitable causes supported, and in November 2020 we launched our 'Making Smiles' campaign, which makes £100k of Foundation funding available to mental health and wellbeing causes that employees have a personal involvement with.

Aside from our Foundation activities we support our communities in a number of ways:

- Corporate charitable donations. In 2020 we donated £864k to charitable causes, in addition to those supported by Gamesys Foundation. These included sizeable contributions to GambleAware to support research, education and treatment services to help minimise gambling-related harm in Great Britain and to support delivery of their Safer Gambling Campaign.
- Volunteering Policy. We introduced a company-wide volunteering policy in Spring 2020. The policy entitles all employees to receive up to five days' worth of extra pay for time spent volunteering.
- Locally-organised activities. Employees are empowered to organise and run charitable activities locally. Examples include wearing pink to raise funds for a breast cancer charity in Sweden; donating Easter eggs, food and drink to vulnerable families near our Stoke office; delivering food to the Mater Dei hospital in Malta; and fundraising for Movember. For the latter, colleagues raised in excess of £12k which was matched by the Foundation to double the total donation.

Working with Women's Aid to end domestic abuse

Tragically one consequence of the COVID-19 pandemic has been an increase in domestic abuse. The UK charity Women's Aid leads the way in supporting domestic abuse victims and Gamesys has worked closely with the organisation to support them financially and practically during this time.

The Gamesys Foundation donated £200k to help increase the Women's Aid live chat capacity during the first UK lockdown. Availability was extended from two to six hours a day midweek to cater for the 41% increase in demand seen over this period. Subsequently the Foundation donated a further £243k to the charity in 2020, and has donated or pledged funds totalling £290k in 2021 and £275k in 2022.

These funds will support a mental health programme over the next three years.

Aside from these financial contributions, Gamesys made its Loose Women sponsor advertising slot available to Women's Aid during all three UK lockdowns to date to help to raise awareness of domestic abuse.

Anti-Corruption

We prohibit and strive to prevent corruption in all its forms, including bribery, facilitation payments, money-laundering, insider-dealing, embezzlement, fraud, extortion and political donations for the purpose of influencing public officials. Our global approach is detailed in our Anti-Bribery and Corruption Policy (see www.gamesysgroup.com), which this year was refreshed and reinvigorated with updated compliance training for all employees.

The Group's approach to corruption is led by the Compliance Team, which has recently expanded, and is overseen by the Group's Compliance Committee. The Group also has two named Money Laundering Reporting Officers. The Group's Head of Compliance does not receive any bonus relating to the financial performance of the Company.

All employees are made aware of their individual responsibilities in relation to preventing corruption, and the business and personal consequences for non-compliance.

Sustainability Report continued

iii. Building a brighter future

Environment & climate change

CARBON TRUST STANDARD
CARBON NEUTRAL

Carbon Trust certified carbon neutral operations.

We recognise the global importance of environmental issues and are committed to understanding, managing and mitigating our environmental impacts. Our most significant impact, albeit still relatively small, is climate change. To demonstrate our commitment, last Autumn we introduced our first Group-wide Environment, Energy & Climate Change Policy.

Our policy includes two targets. First, to be operationally (scope 1 and 2) carbon neutral by 2021, something we have already achieved, and that has been verified by the Carbon Trust in-line with ISO 14064-3 (carbon footprint) and PAS 2060 (carbon neutrality).

Second, to reduce our direct greenhouse gas emissions from energy consumption by 50% by 2023 (compared to the 2019 baseline). Our strategy to achieve this includes a combination of activities to improve our energy efficiency and to move electricity supplies to renewable sources wherever possible.

Our energy efficiency activities during 2020 include:

- Decommissioning and replacing equipment well before its end of life, thus capitalising on technological improvements in power efficiency.
- Using internationally recognised certificates to verify product efficiency at purchase. For example our standard issue laptops, desktops and printers (which account for 90% of Office IT equipment purchases) all have either Energy Star or Blue Angel certification.
- Provision of video conferencing, laptops and other technology to enable home working and reduce travel.
- No provision of company vehicles to disincentivise travel.
- Local management of heating and air conditioning systems to reduce wasted consumption.
- Local energy reduction initiatives. For example, in Malta where we have two offices, we fund employee use of car-pooling, electric scooter hire and bike hire schemes. In the UK we participate in the government's 'cycle to work' scheme and offer discounted travel cards for public transport in London.

As a result of these activities, and the impact of COVID-19, our gross (pre-offset) greenhouse gas emissions for the year were 407 tonnes, a reduction of 32% from 2019 (using the location-based method).

Whilst we are proud of our carbon neutral achievement, we recognise that this only relates to our operational footprint. During 2021 we will be working on measuring and understanding the risks associated with our scope 3 emissions, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We are already measuring emissions from our closest supply chain partners and have chosen to offset these alongside our own operational emissions this year. Emissions from data centres are likely be another significant source of scope 3 emissions (over 90% of our data storage is outsourced) however, positively, we already know that over half of our third-party data cabinets are now in data centres powered by at least 92% renewable energy.

Human rights

Gamesys' first global Human Rights Policy launched.

As an online service operator employing predominantly skilled workers, and with a supply chain again of predominantly skilled workers, our overall risk of infringing on human rights is low. However, we are a large and growing global operator and as such, acknowledge the importance of defining and implementing procedures that reflect and ensure our on-going commitment to respecting human rights. For this reason, during 2020 we applied the UN Guiding Principles on Business and Human Rights to launch the Group's first Human Rights Policy.

Further details on the Group's three most pertinent human rights risk areas can be found in this report as follows: data privacy on page 41, discrimination on pages 44 and 45 and health and safety on page 46.

No significant human rights related incidents have occurred during the year.

Taxation

Gamesys Group plc aims to achieve a low level of tax risk and to comply with the tax regulations in all the countries in which it operates. As taxation of international online businesses is complex and the tax environment is subject to ongoing change, we closely monitor changes in relevant tax practice and law and actively assess any consequences for the Group. We take expert advice when there are changesto our business that may require tax planning.

We proactively engage with the relevant tax authorities when appropriate to foster cooperation and ensure continued compliance with the regulations. We may also participate in consultation processes when changes to tax policy that could significantly impact the Group are under consideration.

The Board has overall responsibility for the Group's risk and control framework. To manage tax risk, the Board has approved a Group-wide tax risk management policy which sets out the processes which must be adopted when making tax decisions. In line with UK requirements, the Board has also adopted a UK tax statement (available at: https://www.gamesysgroup.com/investors/corporate-governance/uk-tax-statement) and has approved a Group-wide anti-tax evasion policy which codifies the systems and procedures required to ensure the Group does not facilitate tax evasion.

		2020
Community impact	**Performance metrics**	
	Gamesys Foundation donations to charity	£995k
	Total Gamesys charitable donations	£2,664k
	– Donations to the Gamesys Foundation	£1,800k
	– Other corporate charitable donations	£864k
Anti-Corruption	**Performance metrics**	
	Corruption or bribery-related fines and penalties	0

		2019 baseline[2]	2020
Environment & climate change[1]	**Performance metrics**		
	Net total greenhouse gas emissions (scope 1 & 2)	598 tCO_2e	0 tCO_2e
	Carbon offsets	0 tCO_2e	408 tCO_2e
	Greenhouse gas emissions (scope 1 & 2)	598 tCO_2e	407 tCO_2e
	Greenhouse gas emissions (scope 1 & 2) per £m turnover	1.4 tCO_2e	0.6 tCO_2e
	Greenhouse gas emissions (scope 1 & 2) per full-time employee	0.4 tCO_2e	0.3 tCO_2e
	Energy consumption per £m turnover	3,772 kWh	1,710 kWh
	Energy consumption per full-time employee	1,077 kWh	903 kWh
	Management metrics		
	Scope 1 (direct) greenhouse gas emissions	67 tCO_2e	0 tCO_2e
	Scope 2 (indirect) greenhouse gas emissions	531 tCO_2e	407 tCO_2e
	Scope 1 & 2 carbon dioxide (CO_2) emissions	526 tCO_2	403 tCO_2
	Total energy consumption	1,565,571 kWh	1,244,361 kWh
	– Energy consumption from electricity	1,565,571 kWh	1,244,361 kWh
	– Energy consumption from fuel, heating, cooling & steam	0 kWh	0 kWh
	Greenhouse gas emissions (scope 1 & 2) arising in the UK	306 tCO_2e	193 tCO_2e
	Energy consumption arising in the UK	1,195,328 kWh	708,329 kWh
Human rights	**Performance metrics**		
	Incidents of significant human rights breaches		0

1. Greenhouse gas emissions have been measured in accordance with the Greenhouse Gas Protocol, with reporting boundaries defined by the operational consolidation (control) approach. Scope 2 emissions have been reported per the location-based method in 2019 and market-based method in 2020. Location-based emissions in 2020 were 361 tCO_2e, which represents a 32% year on year reduction.
2. 2019 baseline figures have been restated to remove some supply chain partner emissions (scope 3) that were incorrectly included in scope 1 and 2 figures last year.

Key Performance Indicators

Measuring our success

Measuring the delivery of our strategy is in part derived from the three KPIs defined below (all on a pro-forma basis). As the chart highlights, we have made excellent progress of 28% in 2020 in the overall metric of Real Money Gaming Revenue. We expect to maintain an upwards trajectory in the future and to produce growth at least in line with the overall market.

Average Active Players
(per month)

712,334

Link to Strategy
Pages 20 and 21

Description

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 12-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.

Average Real Money Revenue
(per month)

£58.2m

Link to Strategy
Pages 20 and 21

Description

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 12-month period. While these measures are not recognised under IFRS, management believes that they are meaningful indicators of the Group's real money gaming operational results.

Monthly Real Money Revenue
(Avg Active Player)

£82

Link to Strategy
Pages 20 and 21

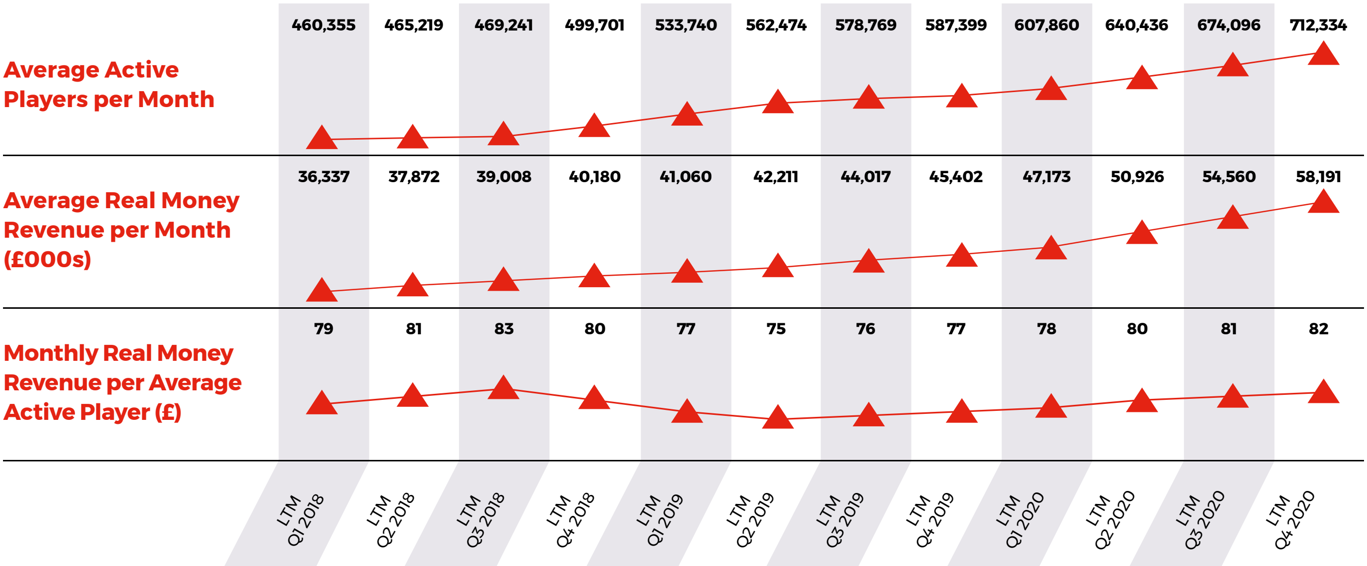
Description

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.

Total Real Money Gaming Revenue
(£m)

£698.3m

Consistently strong business momentum

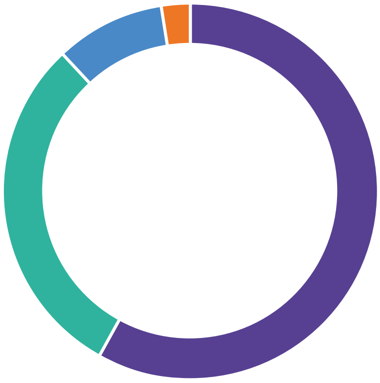


Financial Review

An outstanding conversion of EBITDA into operating cash flow

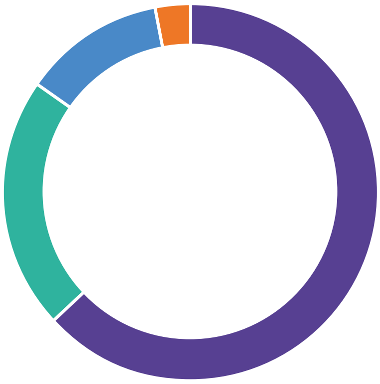
Keith Laslop
Chief Financial Officer

Revenue 2020



UK	£423.3m
Asia	£218.3m
Europe	£68.0m
Rest of the World	£18.1m

Pro-forma Revenue 2019[1]



UK	£357.2m
Asia	£122.4m
Europe	£68.6m
Rest of the World	£17.1m

1. Pro-forma figures. See page 171 for additional information.

Overview

We delivered an excellent operational and financial performance in 2020; revenues increased by 29% to £727.7m and Adjusted EBITDA advanced 30% to £206.2m. Post the Gamesys Acquisition in 2019, our highly cash generative characteristics continue to deliver an outstanding conversion of EBITDA into cash flow. This has seen net leverage reduce from 3x in 2019, at the time JPJ Group acquired Gamesys, to 1.51x at the end of 2020. The rapid pace of deleveraging enabled the commencement of returns to shareholders in the shape of an interim dividend and we exited the year with the balance sheet in extremely robust shape.

Selected financial information

Revenue

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
UK	**423.3**	214.6
Asia	**218.3**	122.4
Europe	**68.0**	68.6
ROW	**18.1**	9.5
Total	**727.7**	**415.1**

The increase in total revenue for the year ended 31 December 2020 compared to 2019 relates to organic growth[1] of the Group's online gaming segment, primarily in the UK and Asia, as well as the full year effect of the results of the Gamesys Acquisition.

Costs and expenses

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Distribution costs	**399.9**	214.2
Administrative costs	**221.5**	147.5
Impairment of financial assets	**5.0**	3.9
Severance costs	**1.9**	–
Transaction related costs	**1.8**	15.8
Foreign exchange loss/(gain)	**4.2**	(1.5)
	634.3	**379.9**

Distribution costs

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Selling and marketing	**155.9**	81.7
Licensing fees	**63.2**	45.3
Gaming taxes	**116.5**	59.2
Processing fees	**64.3**	28.0
	399.9	**214.2**

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 year ended 31 December 2020 compared to 2019 is mainly due to increased revenue and marketing spend in the online gaming segment as well as the full year impact of the Gamesys Acquisition. Variance in gaming taxes from prior year also relates to an increase in remote gaming duty from 15% to 21%, which came into effect in the UK in Q2 2019 and a £6.8 million provision recorded in 2020 (as discussed in note 20).

Administrative costs

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Compensation and benefits	**91.8**	55.6
Professional fees	**7.7**	5.1
General and administrative	**17.9**	24.6
Amortisation and depreciation	**100.0**	62.2
Impairment of purchase price intangibles[1]	**4.1**	–
	221.5	**147.5**

1. See note 13 to the Consolidated Financial Statements on page 154.

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 costs for the year ended 31 December 2020 compared to 2019 is primarily due to the full year impact of the Gamesys Acquisition, additional staff hired and introduction of LTIP4 (as defined in note 25).

Professional fees consist mainly of legal, accounting and audit fees. The increase in professional fees for the year ended 31 December 2020 compared to 2019 can be attributed primarily to the full year impact of the Gamesys Acquisition.

General and administrative expenses consist of items, such as travel and accommodation, insurance, listing authority fees, technology and development costs and other office overhead charges. The decrease in these costs for the year ended 31 December 2020 compared to 2019 relates to the release of a £6.0 million provision recorded in 2019 (as discussed in note 20). Excluding the provision release, these costs are flat for the year ended 31 December 2020 compared to 2019 as any increases attributed to the full year impact of the Gamesys Acquisition are offset by reduced spend in this area due to COVID-19.

1. Organic growth is growth achieved without accounting for acquisitions or disposals.

Financial Review continued

Amortisation and depreciation expenses consist of amortisation of the Group's intangible assets and depreciation of the Group's tangible assets and right-of-use assets over their useful lives. The increase in amortisation and depreciation for the year ended 31 December 2020 compared to 2019 is primarily due to the addition of purchase price intangibles bought as part of the Gamesys Acquisition. This increase is partially offset by the fact that amortisation expense related to purchase price intangibles recognised in prior periods decreases with each passing period of their useful lives as a result of the amortisation method used, which is modelled on a measure approximating player attrition.

Impairment of purchase price intangibles consists of a write off of certain purchase price partnership agreements acquired in 2015 as a result of their termination in the current year.

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 to the Consolidated Financial Statements on page 154.

Severance costs

Severance costs relate to synergy opportunities identified following the Gamesys Acquisition.

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 decrease in transaction related costs for the year ended 31 December 2020 compared to 2019 relates to the Gamesys Acquisition, which was completed in 2019 with the majority of the costs expensed in 2019 and only certain residual costs incurred in 2020.

Summary of results by segment-continuing operations

Note regarding non-IFRS financial measures

The following non-IFRS definitions are used in this section 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 revenues and net income/(loss) and comprehensive income/(loss) for the year 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 from continuing operations before interest expense including accretion (net of interest income), income taxes, amortisation and depreciation, impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 from continuing operations 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 from continuing operations for accretion on financial liabilities, amortisation of acquisition related purchase price intangibles (including non-compete clauses), impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 (including non-compete clauses), impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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.

The Group has determined that it has a single operating segment, being online gaming. The online gaming segment consists of online bingo and casino operating results of the Jackpotjoy, Starspins, Virgin Games, Heart Bingo, Botemania, Rainbow Riches Casino, Virgin Casino, Monopoly Casino, Vera&John, InterCasino and VIP Casino brands and the Solid Gaming business.

Management believes that this segmentation is most appropriate because online gaming is the Group's primary business that is being managed on a combined basis without central business costs or operating expenses being allocated to any particular geography or product.

Year ended 31 December 2020

	Online gaming (£m)	Unallocated corporate costs[1] (£m)	Totals (£m)
Revenue	**727.7**	**–**	**727.7**
Net income/(loss) for the year after taxes from continuing operations	**116.6**	**(49.4)**	**67.2**
Interest expense, net	0.9	22.6	23.5
Accretion on financial liabilities	–	1.2	1.2
Tax expense	1.2	0.3	1.5
Amortisation and depreciation	99.5	0.5	100.0
Impairment of purchase price intangibles	4.1	–	4.1
EBITDA	**222.3**	**(24.8)**	**197.5**
Severance costs	1.1	0.8	1.9
One-off tax charges	0.8	–	0.8
Transaction-related costs	–	1.8	1.8
Foreign exchange (gain)/loss	(1.0)	5.2	4.2
Adjusted EBITDA[2]	**223.2**	**(17.0)**	**206.2**

See footnotes below.

Year ended 31 December 2019

	Online gaming (£m)	Unallocated corporate costs[1] (£m)	Totals (£m)
Revenue	**415.1**	**–**	**415.1**
Net income/(loss) for the year after taxes from continuing operations	**59.9**	**(50.8)**	**9.1**
Interest expense, net	0.5	20.9	21.4
Accretion on financial liabilities	–	1.3	1.3
Tax expense	2.6	0.3	2.9
Amortisation and depreciation	61.2	1.0	62.2
EBITDA	**124.2**	**(27.3)**	**96.9**
One-off tax charges	6.0	–	6.0
Fair value adjustments on contingent consideration	–	0.5	0.5
Transaction-related costs	0.2	15.6	15.8
Foreign exchange loss/(gain)	1.3	(2.8)	(1.5)
Adjusted EBITDA[2,3]	**131.7**	**(14.0)**	**117.7**

1. Unallocated corporate costs include the results from activities such as acquisition/disposal negotiations, acquisition due diligence, the raising of capital to fund acquisitions, payment of interest on existing debt, and the reporting obligations of Gamesys Group plc.
2. This section 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 56 of this section.
3. Figures for the year ended 31 December 2019 have been amended to include share-based compensation expense that is no longer excluded from adjusted EBITDA and adjusted net income.

Business unit results

Years ended 31 December 2020 and 31 December 2019 (pro-forma)[1]

Online Gaming

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)	Variance (£m)	Variance %
Revenue	727.7	565.3	162.4	29
Distribution costs	393.1	287.8	105.3	37
Administrative costs	106.4	101.2	5.2	5
Impairment of financial assets	5.0	3.9	1.1	28
Adjusted EBITDA[2,3]	**223.2**	**172.4**	**50.8**	**29**

1. All figures in the pro-forma financial summary and related discussions present Group results as though the acquired Gamesys brands have been a part of the Group for the entire comparative period. See page 56 for additional discussion of non-IFRS measures.
2. This section 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 56 of this section.
3. Figures for the year ended 31 December 2019 have been amended to include share-based compensation expense that is no longer excluded from adjusted EBITDA and adjusted net income.

Financial Review continued

Online revenue by geography (pro-forma)[1]

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)	Variance (£m)	Variance %
UK	**423.3**	357.2	66.1	19
Asia	**218.3**	122.4	95.9	78
Europe	**68.0**	68.6	(0.6)	(1)
ROW	**18.1**	17.1	1.0	6
Total	**727.7**	**565.3**	**162.4**	**29**

1. All figures in the pro-forma financial summary and related discussions present Group results as though the acquired Gamesys brands have been a part of the Group for the entire comparative period. See page 56 for additional discussion of non-IFRS measures.

Revenue for the online gaming segment for the year ended 31 December 2020 was 29% higher compared to 2019. UK revenues increased by 19% for the year ended 31 December 2020 compared to 2019 despite the continued impact of enhanced responsible gambling measures. Asia continued to perform strongly, growing revenue by 78% for the year ended 31 December 2020 compared to 2019. Europe revenues declined by 1% for the year ended 31 December 2020 compared to 2019, largely due to the impact of regulatory measures in Sweden partially offset by stronger performance in Spain and Germany. ROW, including New Jersey revenues, increased by 6% for the year ended 31 December 2020 compared to 2019 due to a 25% revenue increase in New Jersey.

Distribution costs increased 37% for the year ended 31 December 2020 compared to 2019 as a result of higher marketing spend and higher revenues achieved.

The increase in administrative costs for the year ended 31 December 2020 compared to 2019 was mainly driven by increases in personnel costs, professional fees and administrative overhead costs as the Group continues to grow.

Unallocated corporate costs – adjusted EBITDA[1,2] (pro-forma)[3]

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)	Variance (£m)	Variance %
Adjusted EBITDA[1,2]	**(17.0)**	(14.0)	(3.0)	(21)

1. This section 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 56 of this section.
2. Figures for the year ended 31 December 2019 have been amended to include share-based compensation expense that is no longer excluded from adjusted EBITDA and adjusted net income.
3. All figures in the pro-forma financial summary and related discussions present Group results as though the acquired Gamesys brands have been a part of the Group for the entire comparative period. See page 56 for additional discussion of non-IFRS measures.

Please refer to note 6 – 'Segment information' of the consolidated financial statements for a consolidated reconciliation from these non-IFRS financial measures.

Unallocated corporate costs increased from £14.0 million to £17.0 million for the year ended 31 December 2020 compared to 2019. This primarily relates to a £1.1 million increase in compensation, a £0.5 million increase in professional fees and a £1.4 million increase in general and administrative expenses.

Key performance indicators – continuing operations (pro-forma)[1]

	Twelve months ended 31 December 2020	Twelve months ended 31 December 2019	Variance	Variance %
Average Active Players per Month (#)	**712,334**	587,399	124,935	21
Total Real Money Revenue (£000's)[2]	**698,290**	544,826	153,464	28
Average Real Money Revenue per Month (£000's)	**58,191**	45,402	12,789	28
Monthly Real Money Revenue per Average Active Player (£)	**82**	77	5	6

1. All figures in the pro-forma financial summary and related discussions present Group results as though the acquired Gamesys brands have been a part of the Group for the entire comparative period. See page 56 for additional discussion of non-IFRS measures.
2. Total Real Money Revenue for the twelve months ended 31 December 2020 consists of total revenue less revenue earned from B2B activity of £29.4 million (31 December 2019 – £20.5 million on a pro-forma basis).

Monthly Real Money Revenue per Average Active Player increased by 6% year-on-year, maintaining a level consistent with the Group's overall player acquisition and retention strategy.

Financial position

	As at 31 December 2020 (£m)	As at 31 December 2019 (£m)	Variance (£m)
Total non-current assets	**979.6**	1,045.6	(66.0)
Total current assets	**285.9**	165.9	120.0
Total assets	**1,265.5**	**1,211.5**	**54.0**
Total current liabilities	**157.1**	122.6	34.5
Total non-current liabilities	**589.0**	624.1	(35.1)
Total liabilities	**746.1**	**746.7**	**(0.6)**

The £66.0 million decrease in non-current assets since 31 December 2019 largely relates to amortisation of the Group's intangible assets as well as impairment of certain purchase price intangibles.

The £7.7 million increase in current assets (excluding a cash increase of £112.3 million) since 31 December 2019 largely relates to a £17.2 million increase in player deposits driven by higher revenues and higher number of average active players during the year, partially offset by a £9.9 million decrease in taxes receivable due to differences in timing of distribution of taxed profits through intercompany dividend declarations.

The £34.5 million increase in current liabilities mostly relates to a £22.1 million increase in accruals primarily due to an increase in the Group's direct costs as well as a higher balance payable to players driven by strong results achieved during the year.

The £35.1 million decrease in non-current liabilities primarily relates to a £40.0 million payment made on the Group's GBP Term Facility.

Cash flow by activity

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)	Variance (£m)
Operating activities	**214.4**	75.0	139.4
Financing activities	**(85.0)**	143.1	(228.1)
Investing activities	**(19.5)**	(198.4)	178.9

Cash provided by operating activities during the year ended 31 December 2020 compared to 2019 relates to cash generated from the operational activities of the online gaming segment, less corporate expenses. For the year ended 31 December 2020, the operating cash flow increased compared to 2019 primarily due to the full year impact of the Gamesys Acquisition and strong results achieved by the online gaming segment.

Increase in cash used in financing activities during the year ended 31 December 2020 compared to 2019 relates to a £40.0 million payment made on the Group's GBP Term Facility, higher interest payments due on the Group's Add-on Debt, (as defined in note 22 to the Consolidated Financial Statements on page 161), of £13.0 million payment of shareholder dividends and the fact that there were no proceeds from long-term debt in the current year. (year ended 31 December 2019 – £173.6 million).

Decrease in cash used in investing activities during the year ended 31 December 2020 compared to 2019 primarily relates to the comparative year including cash outflows relating to the Gamesys Acquisition.

Viability statement

In accordance with the obligations of the UK Corporate Governance Code, the Board of Gamesys Group plc is required to provide its assessment within the Annual Report and Accounts of the viability of the Group over an appropriate period. Accordingly, the Directors have assessed the viability of the Group over a four-year period to December 2024, taking account of the Group's current position, the potential impact of the principal risks as outlined on pages 60 to 67 of this Annual Report, and the Group's key strategic initiatives. A four-year period was deemed appropriate for this assessment as it reflects the strategic planning required for the implementation of Group's strategy and the period leading up to when the Group's long-term debt falls due.

In completing this assessment, the Board completed a robust review of threats which could potentially impact the Group's financial performance, solvency and operational model.

Key factors the Board considered within this review included:

- The integration and growth of businesses acquired.
- The Group's ability to adapt to evolving regulatory and legislative changes.
- Macroeconomic factors which could cause currency fluctuations and interest rates volatility.
- The competitive landscape in the key markets the Group operates in.

Key factors the Board considered in stress-testing medium-term planning included:

- The Company's generation of positive cash flow over the assessment period well in excess of liabilities which fall due.

Having completed this review, the Board has full confidence that the Group will be able to continue operating and will be able to meet its liabilities over the four-year period to December 2024.

Keith Laslop

Chief Financial Officer

Managing our risks

The effective understanding, acceptance and management of risk and its impact, both positive and negative, are fundamental to the delivery of our strategy.

Understanding our principal risks and uncertainties and ensuring there are sufficient controls in place remains critical to our continued growth and success. We operate in a fast-changing business environment and have considered our principal risks alongside our updated strategy. Ultimate accountability for risk lies with the Board, supported by the Audit & Risk Committee, and executive management with respect to the day-to-day operation of risk management. Over the course of the year, we have refined our framework to allow for the identification, assessment, mitigation and monitoring of risk throughout the enlarged Group. Gamesys Group plc complies with the revised 2018 UK Corporate Governance Code and supports its application in delivering a well-governed business.

We continue to develop the governance structures and processes across the enlarged Group. We established an Internal Audit & Risk function in 2019. Our risk management framework has been developed to provide clarity on risk governance and oversight whilst encouraging ownership and accountability across the business. The framework summarises the formal process for the identification, assessment, mitigation, reporting, monitoring and review of our risks. We are continuing to refine this process across the enlarged Group during 2021 and to develop a risk-aware culture, supported by expected behaviours.

Our approach to risk management follows the three lines of defence model, whilst remaining dynamic and practical to our needs. This enables us to respond to changes in the business environment, and to deliver on our expectations of increased transparency, value protection and creation.

Risk management model

Board
Ultimately responsible for the effectiveness of risk management and internal control, understanding the risk environment, setting risk appetite and communication of the framework

Top-down
Define risk appetite, identify, monitor and mitigate strategic risk

Group Risk Committee and Executive Management
Ensure the operating divisions implement the risk management framework
Monitor performance and provide oversight on the key risks
Provide update to the Board on changes in the key risks

Audit & Risk Committee
Supports the Board in considering risk management and internal control
Independently reviews the adequacy and effectiveness of risk management

Bottom-up
Identify, monitor and report on risk from the operations

Operating management
Managing risk on a day-to-day basis
Responsible for implementing the risk management framework
Oversight and review of risks and implementation of mitigation actions

Governance | **Compliance** | **Assurance** | **Culture, behaviour and change** | **Knowledge and data**

Lines of defence

First line
Frontline ownership of risk process, reporting and effectiveness

Second line
Oversight and challenge by the Board and executive management

Third line
Independent assurance

Key supporting principles

How we manage risk at Gamesys Group plc

In 2020, we extended the risk management framework across the enlarged Group. Through the Group Risk Committee, our executives and senior management discuss an aggregated view of risk, both present and developing. The Board and our executives review these risks to inform the Group's understanding of its principal risks and to ensure that there are adequate controls in place to mitigate these where applicable. During these discussions, the Board concluded that it was comfortable with the potential impact of the principal risks, measured against our inherent risk appetite, and communicated the importance of risk management clearly across the business. Significant strides have been made in 2020 to embed our approach to risk management throughout the enlarged Group and its operating divisions, which we will continue to focus on in 2021.

The priorities for risk management throughout 2021 will be to:

- Update our risk appetite against the principal risks to allow for informed decision-making.
- Continue to embed the risk management framework, encouraging ownership and accountability.
- Continue our bottom-up risk activities across territories, operating divisions and central functions and engaging further with the wider business.
- Identification and analysis of new and emerging risks at both a strategic and operational level. This will help to ensure that as a business, we can adapt to an ever-changing risk landscape.
- Continue to test, refine and develop our suite of internal controls through targeted reviews performed by the Internal Audit & Risk team supported by third-party risk management specialists.
- Continue to embed the 'three lines of defence' (as reflected in the Risk Management Model) approach to assurance through the business, management (supported by the Risk function) and independent assurance, where appropriate.

With regard to the effectiveness of risk and internal control throughout the business, please refer to page 82 to 85, under the Corporate Governance section.

Our principal risks

A robust assessment has been undertaken by the Board to assess the principal and emerging risks facing the business. Consideration has been given to those which could threaten the successful delivery of our strategy, the impact on our future performance and create a risk around our solvency or liquidity.

The radar shows the position of our principal risks and we have taken the decision to split these into three areas over which we have varying levels of control and oversight.

These three areas are:

- **External** – where we have limited control over the cause of the risk and would need to focus our effort on managing the potential consequences.
- **Strategic** – risks which could be influenced by external factors but over which we have the opportunity to put in place controls to better manage potential causes and consequences.
- **Operational** – risks that could arise through the day-to-day operations in relation to which we could put in place effective controls. These would be for known areas of the business, in addition to risks which could potentially arise through changes which we undertake in the delivery of our growth strategy.

Principal Risks and Uncertainties continued

The risks represent a snapshot at this point in time, and as the environment we operate in is constantly evolving, new risks may arise, the potential impact of known risks may increase or decrease, and our assessment of a risk may change. They do not include all those risks associated with the Group's activities and are not set out in any order of priority. This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group.

External

Regulatory and legislative change

Risk definition

Licensing, taxes, laws and regulatory changes in key markets could have a materially adverse impact on the Group and its operations.

Link to strategy
01 05 06

How we manage and mitigate the risk

The Group closely monitors regulatory, legislative, and fiscal developments in key markets allowing the Group to assess, adapt and take the necessary action where appropriate. The Group maintains close relationships with the key regulators in the markets which it operates in. Management takes external advice from a strong network of external advisers, who provide guidance and support to understand incoming legislation and prospective regulation.

Membership and active participation with industry bodies such as the Betting and Gaming Council and its relevant sub-committees across various thematic areas provides the ability to consult with our peers and stakeholders in territories where changes are foreseen as well as to consult on the impact and feasibility of proposed changes.

The Group's governance and compliance framework has been expanded and developed over the year. The Audit & Risk Committee and the ESG Committee provides Board oversight across the Group's regulatory requirements and processes supported by an internal compliance management committee ensuring compliance and regulatory focus is maintained.

Financial and Economic

Risk definition

Potential macroeconomic change, including currency fluctuations and interest rates, have a negative impact on Gamesys Group plc.

Link to strategy
04 05 06

How we manage and mitigate the risk

The Group monitors changes in the macroeconomic environment on an ongoing basis. The Group's debt structure is denominated in the currencies of the revenues we generate, limiting our exposure to currency fluctuations. The Group's hedging processes and instruments are monitored regularly to ensure exposures are minimised.

Strategic

Brand and reputation

Risk definition

A major incident could leave a negative impact on Gamesys Group plc and the suite of brands offered.

Link to strategy
01 02 05 06

How we manage and mitigate the risk

The Group operates in several markets under a portfolio of different brands. The Group's technology and operational set up is tailored to meet the specific requirements and consumer preferences to ensure a best-in-class experience is delivered to our audience. Analysing the key areas of the business fundamental to preserving the Group's reputation and brand perception, ensures that key response plans are in place where necessary, in areas such as in compliance, technology, and data privacy. These plans are reviewed and refined on an ongoing basis to ensure our incident management processes are kept up to date with organisational and legislative changes.

All external communications and press releases are managed by the Group's experienced investor relations team, which operates within the Group's Delegation of Authority policy.

The Group's ESG Committee oversees the framework of policies and controls which (i) support its vulnerable members, (ii) manage the Company's relationships with stakeholders and (iii) protect the Group from any external issues that have the potential to materially affect the Company's business and reputation.

In 2020, the Group adopted a new sustainability strategy, 'Gamesys Cares' to drive sector leading performance in relation to player wellbeing, employee engagement, and building a brighter future for our communities and the environment.

The introduction of the Group's first Human Rights Policy and Environment, Energy & Carbon Policy provides the framework to being operationally carbon neutral and meeting the UN Sustainable Development Goals.

Link to strategy

- 01 Double-digit growth across the UK and Spain
- 02 Grow the Asian market
- 03 Invest in North America
- 04 Deliver the best content
- 05 Gamesys cares
- 06 Successful foundations

Strategic

Competitive landscape

Risk definition

Gamesys Group plc potentially fails to adapt and innovate to maintain its position as a market leader.

Link to strategy

01 02 03 04 05

How we manage and mitigate the risk

The Group monitors market developments on an ongoing basis, driving discussions on innovation and ensuring wider awareness. Our roadmap of games and product offerings are subsequently tailored to the markets in which we operate.

Leveraging the Group's proprietary technology and its operational capabilities facilitates working in emerging markets. Our code deployment frequency has increased and as our technology pipeline moves further to automated abilities, more features of high quality are made available to the player quicker than ever before – all without sacrificing the overall stability of our platforms.

The Group's player insights, business development and data analytics capabilities provide the platform to offer our customers the best experience possible. As part of our cultural DNA, the 'Be The Player' strand ensures a customer centric focus in all areas, resulting in improved onboarding journeys, wider use of customer facing control tools, leading to the long-term sustainable growth we are constantly focused on.

Our country management structures provide our teams with local autonomy to ensure speed of execution and the ability to understand customer demands within different territories.

Safer gambling

Risk definition

Gamesys Group plc recognises the need to apply high standards to the welfare of our players.

Link to strategy

05 06

How we manage and mitigate the risk

Safer gambling remains a key part of our business strategy. The Group maintains a suite of safer gambling processes and controls across all the Group's proprietary platforms in the markets it operates in. Complemented by specifically developed KPIs, which allows the business to monitor key player metrics in relation to potential trends that could be of concern. These drive processes which allows a proactive approach to the management of potential issues with the development of the player charter and industry engagement.

Weekly and monthly meetings are held to ensure we understand changes across the regulatory and legislative landscape and increased focus on player behaviour. The Group focuses on meeting external standards on responsible gambling across the markets it operates in.

The ESG Committee ensures that RG and ESG are embedded within the highest levels of the business and that we meet our commitments to our players. Through the Gamesys Foundation, we look to support charities focusing on mental health and social isolation. The adoption of the Global Sustainability Commitments (which define Group-wide minimum standards) and the launch of STRIPEs (our player wellbeing key performance indicators) are two initiatives that were launched in 2020.

Greater resources and additional capabilities have been added to our responsible gambling teams. Following the commencement of COVID-19 lockdowns in Q1 2020, we were the first operator to cease untargeted customer marketing in the UK, including the suspension of TV and radio campaigns.

Marketing controls ensure that relevant regulations are adhered to and we comply with best practice standards including the latest (6th) edition of the Gambling Industry Code for Socially Responsible Advertising. Our targeting, segmentation and CRM processes are configured to ensure that we do not advertise to people under the legal age for gambling, nor make them of particular appeal to this age group. The best available practice in each market is adopted to verify players are over the age of 18, and that we do not send direct marketing to anyone who has not been age-verified.

Principal Risks and Uncertainties continued

Operational

Talent attraction and retention

Risk definition

Failure to build the internal capability and capacity to deliver the growth targets identified.

Link to strategy
05 06

How we manage and mitigate the risk

The Group continues to build on its investment in its people and their development by focusing on communicating and engaging with employees and responding to their priorities. Communication channels, such as video messages from the CEO and senior management, the intranet and management cascades as well as quarterly business updates, ensure that employees are given insights into strategic, financial and operational matters.

Annual employee engagement surveys allow for all employees to provide in-depth views on a broad range of matters. Roundtable discussions hosted by Katie Vanneck-Smith, the Boards' Employee Voice representative, as well as similar sessions held by senior leaders provide a direct mechanism for our employees to air their views. Our diversity communities provide forums for employees to share experiences and ideas on how to make the business more inclusive.

The Group has increased its focus on learning and development, with training opportunities, across induction, mandatory compliance training, soft skills, role-specific, managerial and leadership training. Extensive learning resources and leadership coaching are also available.

A formal graduate training programme as well as apprenticeships are offered in order to facilitate the entry of new people to the industry.

We provide market-aligned rewards and benefits to our employees.

Technology and IT systems

Risk definition

A failure or damage to our technology or systems will negatively impact our operations.

Link to strategy
01 05 06

How we manage and mitigate the risk

The Group's proprietary technology bases have monitoring capabilities, and with the use of key metrics, potential emerging issues for any region can be identified. Our systems improvement plan ensures better service availability and system resilience. Our robust development and change management processes help reduce the risk of unplanned outages.

The Group regularly reviews its Business Continuity Plans and IT Disaster Recovery capability to ensure an appropriate failover solution is available and seek to limit single points of failure where possible.

An internal security forum, attended by several stakeholders and executive management, convenes quarterly, and reviews the Group's cyber security posture. Risks identified, their mitigating activities and the lessons learned are evaluated to ensure our technology platforms remain robust and protected against future reoccurrences.

The IT environment is audited by independent auditors, under PCI DSS, ISO 27001 or technical standards issued by regulators in territories we operate in. These audits as well as reviews performed by the internal audit function, form part of the Group's approach to ensuring proper IT procedures and a high level of security. The Audit & Risk Committee receive updates directly from the Group's Chief Information Officer as needed.

Formal incident management processes for identifying, escalating and resolving issues and a post incident process ensures that similar issues do not happen again.

Link to strategy

01	Double-digit growth across the UK and Spain	03	Invest in North America	05	Gamesys cares
02	Grow the Asian market	04	Deliver the best content	06	Successful foundations

Operational

Data management

Risk definition

Link to strategy: 05 06

Gamesys Group plc processes player data and recognises the need to comply with the highest standards of data protection.

How we manage and mitigate the risk

Data access is managed centrally to control access to player data governed by strict access procedures and audit logging. Corporate office data is cloud based and player facing data is hosted in either our own data centres or within a virtual private cloud hosted by an external provider.

Any system change access is managed through management processes and permissions.

Through the Group's data privacy office, and via a quarterly data privacy committee, our alignment to all relevant data protection legislation is monitored, and key internal stakeholders are kept up to date on all relevant initiatives, such as policy updates, training courses delivered and vendor review processes. The Audit & Risk Committee receive updates directly from the Group's Data Protection Officer as needed.

Our ISO 27001 aligned Information Security Management System includes policies and procedures to assess, treat and mitigate risks, implement technical and physical controls, respond to incidents, provide training, and ensure security in outsourced data processing. Our internal security forum provides an appropriate platform for executive management to oversee and understand initiatives taken to improve safeguarding all of our data subjects, both internal and external.

Taxation

Risk definition

Link to strategy: 06

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The Group's geographical diversity and the nature of taxation of our industry leads to considerable complexity in our tax affairs.

How we manage and mitigate the risk

The Group's tax risk management policy is approved annually by the Board of Directors. The Board is kept informed of any material tax issues through the Director of Tax providing regular updates to the Audit & Risk Committee.

In order to mitigate tax risks that arise, the Group actively identifies, evaluates, manages and monitors its tax risks and the geographies in which it operates. The Group has an appropriately qualified and resourced tax team to manage its tax affairs. In addition, where there is significant uncertainty or complexity in relation to a tax risk, the Group may use the services of external, expert tax advisers.

Principal Risks and Uncertainties continued

Operational

Compliance

Risk definition

A breach or failure of a gaming licence requirement which the Group operates under.

Link to strategy
01 05 06

How we manage and mitigate the risk

We have dedicated internal and external Compliance and Legal teams for all regions with responsibility for advising business units on licensing requirements. Our team works with the business to set appropriate policies, processes and controls.

Monthly Compliance Committee meetings are held, attended by key stakeholders across the Group, monitoring key developments internally.

For the jurisdictions in which we hold a licence, the relevant Compliance teams monitor compliance with the regulatory framework and licence requirements through the roll out of a Compliance Monitoring Programme, complimenting the three Lines of Defence model across all jurisdictions. Dedicated programme managers are allocated to manage the delivery of material changes to operational platforms and technology improvements driven by regulatory change.

An annual suite of training content is rolled out to all employees, tailored for specific teams and their roles, in addition to corporate compliance matters outside of gaming licence requirements.

3rd party dependencies

Risk definition

Critical 3rd party arrangements suffer operational failures, regulatory sanctions or terminate relationships with the Group.

Link to strategy
01 02 03 04 05 06

How we manage and mitigate the risk

We rely on third parties across our business. Managing relationships with, and performance by, key suppliers particularly those supplying software platforms, payment processing and data to support the Group's products is key to the Group's strategic objectives.

Our legal team review all new contracts, in line with the Group's Delegation of Authority policy that govern engagement and approval processes.

Weekly evaluations of risks associated to key payment processing providers across territories, with quarterly oversight by the Audit & Risk Committee. An internal banking and treasury forum meets weekly, to monitor the risk profile in PSPs and to escalate any operational issues with a provider, supervised by the Audit & Risk Committee on a quarterly basis.

Link to strategy

- 01 Double-digit growth across the UK and Spain
- 02 Grow the Asian market
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New and emerging risks

Emerging risks have the potential to increase in significance and affect the performance of the Group and, as such, are continually monitored through our existing risk management processes by risk owners at all levels of the Group. We also use tools such as horizon scanning, operational risk aggregation and external sources, such as our relationship with Oakhill, to support our analysis. The outputs of these processes are reported to the Audit & Risk Committee and the Board for their review and assessment.

Our Enterprise Risk Management process ensures emerging risks are considered to aid the Audit & Risk Committee's assessment of whether the Group is adequately prepared for the potential opportunities and threats they present. The process enables new and changing risks to be discussed at an early stage allowing us to analyse them thoroughly and assess potential exposure.

We closely monitor emerging risks and with time they may become principal risks as they mature. Emerging risks may also be superseded by other risks or cease to be relevant as the internal external environment in which we operate evolves. A non-exhaustive list of some current emerging risks of relevance to Gamesys are set out below:

Strategic	**Social attitudes** The perception of the gaming industry within society continues to evolve and change. We continue to monitor for any shifts in behaviour, awareness or attitudes that may impact our business or our key stakeholders.	**Near (< 2 years)** (highlighted) **Medium** (< 5 years) **Long** (5 + years)
External	**Compliance & regulation** Meeting our compliance and regulatory requirements is fundamental to the success of Gamesys. As a business we continue to demonstrate industry leadership and to engage with the relevant legislative and regulatory bodies for which we are a part.	**Near (< 2 years)** (highlighted) **Medium** (< 5 years) **Long** (5 + years)
External	**Sustainability** In an ever-changing world, we recognise that we have a responsibility to meet our sustainability commitments and obligations. This includes failing to understand our social, environmental and economic impact or reporting requirements.	**Near** (< 2 years) **Medium (< 5 years)** (highlighted) **Long** (5 + years)

The Strategic Report was approved by the Board and signed on its behalf by:

Lee Fenton

Chief Executive Officer

8 March 2021

Governance

Effective governance is one of our foundations

Board of Directors
as at 31 December 2020

	 N E **Neil Goulden** **Non-Executive Chair**	 **Lee Fenton** **Chief Executive Officer**
Appointment	Neil was appointed to the Board as Non-Executive Chair on 15 August 2016 (Executive Chair on 1 November 2017 to 1 October 2020).	Lee was appointed to the Board as Chief Executive Officer on 26 September 2019.
Skills and experience	Neil was Group Managing Director, CEO, Chair and Chair Emeritus of Gala Coral Group from 2001–2014. He advised the Government on gambling matters as a member of the Responsible Gambling Strategy Board (2008–2011), as Chair of the Responsible Gambling Trust (2011–2016) and as a member of the Horserace Betting Levy Board (2015–2017). Neil is a seasoned business leader with a strong track record in chairing a range of organisations. The breadth of Neil's knowledge and operational experience with large listed groups, building teams and culture, and growing businesses are all hugely beneficial to the Company, and enables Neil to contribute to the strategic direction and long-term sustainable success of the Company. Neil graduated from the University of Southampton in 1975 with a BSc in Politics and Law.	Lee has been Chief Executive Officer of Gamesys Limited since July 2015. He initially joined Gamesys Limited in November 2008 as Chief Operating Officer. Prior to Gamesys he was Chief Operating Officer of the mobile division at 20th Century Fox and, before that, Global Director of Consumer Products & Content at Vodafone Group plc. Lee brings extensive gaming industry knowledge to the Board. He contributes to and leads a strong executive team and his contributions are reflected in the Company's new strategy. Lee brings deep experience of working with global brands and managing operations across multiple markets. He graduated in 1992 with a BA (Hons) in Media & Cultural Studies from the University of the West of England.
External listed company appointments	None.	None.

	 **Keith Laslop** **Chief Financial Officer**	 **Robeson Reeves** **Chief Operating Officer**
Appointment	Keith was appointed to the Board on 5 September 2016.	Robeson was appointed to the Board as Chief Operating Officer on 26 September 2019.
Skills and experience	Keith previously served as Principal of Newcourt Capital, a boutique private equity group. From 2004–2008, he served as CFO and then President of Prolexic Technologies Inc., the world's largest distributed denial-of-service mitigation provider. From 2001–2004, he served as CFO and Business Development Director of Elixir, a London-based video gaming software developer. Keith brings over 20 years of strategic financial management, investment banking, operational and investor relations experience, which enables him to contribute to the long-term sustainable success and strategy of the business. Keith is a Chartered Accountant and holds the Chartered Financial Analyst accreditation.	Robeson has been Chief Operating Officer of Gamesys Limited since July 2015. Robeson originally joined Gamesys Limited in September 2005 and held a number of positions, most recently Director of Gaming Operations from May 2010 and as a Board member from August 2010. Since joining Gamesys Limited, he has built a strong record in cohesively connecting player and product experiences to marketing and business KPIs, ensuring sustainable growth. Robeson brings significant entrepreneurial and executive leadership experience, with a particular focus on global player engagement and business development. Robeson graduated in 2005 with a BSc in Statistics, Operations, Research and Management Studies from University College, London.
External listed company appointments	None.	None.

E R

Andria Vidler
Independent Non-Executive Director

Andria was appointed to the Board on 7 May 2018.

Andria joined Tag, the global leader in marketing production, as EMEA CEO in January 2020. Working with global businesses and agencies Tag helps brands standout and sell more, by amplifying content, reducing complexity and optimising effectiveness. Andria spent the previous six years as CEO of Centaur Media PLC, which she transformed into a business intelligence, data and event group primarily focused on the marketing sector. Andria brings a wide range of experience in managing business operations, client services and marketing across a number of industries, which enables her to robustly challenge the Group's strategy and support the long-term sustainable success of the Company. Prior to Centaur, Andria spent four years as CEO for EMI Music UK & Ireland and has held senior roles at Magic Radio-Emap, Bauer Media and at the BBC. She has also previously served as a Trustee for the Roundhouse from 2010-2016 and as Chairman of the Marketing Group of Great Britain in 2014/15.

Ms Vidler completed her MBA in 2000 from the University of Bradford.

None.

N A

Colin Sturgeon
Senior Independent Director

Colin was appointed to the Board on 19 January 2017.

Colin has extensive experience leading and managing the origination and execution of corporate and government finance. In July 2005, he retired from RBC Capital Markets after more than 20 years' service, having held various roles in Europe. He was Deputy Chair, Royal Bank of Canada Europe Limited and Chair of the European Banking and Trading Risk Management Committees. Colin's extensive business and management experience at executive and board level is beneficial to the Board, supporting the Company's strategy and long-term sustainable success with his key understanding of stakeholder needs and his experience in international organisations, strong leadership and strategic decision-making.

Colin has served on the boards of several other companies, including Krupaco Finance UK Limited, Channel Services Limited and RBC Pension Trustees Limited. He also acted as a senior adviser to the Financial Services Authority.

None.

R A

Jim Ryan
Independent Non-Executive Director

Jim was appointed to the Board on 5 September 2016.

Jim is an experienced online gaming executive who is currently the CEO of Pala Interactive LLC. He has also held a number of other roles within the online gaming sector, including Co-Chief Executive Officer of bwin.party digital entertainment plc, Chief Executive Officer at PartyGaming plc, St Minver Limited and Excapsa Software Limited and Chief Financial Officer of Cryptologic Software Limited. Jim's continued contribution to the Company's strategy and long-term sustainable success comes from his extensive gaming industry experience, knowledge of gaming regulation, as well as an understanding of key investor issues.

He also currently sits on the boards of Gaming Realms plc, Bragg Gaming Group, Fralis LLC, Pala Interactive LLC and has served on the boards of several public and private companies.

Jim is a Chartered Accountant and Certified Public Accountant, accredited with the Canadian Institute of Chartered Accountants and a degree in business from the Goodman School of Business at Brock University.

Jim is a Director of Gaming Realms plc and Bragg Gaming Group.

A N R

Nigel Brewster
Independent Non-Executive Director

Nigel was appointed to the Board on 19 January 2017.

Nigel is an experienced finance and management executive who has held senior roles in private equity-backed companies in the leisure industry and holds a number of private company non-executive directorships. From November 2015–April 2016 he was CFO of Parkdean Resorts Limited, where he oversaw the merger of Parkdean Holidays and Park Resorts, where he had previously served as CFO from April 2012. His role included a £570 million senior debt raise and various aspects of post-merger integration. Nigel previously served as CFO of ADP Dental Group and has held several senior roles at Gala Coral Group, one of Europe's largest integrated gaming businesses. The Board benefits from Nigel's wide-ranging experience in accounting, auditing and financial reporting as well as his industry experience and this enables him to continue to contribute to the long-term sustainable success of the Company.

He holds a Bachelor of Science and a Chartered Accountant qualification from the Institute of Chartered Accountants in England and Wales, having qualified with PricewaterhouseCoopers.

None.

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Katie Vanneck-Smith
Independent Non-Executive Director and Employee Voice Director

Katie was appointed to the Board on 1 October 2019.

Katie is currently the co-founder and publisher of Tortoise Media, the slow-news start up, launched in January 2019. She previously spent over 20 years in various senior executive roles at News Corp, where she gained significant digital and marketing experience while working for some of the largest UK and US national publications, including The Times and The Wall Street Journal. She was most recently President of Dow Jones, publisher of The Wall Street Journal. Katie's acute knowledge and understanding of digital and marketing strengthens the Board's capacity for overseeing the strategic direction and development of the Group and enables her to contribute to the long-term sustainable success of the business.

None.

Committee membership

- N Nomination Committee
- E ESG Committee
- R Remuneration Committee
- A Audit & Risk Committee
- Committee Chair

- Executive Directors
- Non-Executive Directors

Corporate Governance Report

Our high standards of corporate governance underpin our performance

Neil Goulden
Non-Executive Chair

Board activities during 2020 and allocation of agenda time

2020 activities

Oversaw the successful Integration of two complementary businesses following the Gamesys Acquisition.

Reviewed the Company's steps taken to address the challenges presented by the COVID-19 pandemic.

Embedded the Company's new purpose and values.

Considered proposed regulatory changes in its key markets with particular focus on the UK, and the Company's approach.

Introduced the Group's new sustainability strategy, 'Gamesys Cares'.

Undertook an external Board evaluation and reviewed its findings.

2021 focus

Continued review of management's actions undertaken in response to the COVID-19 pandemic.

Evaluate proposed legislative change in key markets and engage with industry peers and lawmakers.

Focus on succession planning and developing the Board approach to diversity.

Oversee delivery of the Group's strategic goals and further raise the Company's ESG profile.

Implement the new 2021 Directors' Remuneration Policy.

Introductory letter on corporate governance from the Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Company's Corporate Governance Report for the year ended 31 December 2020.

The past year has been a busy one for the Board. We have successfully integrated two businesses following last year's Gamesys Acquisition, responded to the challenges presented to our international organisation by the COVID-19 pandemic, introduced a maiden dividend, and engaged with the industry and government to help shape the future of remote gambling in the UK through a balanced, evidence-led lens. Throughout, the health and wellbeing of our employees and players remained, and remains, our priority and our high standards of corporate governance underpin our performance, and delivery. In 2020, Gamesys Group plc was included in the FTSE 250 index for the first time. Following the successful integration of the acquired business and expanded Board, I have reverted to non-executive status. We now have a group of independent Non-Executive Directors who fully comply with the independence criteria set out in the UK Corporate Governance Code and the appointment of a third female Director in 2021 illustrates our further progress towards an improved gender balance on the Board.

The ESG Committee has continued to develop our Section 172(1) statement (pages 30 and 31) and the Non-financial Information Statement (see page 37). It has also made considerable progress in the year with the establishment of the Gamesys Foundation and its significant charitable support, implementing initiatives, and driving improvement in our ESG ratings used by our investors (see pages 80 and 81).

Culture and values

In 2019, we launched our new Company purpose, 'Crafting entertainment with care', supported by the Company's values known as the Gamesys DNA. Our DNA is the context for our decision-making and is what sets us apart from our peers. Training to enable employees to internalise and articulate what the DNA means to them has been successfully rolled out this year. As an international organisation, we continue to recognise the importance of cultural changes and take pride in the level of diversity across our employee base. This year, the Group has reappraised its diversity and inclusion commitments and a series of expert-led workshops and trainings were launched. More details can be found on page 44.

Board composition and succession planning

On 30 September 2020, Simon Wykes stepped down as Transition Director and left the business. We are grateful to Simon for his work in helping deliver an accelerated and effective integration of the Group's two complementary businesses whilst the Company has been facing into the unprecedented challenges presented by the COVID-19 pandemic. During 2020, we have continued to review the composition of the Board and the independence and tenure of each Director, to ensure that the Board operates effectively. Commencing in Q4 2020, the Board undertook an externally facilitated Board evaluation, led by Independent Audit, which consisted of individual interviews and observation of Board and Committee meetings. A key focus for the Board over the next year continues to be Board succession planning to ensure we have the necessary mix of skills and experience to contribute to the Company's strategic goals and the appointment of Tina Southall to the Board will provide significant support to the achievement of those goals. Further details can be found in the Nomination Committee report on page 78.

Accountability and audit

The Audit & Risk Committee continues to play a key role in supporting the Board and its activities during the year include consideration of the Group's risk appetite and an update to our risk framework, on-going review of the Group's internal control systems and effective governance over the appropriateness of the Group's financial reporting. Details of the activities undertaken by the Audit & Risk Committee are set out on pages 83 and 84.

Remuneration

The current Remuneration Policy was approved by shareholders at the 2018 AGM and is now approaching the end of its three-year term. Over the last year, the Remuneration Committee has reviewed the Remuneration Policy in the context of our refreshed strategy and purpose and conducted a consultation with shareholders to propose a revised, forward-looking Remuneration Policy that will be presented to shareholders at the 2021 AGM. In 2020, we implemented our first all-employee share plan, the Share Incentive Plan. This provided the opportunity for us to engage with the wider workforce of the enlarged Group whilst aligning with shareholder interests. For further information please see the Directors' Remuneration Report on pages 86 to 112.

Climate change

We recognise the global importance of environmental issues and are committed to understanding, managing and mitigating our environmental impact. To demonstrate this commitment, we have introduced our first Group-wide Environment, Energy & Climate Change Policy. Further details can be found in the Sustainability Report on page 50. Our ESG Committee continues to focus on understanding climate change risk and effective management through implementation of the TCFD recommendations.

Priorities for 2021

Gamesys is an international organisation. The COVID-19 pandemic is presenting unprecedented challenges for global and local businesses, governments and individuals alike. The Group has adapted rapidly to what remains a largely remote-based workplace environment and in certain areas, such as code deployment, we have seen an improvement in productivity. We continue to take a cautious approach across our international footprint and ensure that we comply with all the associated regulatory requirements in each local market. Keeping our players and employees safe through an unwavering commitment to their wellbeing whilst delivering revenue growth within a responsible framework, is our key priority for 2021.

I look forward to reporting further on progress with these priorities in our 2021 Annual Report.

Yours faithfully,

Neil Goulden

Non-Executive Chair

8 March 2021

Corporate Governance Report continued

Introduction

Gamesys Group plc is a public company limited by shares incorporated in the United Kingdom. It is a premium listed company on the Main Market of the London Stock Exchange and is committed to high standards of corporate governance and control. Further information on the Company's corporate governance policies and principles are available on its website: www.gamesysgroup.com.

Statement of compliance with the UK Corporate Governance Code

Gamesys Group plc is required to comply with all relevant provisions of the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council (the 'Code') and the Listing Rules of the UK Listing Authority. If the Company does not comply with the Code, it should explain the reasons for non-compliance. The Code is available at www.frc.org.uk.

During 2020, steps were taken to implement appropriate changes to our Board structure and corporate governance practices in accordance with the provisions of the Code. The Board confirms compliance in full with all the principles and provisions of the Code throughout the period under review. The Company is committed to the highest standards of corporate governance and the Board regularly reviews its governance structure and systems to ensure they are aligned with our strategy and provide long-term value to our shareholders. The Board aims to pursue its objectives in the best interests of the Company, its shareholders and other stakeholders.

Board committees

The Board is supported in its work by its principal committees, namely the Audit & Risk Committee, the Remuneration Committee, the ESG Committee and the Nomination Committee.

Each committee has written terms of reference, approved by the Board, summarising the role and responsibilities of each. The Company Secretary acts as secretary to each of the committees and provides support as required. An explanation of the roles and authorities delegated by the Board to each committee is available on the Group's website: www.gamesysgroup.com.

The role and composition of each committee

Committee name	Function	Composition
Audit & Risk Committee	Audit, financial reporting, risk management and controls	Three members are independent Non-Executive Directors, each considered 'financial literate' and the Committee Chair considered to have recent and relevant financial experience
Nomination Committee	Selection and nomination of Board members	The Non-Executive Chair and two (other) independent Non-Executive Directors
Remuneration Committee	Remuneration of Board members and top management	Three members are independent Non-Executive Directors , the Committee Chair has served on a remuneration committee for at least 12 months
ESG Committee	Responsible gambling, sustainability and stakeholder engagement	The Non-Executive Chair and two (other) independent Non-Executive Directors

Reports on the work of each committee during 2020 can be found on the following pages: Audit & Risk Committee, pages 82 to 85; ESG Committee, pages 80 and 81; Nomination Committee, pages 77 to 79; and Remuneration Committee, pages 86 to 91.

Board leadership and Company purpose

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board engages with all its key stakeholders and the Company's success is the driving force behind all decisions made by the Board. Further information on our stakeholders and stakeholder engagement can be found in our Section 172 Statement on pages 30 and 31.

Decision-making processes are structured to enable Directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over each of the short, medium and long term. Due consideration is paid to the Company's stakeholders, including, but not limited to, our players, suppliers, business partners, employees and shareholders.

In all of its activities, the Board requires that our employees and partners conduct business to the highest ethical and professional standards. The ESG Committee oversees the Company's commitment to make a positive contribution to the health and wellbeing of our players which underpins our purpose of 'Crafting entertainment with care'. Further details can be found in 'Our Sustainability Report' on pages 38 to 41.

Board meetings

During 2020, the Board held eight scheduled meetings and additional meetings were held for specific matters.

The Gamesys Group plc Board has approved a Schedule of Matters reserved to the Board and is responsible for key aspects of governance and performance.

Members of senior management attend Board meetings by invitation to deliver presentations on the status of projects and performance of business units. The regular agenda of the Board seeks to ensure that performance of the executive team in meeting their objectives and delivering the Group strategy is achieved. In the light of COVID-19 pandemic, the Board moved to videoconferencing and worked closely with management to implement policies and working practices to look after employee and player wellbeing, and maintain operational effectiveness, as discussed in the Strategic Report and below.

Board Business

	Board	RemCo	Audit & RiskCo	NomCo	ESG
Total number of meetings[1]	**8**	**5**	**5**	**2**	**3**
Neil Goulden	8/8	–	–	2/2	3/3
Lee Fenton	8/8	–	–	–	–
Keith Laslop	8/8	–	–	–	–
Robeson Reeves	8/8	–	–	–	–
Colin Sturgeon	8/8	–	5/5	2/2	–
Nigel Brewster	8/8	5/5	5/5	2/2	–
Jim Ryan	8/8	5/5	5/5	–	–
Kate Vanneck-Smith	8/8	–	–	–	3/3
Andria Vidler	8/8	5/5	–	–	3/3

1. Attendance shown relates to the scheduled meetings. There were additional meetings held for specific individual matters.

Stakeholder engagement

To succeed in the long-term, directors and the companies they lead need to build and maintain successful relationships with a wide range of stakeholders. The Board engages with all its stakeholders using a range of communication channels: investors through organised roadshows and briefings (see below), regulators and legislators with meetings and desktop compliance reporting, and players via social media, targeted focus groups and surveys. We continue to engage with our employees through discussion groups led by the Employee Voice Director, staff surveys and Group-wide quarterly results presentations, and in 2020, in response to the COVID-19 pandemic, we have brought additional and regular management updates to our employees facilitated by Microsoft Teams. Further detailed information on engagement with players, the industry and regulators can be found in the Sustainability Report on pages 30 and 31 and steps to improve Board-level ESG engagement on page 81.

During the year, the ESG Committee oversaw the framework of policies and controls which (i) support its vulnerable players, (ii) manage the Company's relationships with stakeholders and (iii) protect the Group from any external issues that have the potential to materially affect the Company's business and reputation. More details can be found in the ESG Committee report (see page 81) and within the Sustainability Report (see page 33).

Shareholder engagement

During the pandemic we have used a wide variety of means to maintain a high level of interaction with existing and prospective shareholders. In addition to verbal updates over the phone, virtual meetings via various video platforms have been frequently utilised. We have undertaken such meetings as a consequence of one-to-one direct interactions but also through a significant number of investor conferences organised by brokers. The Chair and Senior Independent Director are available to meet shareholders if there are any concerns around the governance of the Group. The Remuneration Committee has initiated an external consultation with major shareholders on the proposed new remuneration policy for the Executive Directors. Communications were sent to the majority shareholder and institutional investors setting out the proposal for the new policy for discussion, with engagement to the extent requested. The resulting Remuneration Policy will be presented at the 2021 AGM for shareholders' consideration and approval. Further details on the consultation can be found in the Directors' Remuneration Report on page 91.

The Board recognises the need to ensure that all Directors are fully aware of the views of major shareholders about the Group. Copies of analysts' research relating to the Group are circulated to all Directors, and a monthly analysis of shareholders is made available to the Board.

During the year, the Company held one shareholder meeting. The AGM was held on 3 June 2020 and, while shareholders were asked not to attend the AGM in light of the Stay at Home Measures for COVID-19, they were encouraged to express their views and submit their votes in advance. All of the resolutions put to the meeting were approved with above 95% support and over 63% of shares voted.

The 2021 AGM will be held on 10 June 2021. Subject to any prevailing restrictions, the Chair of the Board and the Chairs of each of the Board committees will be available to answer questions put forward to them by shareholders of the Company.

Engagement with workforce and whistleblowing

As set out in our previous Annual Report, Katie Vanneck-Smith fulfils the role of the Employee Voice Director. Steps taken by the Employee Voice Director during the year in performing that role can be found on page 30.

The Company has procedures and policies in place for whistleblowing and carries out awareness campaigns. We also provide an independent, third party-hosted, whistleblowing hotline. Any reports are submitted to the Audit & Risk Committee Chair for investigation. If a report is determined to be truthful and in good faith, it is submitted to the Committee for immediate action, if any required.

Conflicts of interest

The Board has effective procedures in place to monitor and deal with potential conflicts of interest and ensure that any related-party transactions involving Directors, or their connected parties, are conducted on an arm's-length basis. As part of the process for acquiring the Gamesys business in 2019, the Board established a Conflicts Committee consisting of Directors who are free from any actual, potential or perceived conflict of interest in respect of the matter in question to assist the Board in discharging its responsibilities relating to the management of any actual, potential or perceived conflicts. The Conflicts Committee meets as required and currently consists of Neil Goulden, Colin Sturgeon, Nigel Brewster, Jim Ryan and Andria Vidler. The chair of the Conflicts Committee is Neil Goulden. The Conflicts Committee met three times in 2020.

Where Directors have any concerns about the operation of the Board or the management of the Company, which cannot be resolved, they may request that their concerns be recorded in the relevant Board minutes. This was not required in 2020.

Corporate Governance Report continued

Division of responsibilities

Board roles and responsibilities

As at 31 December 2020, the Board comprised the Non-Executive Chair, three Executive Directors and five Non-Executive Directors, including a Senior Independent Director.

The Board has agreed a written statement which sets out the division of responsibilities between the Non-Executive Chair, the Chief Executive Officer, the Chief Financial Officer and the Senior Independent Officer.

The Non-Executive Directors challenge the performance of the Executive Directors and the management team against the objectives agreed by the Board at the beginning of the year. This takes place within the Board meetings themselves and through the work of the Board Committees, which are all chaired by independent Non-Executive Directors.

Non-Executive Chair: The Non-Executive Chair's principal responsibility is the effective running of the Board, ensuring that the Board plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

Chief Executive Officer: The Chief Executive Officer is responsible for the running of the Company through the executive team.

Senior Independent Director: The Senior Independent Director serves as a sounding board for the Chair and acts as an intermediary for other Directors.

Board independence

Neil Goulden was appointed to the Board of The Intertain Group Limited in 2016 as Non-Executive Chair of the Board. At the time of his appointment, Mr Goulden was considered to be independent. Mr Goulden assumed the position of Executive Chair from 1 November 2017. Following the ongoing successful integration of the acquired business and expanded Board, Mr Goulden returned to his role as Non-Executive Chair on 1 October 2020. The Board considers that the following Non-Executive Directors – Nigel Brewster, Jim Ryan, Colin Sturgeon, Katie Vanneck-Smith and Andria Vidler – are independent in character and judgement, and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

At least half the Board, excluding the Non-Executive Chair, comprises Non-Executive Directors deemed independent, and each of the principal Board Committees is comprised of independent Non-Executive Directors.

Jim Ryan is a director of another online bingo company that has a business relationship with Gamesys and, therefore, recuses himself from any Board discussions concerning this entity. The Board does not consider it a material relationship when compared to the revenue of either organisation and, notwithstanding his interest or proxy advisor feedback, continues to determine Mr Ryan as independent. The Board has, as stated above, satisfied itself that there is no compromise to the independence of those Directors who serve on the boards of outside entities, nor any conflicts of interest and in fact such appointments provide a benefit to the Board through the application of broad experience and diverse viewpoints.

Board time commitments

The Nomination Committee oversaw the contribution and time commitment of all the Non-Executive Directors during the year. The Committee takes into consideration the additional commitments of Directors (including Executive Directors) before recommending their approval for appointment. It also considered potential conflict issues as part of that assessment. The Nomination Committee and the Board, as mentioned above, are confident that each of the Non-Executive Directors are independent and will be in a position to discharge their duties and responsibilities in the coming year.

Company Secretary

Daniel Talisman is the Company Secretary of Gamesys Group plc. All of the Directors have access to his advice on governance matters and the services of the company secretarial team. The appointment and removal of the Company Secretary are matters reserved for discussion by the whole Board.

Composition, succession and evaluation

Board composition and expertise

During 2020, the composition of the Board has evolved, reflecting: (i) Simon Wykes stepping down from the Board, (ii) the integration of Gamesys, and (iii) the recruitment of a new Director, which was completed this year. There are now four Executive Directors on the Board who are considered to bring a comprehensive and complementary range of skills and expertise to the leadership team. The Non-Executive Directors are considered to have the requisite experience to contribute meaningfully to the Board's deliberations and resolutions. A summary of the skills and experiences of the Directors can be found on page 78.

Induction and professional development

The Chair, assisted by the Company Secretary, is responsible for ensuring that there is a properly constructed and timely induction for new Directors upon joining the Board. Upon appointment, all new Directors are provided a comprehensive induction, where they meet with key members of management and familiarise themselves with all core aspects of the Group, its businesses and the markets in which it operates.

The Chair also has the responsibility of ensuring that Directors receive training on a continual basis in support of their ongoing development. This training is provided by way of technical updates, reports and briefings prepared for Board meetings. Directors have full access to a regular and comprehensive supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

During the year, the Board held a strategy day to confirm and set the Company's strategic goals as well as receive detailed updates on operations and support functions. The Directors also received throughout the year briefings on various matters including market insights on the impact of the COVID-19 pandemic, climate change and other risks together with internal briefings on prospective regulatory changes.

External Board evaluation

An externally facilitated evaluation was undertaken in late 2020 by Independent Audit using a combination of individual interviews and observation of Board and Committee meetings. Further information can be found in the Nomination Committee Report on page 79.

Nomination Committee

We support moves to develop boardroom diversity whilst evaluating the balance of skills, experience and independence suitable for Gamesys Group plc

Colin Sturgeon
Chair of the Nomination Committee

Committee activities during 2020 and allocation of agenda time

2020 activities

Oversaw changes to the Board's composition (including the Chair's returning to a non-executive role and the completion of the Transition Director's work).

Recommended the adoption of the Board's D&I Statement.

Undertook external Board evaluation and reviewed its findings.

2021 focus

Taking into consideration the guidance within the Hampton-Alexander and Parker Reviews:
(i) Focus on succession planning for Executive Directors and senior management.
(ii) Develop the Board approach to diversity.

Deliver the agreed actions following the external board evaluation.

Nomination Committee continued

Dear Shareholder,

I am pleased to set out below the report on the activities of the Nomination Committee (the 'Committee') during the year. 2020 has been a year of transformational change for the Company and its Board. The main focus of the Committee during this past year has been on Board diversity and independence and performance evaluation. The Committee continues to monitor balance on the Board and senior management to ensure we have the right combination of skills, experience and knowledge consistent with the short-term and long-term strategy of the Company.

Responsibilities

The Committee assists the Board in discharging its responsibilities relating to the composition, size and structure of the Board. The Committee is responsible for evaluating the balance of skills, experience, independence, and knowledge on the Board and senior management to ensure that they are effective in discharging their responsibilities. The Committee follows a transparent and rigorous procedure to identify and nominate candidates for the Board and makes appropriate recommendations for appointment and retirement of Directors. The Committee also oversees the development of a diverse pipeline for succession, taking into account the capabilities and expertise that the Company will require in the future.

The Committee is composed of three members, two of whom are independent Non-Executive Directors (Colin Sturgeon, as Committee Chair, and Nigel Brewster), and Neil Goulden, the Chair of the Board.

Board Skills and Experience

	Governance	Strategy	Industry knowledge (online gambling)	Financial	Marketing	International	Digital	Remuneration matters
Non-Executive Directors								
Neil Goulden	◣	◣	◣	◣		◣		◣
Colin Sturgeon	◣	◣		◣		◣		◣
Nigel Brewster	◣	◣	◣	◣		◣		◣
Jim Ryan	◣	◣	◣	◣		◣	◣	◣
Katie Vanneck-Smith		◣			◣	◣	◣	
Andria Vidler	◣	◣			◣	◣	◣	◣
Executive Directors								
Lee Fenton	◣	◣	◣		◣	◣	◣	◣
Keith Laslop	◣	◣	◣	◣		◣	◣	◣
Robeson Reeves		◣	◣		◣	◣	◣	
Tina Southall		◣	◣			◣	◣	◣

The Committee meets formally at least twice a year and otherwise as required.

Boardroom diversity

Gamesys Group plc recognises the benefits that diverse viewpoints can make to decision-making. When Board positions become available, the Company is committed to supporting diversity and inclusion in the boardroom considering a diverse range of candidates and has in mind the Hampton-Alexander Review which recommended that FTSE 350 companies adopt a target 33.3% as the minimum level of female representation on boards by 2020. The Company participated in the 2020 business-led independent review and endorses its findings. The Company's Board now consists of 30% female representation (up from 20% in 2019). The Company also notes Sir John Parker's recommendation to improve ethnic and cultural diversity for UK-listed boards.

Our Non-Executive Directors are drawn from a wide range of backgrounds and industries, including entertainment, telecommunication, investment banking, marketing and digital innovation and have a wealth of experience in international organisations with complex structures which is hugely beneficial to the Company, contributing to its strategic direction and long-term sustainable success.

During the year, the Board approved and adopted a Diversity and Inclusion statement and, as announced on 9 March 2021, Tina Southall, Chief People Officer, was appointed to the Board with immediate effect. Our success as an organisation in weathering the COVID-19 pandemic could not have been achieved without a loyal and resilient workforce whose voice can now be championed by both Katie Vanneck-Smith, our Employee Voice Director, and Tina. Tina's appointment signals further commitment and priority, both to our people and our approach to diversity. The Committee continues to review the Board's composition and, if appropriate, will make recommendations to the Board regarding the appointment of further independent, Non-Executive Directors with the desired skills and expertise to support the increasing international complexity of the Group and consistent with both the Group's Diversity and Inclusion statement and the recommendations of the Hampton-Alexander and Parker Reviews.

Board appointments process

Appointments to the Board are subject to a formal, rigorous and transparent procedure. As mentioned above, Tina Southall will join the Board on 9 March 2021 and Blackwood Group remains engaged to support the Committee on future searches.

Succession planning

The Committee reviewed the succession framework maintained for the Board and determined the areas that required focus, including diversity of knowledge and experience of Board members and their tenure, to manage Board succession and support the Board appointment process. A summary of the skills and experiences of the Directors and details of their length of tenure can be found on pages 70 and 71.

External Board evaluation

The Code recommends that externally facilitated evaluation of the performance of the Board should take place at least every three years. In line with this recommendation, the Committee selected Independent Audit to undertake an external evaluation of the Board and its committees commencing Q4 2020 and agreed the scope of the review. The evaluation was conducted through in-depth facilitated interviews with all board members and senior executives, observation of meetings, and review of meeting papers and minutes.
The review looked comprehensively at all aspects of board effectiveness. The Board have approved a three-year engagement with Independent Audit to cover the initial full evaluation and a follow up review in the following two years to check the progress against findings and recommendations. Independent Audit has no other connection with the Company or its individual Directors.

External evaluation findings

Independent Audit found that the Board has a number of strengths which positioned it well to respond to future challenges. Transparency, diversity and alignment were praised in particular. The Board had adapted itself well to virtual working and had supported the integration of the two businesses enabling the continued, rapid development of the Group. Three main areas were identified at the conclusion of the external evaluation for the Board to consider:

- enhancements to Board reporting to enable further challenge by directors;
- additional integration of risk management at Board level; and
- develop executive succession planning following the successful transition of Neil Goulden to Non-Executive Chair.

I look forward to updating on the progress made in our 2021 Annual Report.

I will be happy to answer questions on the work of the Committee at the AGM, if we are able to hold it in person. My Committee colleagues and I are also happy to receive any questions or comments from shareholders at AGM2021@gamesysgroup.com.

Colin Sturgeon

Chair of the Nomination Committee

8 March 2021

Environmental, Social and Governance ('ESG') Committee

Driving forward an industry-leading approach to sustainability

Andria Vidler
Chair of the ESG Committee

Committee activities during 2020 and allocation of agenda time

2020 activities

- **Approved the new Group sustainability strategy, 'Gamesys Cares' and the ambition to be recognised as an industry leader for sustainability.**
- **Introduced a suite of new sustainability policies: the Global Sustainability Commitment, Human Rights Policy and Environment, Energy & Carbon Policy.**
- **Monitored and supported the activities of the Gamesys Foundation.**
- **Committed to becoming an operational carbon neutral organisation (achieved in Q1 2021).**

2021 focus

- **Delivery of the Gamesys Cares strategic goals.**
- **Continued review of responsible gambling activities.**
- **Embedding our signatory commitments to the UN Global Compact.**
- **Raising our ESG profile through communication and ESG rating schemes.**
- **Effective management of climate change risk through implementation of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.**

Dear Shareholder

Last year we took bold steps to significantly enhance our approach to Environmental, Social and Governance (ESG) and I'm pleased to share the ESG Committee's role in this.

Responsibilities

The ESG Committee is responsible for overseeing and publicly reporting on the Company's approach to all aspects of sustainability, including responsible gambling and stakeholder engagement.

The Committee's duties include reviewing Company policies and controls that i) support its vulnerable members, (ii) manage the Company's relationships with stakeholders and (iii) protect the Group from any external issues that have the potential to materially affect the Company's business and reputation.

Composition and meetings

The ESG Committee is comprised of three Non-Executive Directors: Andria Vidler (chair), Neil Goulden and Katie Vanneck-Smith. Two out of three of the members are independent.

Formal ESG Committee meetings are held at least twice a year, and otherwise as required. In 2020 three meetings took place.

Colleague representatives and external experts are invited to attend Committee meetings as needed. The Group Sustainability Director, a new position responsible for co-ordinating and overseeing the Group's strategic sustainability approach, is invited to attend all meetings.

Following each Committee meeting I provide an update to the Board on the key matters that were covered.

Activities

During 2020 the Committee:

- Adopted a new sustainability strategy, 'Gamesys Cares' to drive sector leading performance in relation to player wellbeing, employee engagement, and building a brighter future for our communities and the environment.
- Oversaw the Group's approach to responsible gambling, including the adoption of the Global Sustainability Commitments (which define group-wide minimum standards) and launch of STRIPEs (our player wellbeing key performance indicators).
- Reviewed the Group's human rights impact assessment and approved introduction of the Group's first Human Rights Policy.
- Approved the introduction of the Group's first Environment, Energy & Carbon Policy including a commitment to becoming operationally carbon neutral.
- Monitored and supported the activities of the Gamesys Foundation, including substantial donations to Women's Aid and other charitable causes.
- Monitored employee sentiment and feedback via the Employee Voice representative.
- Reviewed the Company's compliance with gaming licences, and legal and regulatory marketing requirements.
- Agreed the Group's active participation in four investor ESG rating schemes: FTSE4Good, ISS, VE (previously Vigeo Eiris) and Bloomberg.

More details on the above activities can be found on pages 34 to 51.

For 2021 the top priority of the Committee is to deliver our Gamesys Cares strategy. Proudly we have already achieved one important milestone by becoming the first FTSE 250 gambling company to become a signatory of the UN Global Compact. We will continue to embrace and embed this important scheme in the years to come. Other Committee priorities include the on-going development of our approach to responsible gambling, implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), becoming signatories of the Living Wage and Prompt Payment Code and enhancing our ESG profile.

Reporting

The Committee recognises the importance of transparent ESG reporting and has supported the expansion of ESG information in this year's report. For the first time we have publicly shared our sustainability strategy and impact on the UN Sustainable Development Goals. We have also aligned our disclosures with the Global Reporting Initiative (GRI) by producing a 'GRI-referenced' report.

Both the Section 172(1) statement and Sustainability section of this Annual Report (pages 30 to 51) have been reviewed and approved by the Committee.

I will be happy to answer questions on the work of the Committee at the AGM, if we are able to hold it in person. My Committee colleagues and I are also happy to receive any questions or comments from shareholders at AGM2021@gamesysgroup.com.

Andria Vidler

Chair of the ESG Committee

8 March 2021

Audit & Risk Committee

We are committed to the continued development of a robust internal control and risk management framework

Nigel Brewster
Chair of the Audit & Risk Committee

Committee activities during 2020 and allocation of agenda time

2020 activities

Considered the enlarged Group's risk appetite and update the risk framework.

Continued to refine, develop and test the suite of internal controls for the enlarged Group.

Monitored the compliance by the enlarged Group's licensed companies with their respective regulators.

2021 focus

Oversee the restructure of the finance and reporting teams to support the expanded, international focus consistent with the Group's FY21 strategic goals.

Review the development of the Internal Audit function.

Continue to assess the compliance by the enlarged Group's companies with their respective operating licences.

Dear Shareholder

I am pleased to report on the work of the Audit & Risk Committee.

Role and responsibilities of the Audit & Risk Committee

The Audit & Risk Committee (the 'Committee') assists the Board in discharging its responsibilities with regard to monitoring the integrity financial reporting, external and internal audits and controls, including: reviewing the Company's annual financial statements; reviewing and monitoring the extent of the non-audit work undertaken by external auditors; advising on the appointment, reappointment, removal and independence of external auditors and assessing the quality of their services; and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the interim financial statements, including the half-yearly reports, remains with the Board.

The Committee is also responsible for: (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures; (ii) overseeing the implementation and maintenance of the overall risk management framework and systems; (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks; and (iv) establishing, reviewing and maintaining procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The recent changes in the external environment, both regulatory and political, including the impact of the COVID-19 pandemic and Brexit, have had a range of implications on the risk management activities of the Company. The Committee continues to monitor the uncertainties arising from these changes and consider the management and mitigation of these risks.

The membership of the Committee comprises three independent Non-Executive Directors – Nigel Brewster (Chair), Jim Ryan and Colin Sturgeon, with Keith Laslop attending from time to time as an observer. Each of the members of the Committee is considered 'financially literate' and Nigel Brewster is its Chair, who is considered to have recent and relevant financial experience.

The Committee meets formally at least four times a year and otherwise as required.

Activities

During 2020, the Committee met five times and its activities included the following:

Financial reporting:

- Review and recommendation to the Board for approval of the audited financial statements for the year to 31 December 2020 and the interim financial statements for the six months to 30 June 2020.
- Monitor the application of key accounting standards IFRS 9, IAS 38 and IFRIC 23.
- Reviewed accounting developments and their impacts and significant accounting issues.
- Review of the significant accounting policies and judgement areas in relation to the preparation of the full-year financial statements, including revenue recognition, taxation, goodwill impairment, credit risk provisions and contingent consideration.

External audit:

- Review of the report of the external auditor, BDO, on the audited financial statements for the year to 31 December 2020 and the interim financial statements for the six months to 30 June 2020.
- Considered the findings of the FRC's Audit Quality Review inspection of BDO's audit of the Company for the year ended 31 December 2019. In particular, the Committee reviewed both how BDO had addressed the points raised, and how these had been incorporated into the audit approach for the year ended 31 December 2020.
- Review of both the scope and letter of engagement for the 2020 full-year audit and audit planning, including setting materiality.
- Audit partner rotation.

Risk management:

- Approve the risk management framework for the enlarged Group following a detailed review performed by the newly established Internal Audit & Risk function.
- Review of the Group Risk Register in conjunction with supporting divisional and functional risk registers.
- Assessed the principal and emerging risks facing the enlarged Group.
- Advised the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment.

Internal controls:

- Continued oversight of the Company's compliance with the General Data Protection Regulation and the Company's approach to the treatment of data resulting from the UK's decision to leave the EU.
- Approved and recommended for the Board's adoption of a revised Delegation of Authority policy supporting the enlarged Group.
- Reviewed internal audit findings from Anti-Money Laundering control reviews and from a range of IT and software development processes.

Internal audit:

- Approval of the Internal Audit Plan for 2020.
- Review of the results of internal audit reviews on key areas of risk, which includes the review of material weaknesses and those associated corrective recommendations to management.
- Review the resources available to the Internal Audit team in order to deliver the annual Internal Audit plan for 2021.

Audit & Risk Committee continued

Activities continued

Whistleblowing:
• Approved and recommended for the Board's adoption a revised Whistleblowing policy supporting the enlarged Group.

Regulatory compliance:
• Received updates from the Chief Legal Officer and the Group Head of Compliance supporting the Group's work with its respective regulators.

Other:
• Reviewed the feedback and recommendations received following external performance evaluation. • Monitored the Company's cyber security arrangements and measures in place for managing related risks.

Financial reporting

The Audit & Risk Committee reviewed the financial statements published for both the six months ended 30 June 2020 and the 12 months ended 31 December 2020 and the associated reports of the external auditor in relation to those financial statements.

Significant issues and judgements that were considered in respect of the 2020 financial statements for the Company included:

- **Business combination accounting –** the Committee oversaw the Group's finalisation of the accounting for the Gamesys Acquisition in accordance with IFRS 3 (Business Combinations). The Committee reviewed the purchase price allocation prepared by management with the assistance of professional business valuers.
- **Goodwill impairment –** with the assistance of external professional valuers, the Group performs an annual goodwill impairment review which tests the Group's cash-generating units ('CGUs'). The Committee reviewed the impairment report verifying that key judgements, estimates and assumptions used (such as pre-tax discount rates and growth rates) were reasonable. The Committee concurred with management's assessment that goodwill in each of the Group's CGUs was not impaired.
- **Internally generated intangible assets –** during the year the Committee verified that development work relating to the Group's proprietary platforms, Enjoy and Excite, met the criteria for capitalisation under IAS 38 and that the process used to quantify costs was appropriate.
- **Taxation –** during the year the Board and Committee reviewed the tax operating manuals for Gamesys Group plc and Jackpotjoy Operations Ltd. verifying their respective approaches to decision-making and interactions with both UK third parties and other Group entities. The Committee also oversaw the Group's tax strategy and response to new UK and international tax regulations which came into effect during the year and their potential impact on the Group's financial statements.
- **Payment Service Providers ('PSP') –** the Committee considered the treatment of PSP reserves, related management of credit risk and concurred with management's provision against these balances.
- **Laws and regulations –** the Committee reviewed the Group's compliance with laws and regulations, including compliance with gaming regulations and licences.

External auditor

The Company's external auditor, BDO, was appointed in 2014 shortly after the formation of the Intertain group. As previously reported, the Committee had agreed with BDO that a new audit partner, Dominic Stammers, would be responsible for the firm's review conclusion for the Group's financial statements for the half year ended 30 June 2020 and audit opinion for the year ended 31 December 2020. The Committee has reviewed the effectiveness of the external audit process. This was based on the Committee's interaction with BDO and on the feedback from the Group's finance team. The Committee has satisfied itself that BDO continues to provide an effective audit service and the Committee has made a recommendation to the Board for the re-appointment of BDO to be proposed at the AGM.

Risk management and internal controls

The Committee has, on behalf of the Board, reviewed the effectiveness of the Group's risk management and systems of internal control. Such matters are also regularly considered by the Board. As a result of the review, the Committee has recommended to the Board that it considers the measures that have been in effect throughout the year ended 31 December 2020, or are planned to be implemented, are appropriate to the Group's circumstances.

The Board is committed to the continued development of internal controls and risk management. Notwithstanding that the Group's internal control systems accord with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', and that no significant failings or weaknesses are in evidence, the Board, through the Committee were in receipt of divisional and functional risk reports throughout the year that support the Group's overall risk register. Assurance on risk mitigating activities and controls is obtained through the delivery of the internal audit plan.

Internal audit

The Board has delegated to the Committee the responsibility for reviewing the effectiveness of the Group's systems of internal controls. This covers all material controls including financial, operational and compliance controls and risk management systems. The Company's Internal Audit & Risk function now delivers that internal assurance via the delivery of the Internal Audit Plan, which is structured to align with the key risks. The plan is developed by Internal Audit & Risk with input from management and the Committee. The role of the Internal Audit & Risk function is to provide independent, objective assurance and consulting services designed to add and protect value by improving the Group's operations and governance. As with other areas of the business, the Internal Audit & Risk function performed internal control reviews and testing remotely. The function will be augmented by specialist third-party external advisers to test controls (where necessary).

Non-audit services

In line with the new FRC Ethical Standard published in March 2020, the Committee updated its policy regarding the appointment of external auditors to perform non-audit services for the Group. The refreshed policy sets out the permitted non-audit services, some of which are subject to a fee cap of 70% of the average of the total fees for audit services for the last three consecutive financial years. In the year ended 31 December 2020, the total non-audit fees as a percentage of the audit fees paid to the external auditor was 20% (2019: 24%).

In the year ended 31 December 2020, the total fees paid to the external auditor in respect of non-audit services amounted to £119,000 (excluding the balance of fees relating to the Gamesys Acquisition). These services included covenant compliance, legacy Canadian control reporting, tax compliance services commencing in 2019 in relation to periods ending prior to the relevant subsidiary's acquisition by the Group, and the half year review of the interim financial statements for the six months to 30 June 2020.

On 8 March 2021, the Committee considered: (i) a review of the going concern basis of preparing the statutory accounts; (ii) a review of the system of internal control; (iii) an assessment of the principal risks and uncertainties; (iv) review of the policy for the provision of non-audit services by the external auditor; and (v) determination of the period over which it is appropriate to assess the Company's prospects with a view to preparing a viability statement as required by Provisions 28 to 31 of the Code.

I will be happy to answer questions on the work of the Committee at the AGM, if we are able to hold it in person. My Committee colleagues and I are also happy to receive any questions or comments from shareholders at AGM2021@gamesysgroup.com.

Nigel Brewster

Chair of the Audit & Risk Committee

8 March 2021

Directors' Remuneration Report

We take a disciplined approach to executive remuneration, ensuring that we incentivise and reward the right behaviours

Jim Ryan
Chair of the Remuneration Committee

Committee activities during 2020 and allocation of agenda time

2020 activities

- Reviewed and approved salary increases, bonus and LTIP awards for Executive Directors and senior management, including those for the wider workforce.
- Reviewed the Directors' Remuneration Policy and undertook a shareholder consultation in advance of seeking shareholder approval at the 2021 AGM.
- Setting remuneration package for the Non-Executive Chair.
- Launched all-employee share plans for the enlarged Group.

2021 focus

- Implementation of new Directors' Remuneration Policy.
- Launch the Group's new all-employee share plan.
- Deliver the G MINE free share award.

Letter from the Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2020.

In accordance with the requirements of the applicable remuneration reporting regulations, this report is presented in two sections:

- The Directors' Remuneration Policy (the 'Policy') – this sets out our forward-looking remuneration policy for Directors and will be subject to a binding vote at the 2021 Annual General Meeting ('AGM'). If approved, the Policy will take effect from the conclusion of that meeting.
- The Annual Report on Remuneration – this provides details of the amounts earned by Directors in respect of the year ended 31 December 2020. This (and this letter) will be subject to an advisory vote at the AGM.

Performance and variable pay outturns in respect of 2020

Following the transformative acquisition to create Gamesys Group plc in 2019, the integration of operations has progressed as expected, despite the unprecedented challenges presented by the COVID-19 pandemic. We maintained strong and sustainable growth during 2020; a period in which we completed the integration of our enlarged Group, entertained record numbers of active players, and significantly enhanced our propositions and technology platforms. Our outstanding operational performance has been underpinned by our intensified focus on responsible gambling and prioritising the health and wellbeing of our players as well as our employees. We have:

- not furloughed any of our employees;
- not utilised, any government assistance in any country; and
- not undertaken any redundancy programmes.

There is no doubt that this has provided a sense of job security to our people which has enhanced their loyalty to Gamesys.

Our business purpose of 'Crafting entertainment with care'; has never been more relevant and we remain committed to providing a fun, safe and entertaining environment for our global customer base to enjoy. We suspended all non-targeted customer marketing, including television and radio advertising, to protect customers and minors under lockdown as a result of COVID-19. We are also proud to be associated with Women's Aid, the national charity working to end domestic abuse against women and children. Women's Aid is a lifesaving federation of frontline domestic abuse services, supporting women and children at the most challenging times of their lives. In April 2020, Gamesys Group was proud to make a significant contribution towards the continued operation of the Women's Aid Live Chat Helpline.

For the financial year ended 31 December 2020, the Executive Directors excluding the Chair were eligible for a bonus of up to 100% of base salary. The bonus was assessed against Adjusted EBITDA (75%) and personal objectives (25%), with the personal objectives subject to an additional requirement that a threshold Adjusted EBITDA performance level be achieved.

Neil Goulden as Executive Chair was eligible for a bonus of up to 150% of base salary. The bonus opportunity was based on Adjusted EBITDA (75%) using the same measures as applied to the other Executive Directors' opportunities, and individual personal objectives (75%), with personal objectives subject to threshold Adjusted EBITDA performance level. The additional bonus opportunity for Neil Goulden reflected his non-participation in the LTIP in 2020.

As set out on page 103, based on the performance of the Group in relation to Adjusted EBITDA and the performance of Executive Directors against personal objectives and, in the case of Neil Goulden, personal strategic objectives, bonuses for the year equal to 150%, 100%, 98%, 99% and 100% of salary have been earned by Neil Goulden, Lee Fenton, Keith Laslop, Robeson Reeves and Simon Wykes, respectively. For Neil Goulden, 50% of the after-tax bonus will be invested into shares of Gamesys Group plc which must be retained until the end of a period of three years from the date on which the bonus is determined. For Simon Wykes, his bonus will be time prorated reflecting leaving the business on 30 September 2020. This is discussed further on page 101. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and is appropriate.

The LTIP awards granted in March 2018 to Keith Laslop and Simon Wykes were subject to performance conditions based on relative total shareholder return (TSR) performance (as regards 50% of the awards) and compound annual growth in earnings per share (EPS) (as regards 50% of the awards, in each case assessed over the three years ended 31 December 2020. Following assessment of the performance conditions, the 2018 LTIP awards vested at 89.91% of maximum (125% of salary). This is discussed further on page 105. The Committee considers the level of payout is reflective of the overall performance of the Group over the three-year performance period ended 31 December 2020 and is appropriate.

The Committee also awarded nil-cost options under the LTIP to Executive Directors (excluding the Executive Chair) during the year. The number of shares awarded to each Executive Director was equivalent to 125% of base salary calculated by reference to the market value of the Company's shares at the date of award (25 March 2020). These awards are reflected in the table on page 106.

Directorate changes

Simon Wykes

Following the announcement on 11 August 2020, Simon Wykes stepped down as Transition Director and left the business on 30 September 2020. The arrangements applied in respect of his remuneration comply with the policy and have been detailed within the Payments for loss of office section on page 107.

Directors' Remuneration Report continued

Letter from the Chair of the Remuneration Committee continued

Neil Goulden

As announced on 11 August 2020, with effect from 1 October 2020, Neil Goulden returned to the position of Non-Executive Chair. As Executive Chair, Neil participated in the 2020 bonus arrangements. As set out above, based on performance in the year he earned a bonus of 150% of salary. As detailed on page 103, his personal objectives were fulfilled in an accelerated manner over nine months rather than the anticipated twelve and are reflected in both the successful integration of two businesses following the transformative merger which completed in September 2019 and the Group's overall financial performance for 2020. Additionally, Neil Goulden has played a key role in supporting the Company's engagement with the Betting & Gaming Council and shaping the Group's response to UKGC's customer interactions call for evidence foreshadowing material changes to the UK's regulatory landscape. As a result, the Committee decided that it was appropriate not to pro-rate the bonus earned to the end of September 2020. 50% of the bonus earned (after-tax) will continue to be invested in shares which must be retained for a period of three years from the date on which the bonus is determined.

As Non-Executive Chair, Neil Goulden's Chair fee is £275,000 per annum (as Executive Chair, his salary was previously £307,500) and the notice period will be one month from both the Company and Director. He will not be eligible to receive any further awards under the annual bonus and will not participate in any future LTIP awards.

Tina Southall

As set out on page 9, we are delighted that Tina Southall has been appointed to the Board with effect from 9 March 2021. Her remuneration arrangements are in line with the proposed Policy and will be disclosed in our 2021 Remuneration Report.

Our Policy

The new Policy is proposed in the context of the business being significantly larger in scale and complexity. When our Policy was last approved, our market capitalisation was c. £612m (six-month average to 7 June 2018); it is now c. £1.185bn (6-month average to 31 December 2020) representing an increase of c. 93.7%. Our number of employees has increased from 467 to 1,576 following the completion of the Gamesys acquisition in September 2019.

Our new Policy will continue to incentivise the delivery of our long-term strategy and key strategic goals and maintain the strong alignment of Director remuneration and shareholder interests. However, in light of our increase in size and complexity, we want to ensure our Policy has the flexibility to attract and retain senior executives to achieve our future ambitions as a FTSE 250 company.

The Committee considers that the current Policy and overall remuneration framework continue to be fit for purpose. The proposed changes are to provide further alignment to best practice, taking into account the revised UK Corporate Governance Code and ensuring we retain sufficient flexibility over the next three years to support the execution of our strategy. The proposed changes to the current Policy have been summarised below. How we propose to operate the Policy in 2021 is set out on page 92.

Reward element	Current Policy	Proposed Policy
Salary	• The Committee ordinarily reviews base salaries annually taking into account a number of factors, including (but not limited to) the value of the individual, their skills and experience and performance.	• No significant change.
Benefits	• The Company provides benefits in line with market practice and includes the use of a fully expensed car (or car allowance), medical cover for the Executive Director and his / her spouse and dependent children, permanent health insurance and life assurance scheme.	• No significant change other than the inclusion of a specific reference to the all-employee share plans (SAYE and SIP).
Retirement benefits	• Up to 10% of salary.	• Pension for Executive Directors aligned with the wider workforce (currently 5% of salary).
Annual bonus	• Maximum opportunity of 125% of salary. • Paid in cash. • At least 50% of the opportunity to be based on financial measures. • Malus and clawback provisions apply. • Discretion to amend the formulaic output if it does not reflect the Committee's assessment of overall business performance.	• Maximum opportunity increased to 150% of salary. For 2021, the maximum opportunity for Executive Directors will be 125% of salary. • Any increase in quantum will also be commensurate with an increase in the stretch in targets. • Bonus deferral is being introduced such that up to 33% of the whole bonus will be deferred into shares for two years. • At least 50% of the opportunity to be based on financial measures. • In line with our current approach, the vesting level for on-target financial performance is 50% of maximum. • Malus and clawback provisions will continue to apply, with the circumstances in which they can be operated expanded to include serious reputational damage and material corporate failure. • The discretion to amend formulaic outputs will be varied such that in addition to overall performance, circumstances that were unexpected or unforeseen at the start of the year (or any other reasons at the discretion of the Committee) may be considered.

Reward element	Current Policy	Proposed Policy
LTIP	• Maximum opportunity 125% of salary, 250% in exceptional circumstances. • Vesting by reference to performance over three years, with awards then subject to a two-year holding period. • Typical flexibility to set performance measures based on financial measures. • Threshold vesting: 25% of maximum. • Malus and clawback provisions apply.	• Maximum opportunity increased to 150% of salary, and remains at 250% in exceptional circumstances. For 2021, awards will be granted at the same level as 2020, 125% of salary. • Any increase in quantum in future years will be commensurate with an increase in the stretch in targets. • Three-year performance period and two-year holding period will continue to apply. • Increasing flexibility to set performance measures other than financial i.e. strategic / individual measures, at least 50% of the opportunity to be based on financial measures. • Threshold vesting will be up to 25% of maximum. • Malus and clawback provisions will continue to apply, with the circumstances in which they can be operated expanded to include serious reputational damage and material corporate failure. • Discretion has been introduced to amend formulaic outputs which do not reflect overall performance, are inappropriate in the context of unexpected or unforeseen circumstances, or any other reasons at the discretion of the Committee.
Post-employment shareholding	• Shares acquired from LTIP or deferred bonus awards granted after 1 January 2019, are subject to the following post-employment shareholding guidelines: • Following employment, for the first 12 months following cessation, an Executive Director must retain shares with a value (at cessation) equal to 200% of base salary, and for the following 12 months he or she must retain shares with a value equal to 100% of base salary. The requirement does not apply to shares Executive Directors have purchased.	• Under the new policy the post-employment shareholding requirements have been updated such that shares acquired from LTIP or deferred bonus awards granted after 1 January 2021 are subject to the following post-employment shareholding guidelines: • Following employment, an Executive Director must retain for two years after cessation of employment, such of the relevant shares as have a value at cessation equal to the during employment guideline (i.e. 200% of salary); or in either case and if fewer, all of the relevant shares. The requirement does not apply to shares Executive Directors have purchased.

Implementation of the Policy in 2021

Subject to shareholder approval of the Policy at the 2021 AGM, we propose to implement it as set out below.

Fixed pay

The Executive Directors' base salaries were reviewed in December 2020. Following that review, the Executive Directors' salaries were increased as follows with effect from 1 January 2021. Lee Fenton's and Keith Laslop's salary increases are within the range of increases applied to the wider workforce.

	Salary with effect from 1 January 2020	Salary with effect from 1 January 2021	Increase %
Lee Fenton	£518,250	£528,615	2%
Robeson Reeves	£362,775	£450,000	24%[1]
Keith Laslop	£467,000[2]	£476,340	2%

1. Reflecting a significantly increased role and corresponding responsibilities within the enlarged Group following 2019's acquisition of the Gamesys business. This salary increase reflects the material change in the scale and complexity of the business and the ongoing double-digit growth being delivered by the Commercial team, under the direction of Robeson Reeves, combined with our ambitious plans for the future. The Committee considered phasing Robeson Reeve's salary increase, however reflecting his significantly increased roles and responsibilities within the enlarged group, in addition to the ongoing double-digit growth being delivered by the Commercial team, the Committee believes it is appropriate increase his salary to £450,000 without phasing. Robeson Reeves, alongside all the other executives performances are reviewed by the Committee on an ongoing basis to ensure their remuneration is reflective of the performance of the Group and the wider stakeholder experience.
2. Keith Laslop's salary has previously been listed in US Dollars, following his relocation to the UK his Sterling salary will be £467,000 effective from October 2020 (based on a six-month average exchange rate to October 2020 of £1:$1.2687 of his USD salary effective 1 January 2020 of $592,450).

Pension contribution entitlements for incumbent Executive Directors will be at the same rate available to the wider workforce (currently 5% of salary). Keith Laslop currently does not receive pension entitlements however, per his new UK Service Contract, it is proposed that his pension entitlements will be aligned with the wider workforce at 5% of salary.

2021 annual bonus

For 2021, the maximum opportunity for Executive Directors will be 125% of salary. In line with best practice alongside the increase in bonus quantum, we are also introducing bonus deferral for the Executive Directors and 20% of any bonus earned (not just the proportion earned above 100% of salary) in respect of 2021 will be deferred into shares for two years.

Directors' Remuneration Report continued
Letter from the Chair of the Remuneration Committee continued

The Committee will keep under review any subsequent increase above 125% of salary (up to the proposed maximum of 150% of salary) and this will be conditional upon continued strong performance of the Group. Any increase in quantum will also be commensurate with an increase in the stretch in targets. Furthermore, if the opportunity is increased the level of deferral would increase such that for an opportunity of 150% of salary one-third of any bonus earned would be deferred into shares for two years.

For 2021, the bonus opportunity will be based on Adjusted EBITDA (75% of maximum) and individual strategic personal objectives (25% of maximum), with any vesting under the individual personal objectives being subject to the achievement of the threshold Adjusted EBITDA target. For 2021, the Committee intends to include an ESG-related objective within the individual strategic personal objectives element of the annual bonus.

The Committee considers that Adjusted EBITDA is closely aligned to the Group's key performance metrics and encourages sustainable growth year by year, and that the use of individual/strategic objectives provides an appropriate link to the Group's longer-term strategy.

The Committee has discretion to amend formulaic outputs such that in addition to overall business performance, circumstances that were unexpected or unforeseen at the date of grant (or any other reasons at the discretion of the Committee) may be considered.

2021 LTIP

For 2021, the intention is to grant awards at the same level as 2020, 125% of salary. It is envisaged that the LTIP award for 2022 will be the first LTIP awards to be granted at the level of 150% of salary, conditional upon continued strong performance of the Group. Any increase in quantum in future years will be commensurate with an increase in the stretch in targets. The performance measures will be based on EPS (25% of the award) and relative TSR (75% of the award) as with the 2020 awards, see page 94 for further details. A two-year holding period will continue to apply to our Executive Directors following completion of the three-year performance period.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
EPS	25%	Compound annual growth of 5%	Compound annual growth of 14%
Gamesys' TSR relative to a bespoke peer group[1]	50%	Median	Upper quartile
Gamesys' TSR relative to the FTSE 250 (excluding investment trusts and financial services companies)	25%	Median	Upper quartile

1. Betsson AB, Entain plc, Flutter Entertainment plc, Kindred Group plc, Playtech plc, Rank Group plc and 888 Holdings plc.

During the year the Committee reviewed the bespoke peer group and agreed to add two new companies to the peer group and to replace William Hill (currently under acquisition). The Committee agreed to include Betsson AB and Kindred Group plc, who are both Swedish-listed and are of a similar size and nature to Gamesys. The Committee is satisfied that the revised comparator group is appropriate.

The Committee reviewed the EPS targets. As a result, the current targets of 5% to 14% p.a. are still considered to be stretching in light of internal and external forecasts, market uncertainty and potential regulatory changes which may affect the gaming industry.

In line with the proposed Policy, it is the Committee's intention to invite the Executive Directors to join the all-employee share plans during the 2021 financial year.

Non-Executive Director fees

As detailed above, Neil Goulden returned to the position of Non-Executive Chair with effect from 1 October 2020 with a fee of £275,000 per annum, which will continue to apply for 2021. The Non-Executive Director fees were last reviewed in 2019, with new fees effective from 1 January 2020, and no changes will be made for 2021. The Committee considers that the Non-Executive Directors' fees appropriately reflect the work and responsibilities associated with each role.

	Fees from 1 January 2021
Non-Executive Chairman fee	£275,000
Basic fee paid to all Non-Executive Directors	£65,000
Supplementary fees:	
Senior Independent Director	£15,000
Remuneration Committee Chair	£10,000
Audit & Risk Committee Chair	£10,000
Nomination Committee Chair	£10,000
ESG Committee Chair	£10,000
Employee Voice Director	£10,000

Alignment of the Policy with the 2018 Corporate Governance Code ('2018 Code')

In determining the new Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the 2018 Code. Measures to avoid or manage potential conflicts of interest are discussed within our Corporate Governance Report on page 75.

Principle	
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We operate simple variable pay arrangements, which are subject to clear performance measures aligned with the Group's strategy and the interests of all stakeholders and our Purpose, Values and Strategy.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Details of our remuneration arrangements are disclosed clearly and concisely.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Committee to have appropriate regard to risk considerations. Annual Bonus deferral has been introduced for 2021 onwards providing longer term alignment with shareholders' interests. The Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found on page 95.
Proportionality: the link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance.	We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Committee considers the approach to wider workforce pay and policies when determining the Directors' Remuneration Policy to ensure that it is appropriate in this context.
Alignment to Culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	As part of our culture and, in particular, our DNA strand 'Be One Team', we want all employees within the enlarged Group to share in the success of the Group, with their interests aligned to those of shareholders. We have displayed this through the launch of our all-employee share plans in 2020.

We have consulted with shareholders on the design and implementation of our Policy and, overall, the views of our shareholders on the new Policy were supportive and we have incorporated their feedback into the new Policy. We will continue to engage with our shareholders and trust that you will support the resolutions to be proposed at the 2021 AGM in relation to the Directors' Remuneration Report.

I believe our new Policy gives our shareholders a clear understanding of our approach to executive remuneration and an assurance that we are adopting an approach which properly incentivises the achievement of the Company's objectives. I will be happy to answer questions on executive remuneration at the AGM, if we are able to hold it in person and I hope that shareholders will give the Policy and the report their support at that meeting. My Committee colleagues and I are happy to receive any questions or comments from shareholders at AGM2021@gamesysgroup.com.

Jim Ryan

Chair of the Remuneration Committee

8 March 2021

Directors' Remuneration Report continued

Directors' Remuneration Policy

This part of the Directors' Remuneration Report sets out Gamesys Group plc's Directors' Remuneration Policy which, subject to shareholder approval at the 2021 Annual General Meeting, shall take binding effect from the close of that meeting.

The Policy is determined by the Company's Remuneration Committee ('the Committee'). The approach the Committee took to developing the Policy is set out in the letter from the Chair of the Committee on pages 87 to 91, along with a summary of the principal changes between the former policy and this Policy. Other minor changes have been made to the former policy as a consequence of these principal changes or to aid the operation of the Policy or to take account of developments in practice since the former policy was adopted.

The Company's remuneration package for Executive Directors has been designed with the following aims:

- to attract, retain and motivate high-calibre senior management talent, and to focus these individuals on the delivery of the Group's strategic and business objectives;
- to have a competitive mix of base salary and short-term and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Company's performance;
- to promote and maintain a strong and sustainable culture of performance in the Group, with transparent and stretching performance conditions that are rigorously applied;
- to provide appropriate alignment between strategic goals, shareholder return and executive reward;
- to provide incentives that promote responsible growth for the Group's various businesses; and
- to align the interests of senior management with those of shareholders.

Policy for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
Core element of fixed remuneration reflecting individual's role and experience.	The Committee ordinarily reviews base salaries annually taking into account a number of factors, including (but not limited to) the value of the individual, their skills and experience and performance. The Committee also takes into consideration: • pay increases generally; and • Group organisation, profitability and prevailing market conditions.	Whilst there is no maximum salary, increases will normally be within the range of salary increases awarded (in percentage of salary terms) to other employees of the Group. However, higher increases may be awarded in certain circumstances, such as: • on promotion or in the event of an increase in scope of the role or individual's responsibilities; • where an individual has been appointed to the Board at a lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience; • change in size and/or complexity of the Group; and/or • significant market movement. Such increases may be implemented over such time period as the Committee deems appropriate.	While no formal performance conditions apply, an individual's performance in their role is taken into account in determining any salary increase.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits			
Core element of remuneration provided on a market competitive basis.	The Company provides benefits in line with market practice and includes the use of a fully expensed car (or car allowance), medical cover for the Executive Director and his/her spouse/ partner and children, permanent health insurance and life assurance scheme. Other benefits may be based on individual circumstances, which may include relocation costs, travel and accommodation expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.	Not applicable.
Retirement benefits			
Provide a competitive means of saving to deliver appropriate income in retirement.	The Company may make a contribution to a defined contribution scheme or a personal pension. In appropriate circumstances, an Executive Director may receive a salary supplement in lieu of a contribution to a pension scheme (or a combination of a contribution and a salary supplement).	A Company pension contribution (or salary supplement, or combination of pension contribution and salary supplement) not exceeding the contribution available to the wider workforce (currently 5% of salary).	Not applicable.
Annual bonus			
The executive bonus scheme rewards Executive Directors for performance in the year against targets and objectives linked to the delivery of the Company's strategy.	Targets and objectives are reviewed annually and any payout is determined by the Committee after the year end. The Committee has discretion to amend the payout should: (1) any formulaic output not reflect the Committee's assessment of overall performance; (2) any formulaic output be inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year; or (3) there be any other reason why an amendment is appropriate. If a bonus opportunity in excess of 100% of salary is awarded, up to one third of any bonus earned will be deferred into shares for a period of two years. Deferred bonus awards may take the form of nil cost options, conditional awards of shares or such other form as has a similar economic effect. Additional shares may be awarded in respect of shares subject to deferred bonus awards to reflect the value of dividends which would have been paid on those shares during the period beginning with the date of grant and ending with the vesting date (this payment may assume that dividends had been reinvested in Gamesys Group plc shares on a cumulative basis). The Committee may permit or require the deferral of a greater proportion of any bonus earned. Recovery provisions apply, as referred to below.	150% of base salary, although the maximum bonus opportunity will be capped at 125% of salary for 2021.	Targets (which may be based on financial or strategic measures, including ESG measures) and individual objectives are determined to reflect the Company's strategy. At least 50% of the bonus opportunity is based on financial measures which may include, but are not limited to, EBITDA and Net Leverage. The balance of the bonus opportunity will be based on financial measures and/ or the delivery of strategic/ individual measures. Ordinarily for achieving a threshold level of performance in respect of a financial measure, up to 20% of the bonus for that measure is earned rising to, 50% for achieving a target level of performance and to 100% for achieving or exceeding the maximum performance level. For 2021, the bonus opportunity subject to financial performance will be measured on a straight-line basis between threshold and target, and between target and stretch respectively. Bonuses in respect of non-financial measures will be earned between 0% and 100% of the opportunity based on the Committee's assessment of the extent to which the relevant measure has been met. For 2021, bonuses in respect of non-financial measures (which include an ESG measure) will be earned subject to a threshold level of financial performance being met.

Directors' Remuneration Report continued
Directors' Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-term incentive plan ('LTIP')			
The LTIP provides a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned to shareholders' interests.	Under the LTIP, the Committee may grant awards as conditional shares, as nil (or nominal) cost options or as cash-settled equivalents. Awards will usually vest following the assessment of the applicable performance conditions, but will not be released (so that the participant is entitled to acquire shares) until the end of a holding period of two years beginning on the vesting date. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The Committee has discretion to amend the formulaic vesting outturn should: (1) any formulaic output not reflect the Committee's assessment of overall performance; (2) any formulaic output be inappropriate in the context of circumstances that were unexpected or unforeseen at the date of grant; or (3) there be any other reason why an amendment is appropriate. Additional shares may be awarded in respect of shares which vest under the LTIP to reflect the value of dividends which would have been paid on those shares during the period beginning with the date of grant and ending with the release date (this payment may assume that dividends had been reinvested in Gamesys Group plc shares on a cumulative basis). The Committee may, at its discretion, structure awards as Qualifying LTIP Awards, consisting of a tax-qualifying Company Share Option Plan ('CSOP') option with a per share exercise price equal to the market value of a share at the date of grant and an ordinary nil-cost LTIP award, with the ordinary award scaled back at exercise to take account of any gain made on exercise of the CSOP option. Recovery provisions apply as referred to on page 95.	The maximum award level in respect of any financial year is 150% of salary, although the maximum grant will be capped at 125% of salary for 2021. Awards may be granted at up to 250% of salary in exceptional circumstances. If a Qualifying LTIP is granted, the value of shares subject to the CSOP option will not count towards the limit referred to above, reflecting the provisions for the scale back of the ordinary LTIP award.	Performance measures for LTIP awards will include financial measures (which may include, but are not limited to, EPS and relative TSR) and may include strategic measures (which may include ESG measures). At least 75% of the award will be subject to performance conditions based on financial measures. Subject to the Committee's discretion to override formulaic vesting outturns, awards will vest as to 25% for threshold performance, rising to 100% for maximum performance.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
All employee share plans			
The Company operates: • a UK tax qualifying Save As You Earn Plan and an international Save As You Earn Plan, including a tax qualifying Employee Stock Purchase Plan in the US (together the 'SAYE'); and • a UK tax qualifying Share Incentive Plan and an international Share Incentive Plan (together the 'SIP').	SAYE: In the UK, a monthly savings scheme with discounted share options. The international element of the SAYE operates on a broadly equivalent basis. SIP: In the UK, a tax qualifying plan permitting the award of free, partnership or matching shares. Dividends paid on plan shares may be delivered in the form of additional dividend shares. The international element of the SIP operates on a broadly equivalent basis.	In the UK, the SAYE and SIP limits reflect the applicable tax legislation. Outside the UK, the limits on participation are set by reference to the UK plan with the goal of providing a broadly equivalent basis taking into account the circumstances of the plans' operation.	SAYE: No performance conditions in line with usual practice. SIP: Although awards under the SIP may be made subject to performance conditions, in line with usual practice there is no intention to do so.

Recovery provisions (malus and clawback)

Malus: The annual bonus opportunity may be cancelled or reduced before payment and an LTIP award may be cancelled or reduced before vesting.

Clawback: For up to two years following payment of the cash part of a bonus or the vesting of an LTIP award, the bonus paid may be recovered (including that any deferred bonus award may be cancelled or reduced before vesting) or the LTIP award cancelled or reduced (if it has not been exercised) or the Executive Director may be required to make a payment to the Company in respect of some or all of the shares acquired.

Circumstances in which malus and/or clawback may apply: Malus and/or clawback may be applied in the event of material corporate failure, material error or misstatements of results, material failure of risk management, material misconduct by the Executive Director, serious reputational damage, or information coming to light which if it had been known previously would have affected the grant or vesting decision.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

Explanation of performance metrics

Performance measures for the LTIP and annual bonus are selected to reflect the Company's strategy. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

Annual bonus

The annual bonus can be assessed against financial, strategic and/or individual targets determined by the Committee with at least 50% subject to financial targets.

For 2021, the bonus opportunity for the Executive Directors will be based on EBITDA (75% of the bonus) and individual strategic objectives, including one or more ESG measures (25% of the bonus), with any vesting under the individual strategic objectives being subject to the achievement of the threshold EBITDA target.

LTIP

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. Currently, the application of EPS and TSR targets to the LTIP is considered to align management's objectives with those of shareholders for the longer term.

Adjustment of performance metrics

The Committee may vary or substitute any performance measure if an event occurs which causes it to determine that it would be appropriate to do so (including to take account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that any such variation or substitution is fair and reasonable and (in the option of the Committee) the change would not make the measure materially less demanding than the original measure would have been but for the event in question. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report.

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Operation of share plans

The Committee may amend the terms of awards and options under its share plans in accordance with the plan rules in the event of a variation of Gamesys Group plc's share capital or a demerger/merger, special dividend, or other similar event or otherwise in accordance with the rules of those plans. The Committee may operate any such plan in accordance with its rules. Share awards granted under any such plan may be settled, in whole or in part, in cash, although the Committee would only do so where the particular circumstances made this the appropriate course of action (for example, where a regulatory reason prevented the delivery of shares).

Shareholding guidelines

To align interests of Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines, which apply both during and after employment.

Shareholding guidelines during employment

Executive Directors are expected to retain half of all shares acquired under the LTIP (after sales to cover tax) until such time as their holding has a value equal to 200% of gross salary. Shares subject to LTIP awards which have vested but have not been released (that is, which are in a holding period), or which have been released but have not been exercised, count towards the guidelines on a net of assumed tax basis.

Shareholding requirement after employment

Shares are subject to this requirement only if they are acquired from LTIP or deferred bonus awards granted after 1 January 2021. Following employment, an Executive Director must retain for two years after cessation of employment, such of the relevant shares as have a value at cessation equal to the during employment guideline (i.e. 200% of salary); or in either case and if fewer, all of the relevant shares.

Policy for Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
Fees and benefits		
To provide fees within a market competitive range reflecting the experience of the individual, responsibilities of the role and the expected time commitment. To provide benefits, where appropriate, which are relevant to the requirements of the role.	The fees of the Non-Executive Directors are determined by the Board. The Chairman's fees are determined by the Committee. Non-Executive Directors are not eligible to participate in any of the Company's share schemes, incentive schemes or pension schemes. Non-Executive Directors may be eligible to receive benefits such as travel and other reasonable expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	Fees are set taking into account the responsibilities of the role and expected time commitment. Non-Executive Directors are paid a basic fee, with additional fees paid for chairing of Committees, holding the role of Senior Independent Director, and holding the role of Employee Voice Director. Additional fees may be paid for other responsibilities or time commitments. Where benefits are provided to Non-Executive Directors they will be provided at a level considered to be appropriate taking into account the individual circumstances.

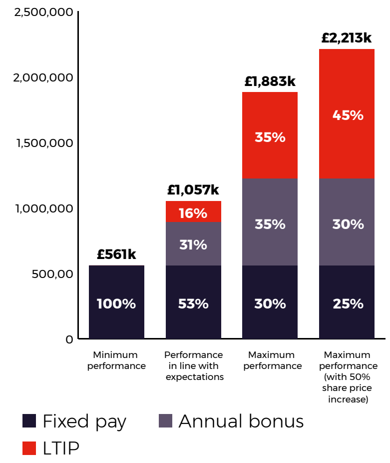
Policy for the remuneration of employees more generally

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long-term success of the Company. The Company intends to apply this policy fairly and consistently, and does not intend to pay more than is necessary to attract and motivate staff. In respect of the Executive Directors, a greater proportion of the remuneration package is 'at risk' and determined by reference to the performance conditions.

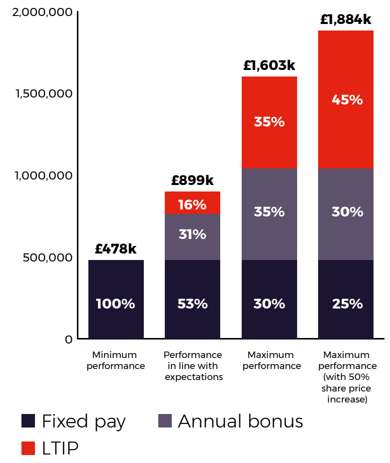
Illustrations of application of remuneration policy

The following charts provide an illustration, for each of the Executive Directors, of the application for the 2021 financial year of the policy. The charts show the split of remuneration between fixed pay (base salary, benefits and employer pensions contributions/salary supplement), annual bonus and long-term incentive pay on the basis of minimum remuneration, remuneration receivable for performance in line with Gamesys Group plc's expectations, maximum remuneration, and maximum remuneration assuming a 50% increase in the share price for the purposes of the LTIP element.

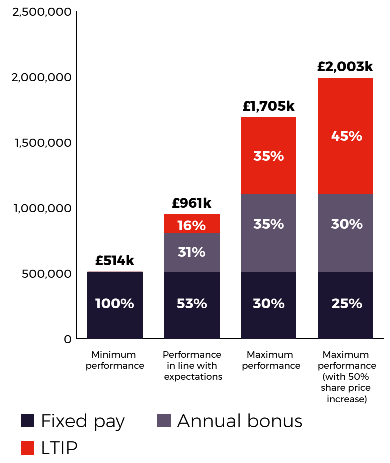
Lee Fenton



Robeson Reeves



Keith Laslop



In illustrating the potential reward, the following assumptions have been made.

	Fixed pay	Annual bonus	LTIP
Minimum performance		No bonus	No LTIP vesting
Performance in line with expectations	Base salary (being the latest known salary as at 1 January 2021). Employer pension contributions at an assumed rate of 5% based on the latest known salary. Benefits as disclosed in the single figure table on page 101 for 2020. Keith Laslop's relocation allowance has been excluded as it is not a recurring benefit.	Bonus equal to 62.5% of salary is earned (50% of maximum)	LTIP vests equivalent to 31.25% of salary (i.e. 25% of the maximum award)
Maximum performance		Bonus equal to 125% of salary is earned (maximum bonus earned)	LTIP vests equivalent to 125% of salary (i.e. maximum vesting)
Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)		Bonus equal to 125% of salary is earned (maximum bonus earned)	LTIP vests equivalent 187.5% of salary (i.e. maximum vesting and an assumed 50% increase in the share price)

Directors' Remuneration Report continued
Directors' Remuneration Policy continued

Recruitment remuneration policy

When hiring a new Executive Director, the Committee will seek to align the remuneration package with the above policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate. Pension will only be provided in line with the above policy.

The Committee will not offer non-performance-related incentive payments (for example a 'guaranteed sign-on bonus').

Other elements may be included in the following circumstances:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
- if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

The Committee may also alter the performance measures, performance period, deferral period, vesting period and holding period of the annual bonus or LTIP, subject to the rules of the LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.

The maximum level of variable remuneration which may be granted (excluding 'buyout' awards as referred to below) is 400% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buy out' remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors, including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buyout' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. 'Buyout' awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within 12 months of joining Gamesys Group plc, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under Gamesys Group plc's ordinary share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of the appointment.

Policy on service contracts

Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment are set out below.

The Company's policy is for service agreements with Executive Directors to be capable of termination by the Company by the giving of 12 months' notice.

		Notice period[2]		
Name[1]	Commencement date	Director	Company	Unexpired term remaining as at 31 December 2020
Neil Goulden	1 October 2020[2]	1 month	1 month	3 years[4]
Lee Fenton	26 September 2019	6 months	12 months	N/A
Keith Laslop[3]	1 October 2020[3]	6 months	12 months	N/A
Robeson Reeves	26 September 2019	6 months	12 months	N/A
Nigel Brewster	19 January 2017	1 month	1 month	2 years 6 months
Jim Ryan	2 November 2016	1 month	1 month	2 years 6 months
Colin Sturgeon	19 January 2017	1 month	1 month	2 years 6 months
Andria Vidler	7 June 2018	1 month	1 month	6 months
Katie Vanneck-Smith	1 October 2019	1 month	1 month	2 years 6 months

1. All Directors will offer themselves for election or re-election, as the case may be, at the 2021 AGM.
2. Neil Goulden entered into a new service agreement that took effect on his return to the position of Non-Executive Chairman on 1 October 2020.
3. Keith Laslop entered into a new service agreement which commenced on 1 October 2020 in connection with his relocation to the UK.
4. Three years following the date of the 2021 AGM.

The service agreements for the current Executive Directors and the letters of appointment for the current Non-Executive Directors are available for inspection on request during normal business hours at the Company's head office. In accordance with his new service agreement entered into in connection with his relocation to the UK, Keith Laslop is entitled to the reimbursement of up to £10,000 per annum in respect of medical expenses and/or additional private medical insurance, and to a payment of up to £40,000 in respect of moving and relocation expenses if his role is made redundant or he otherwise leaves as a 'good leaver'.

Each Executive Director is employed under a rolling service agreement and each Non-Executive Director is appointed pursuant to a letter of appointment for an initial fixed term of three years, which may be renewed, subject to re-election at the AGM.

Policy on payment for loss of office

The following table summarises the Company's policy on the determination of payments for loss of office by Executive Directors.

Provision	Treatment
Fixed remuneration	Salary/fees, benefits and pension will be paid to the date of termination. Where a payment in lieu of notice is made, this will include salary, benefits and pension (or a cash equivalent) until the end of the notice period that would otherwise have applied. Alternatively, the Company may continue to provide the relevant benefits.
Annual bonus	Entitlement to an annual bonus will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the departure, contribution to the business during the bonus period and the terms of the service agreement. Any bonus would typically be pro-rated to reflect time in service to termination and paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).
Deferred bonus awards	Deferred bonus awards will lapse if the Executive Director is dismissed for misconduct. On cessation in any other circumstances, deferred bonus awards will continue and vest at the originally anticipated date, although the Committee retains discretion to vest the award at the date of termination in appropriate circumstances (such as in the event of cessation due to death or ill-health). In either case, awards will vest in full.
All-employee share plans	On cessation of employment entitlements under all-employee share plans will be treated in accordance with the rules of those plans.

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Policy on payment for loss of office continued

Provision	Treatment
LTIP	If an Executive Director ceases employment with the Group as a result of death, ill health, injury, disability, the sale of his/her employer out of the Group or any other reason at the Committee's discretion before an award under the LTIP vests, the award will usually be released on the ordinary release date (although the Committee retains discretion to release the award at some other time, such as following the end of the performance period in the case of an award that would otherwise be subject to a holding period). In either case, the award will vest to the extent determined by reference to the performance conditions and, unless the Committee determines otherwise, the proportion of the performance that has elapsed at cessation. If an Executive Director ceases employment with the Group after an award under the LTIP has vested but before it is released (that is, if he or she ceases during a holding period), his/her award will continue and be released at the normal release date (unless the cessation is for summary dismissal, in which case the award will lapse). The award will be released to the extent it has vested by reference to performance conditions. The Committee retains discretion to release the award at cessation.
Change of control	In the event of a change of control: • unvested LTIP awards will be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the relevant performance period that has elapsed; • vested but unreleased LTIP awards will be released to the extent vested; • deferred bonus awards will be released in full; and • awards under the all-employee share plans will be treated in accordance with the rules of those plans.
Other payments	The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Any such payments may include, but are not limited to, payments in respect of accrued but untaken holiday, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award.

The Non-Executive Directors are not entitled to compensation on termination of their appointment.

Consideration of employment conditions elsewhere in the Group

The Committee does not formally consult with employees as part of its process when determining Executive Director pay. However, as noted on the policy table on page 92, the level of salary increases of employees within the wider Group is considered when setting base salary for Executive Directors. The Committee is also kept informed of general decisions made in relation to employee pay and related issues.

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- before the policy comes into effect (provided that, in the case of any payments agreed on or after 7 June 2018, they are in line with the remuneration policy in force at the time they were agreed or were otherwise approved by shareholders); or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Any such payment shall include the satisfaction of any awards originally granted under The Intertain Group Limited Share Option Plan which have been exchanged for options over shares in Gamesys Group plc under the Company's Share Option Plan as disclosed in the prospectus relating to the admission of the Company's shares to the London Stock Exchange.

Annual Report on Remuneration

The table below sets out the total remuneration for each person who served as a Director in the period ended 31 December 2020. The table shows the remuneration for each such person in respect of the year ended 31 December 2020 and 31 December 2019.

Single total figure table of remuneration (audited)

	Salary and fees(a) £000's		Benefits(b) £000's		Annual bonus(c) £000's		LTIP(d) £'000s		Pension(e) £000's		Total remuneration £000's		Total fixed remuneration £000's		Total variable remuneration £'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Executive Directors																
Neil Goulden[1]	**231**	308	**5**	6	**461**	434	**–**	–	**–**	–	**697**	748	**236**	314	**461**	434
Lee Fenton[2]	**518**	131	**6**	–	**518**	125	**–**	–	**26**	13	**1,068**	269	**550**	144	**518**	125
Keith Laslop[3]	**467**	453	**55**	23	**458**	412	**643**	–	**–**	–	**1,622**	888	**522**	476	**1,101**	412
Simon Wykes[4]	**284**	379	**–**	295	**284**	372	**547**	–	**40**	38	**1,156**	1,084	**324**	712	**831**	372
Robeson Reeves[5]	**363**	91	**5**	–	**359**	88	**–**	–	**12**	9	**739**	188	**380**	100	**359**	88
Non-Executive Directors																
Neil Goulden[6]	**69**	–	**–**	–	**–**	–	**–**	–	**–**	–	**69**	–	**69**	–	**–**	–
Nigel Brewster	**75**	70	**–**	–	**–**	–	**–**	–	**–**	–	**75**	70	**75**	70	**–**	–
Jim Ryan	**75**	68	**–**	–	**–**	–	**–**	–	**–**	–	**75**	68	**75**	68	**–**	–
Colin Sturgeon	**90**	80	**–**	–	**–**	–	**–**	–	**–**	–	**90**	80	**90**	80	**–**	–
Andria Vidler	**75**	67	**–**	–	**–**	–	**–**	–	**–**	–	**75**	67	**75**	67	**–**	–
Katie Vanneck-Smith[7]	**75**	16	**–**	–	**–**	–	**–**	–	**–**	–	**75**	16	**75**	16	**–**	–
Total	**2,321**	1,663	**71**	324	**2,081**	1,431	**1,190**	–	**78**	60	**5,740**	3,478	**2,470**	2,047	**3,271**	1,431

1. Neil Goulden stepped down as Executive Chair with effect from 1 October 2020. The 2020 Executive Director figures reflect his remuneration as an Executive Director from 1 January 2020 to 30 September 2020.
2. Lee Fenton was appointed as Chief Executive Officer on 26 September 2019; the 2019 figures reflect his remuneration as an Executive Director from 26 September 2019 to 31 December 2019.
3. From 1 October 2020 in connection with Keith Laslop's relocation to the UK, entered into a new service agreement. Under his previous service agreement, Keith Laslop's remuneration was partly paid in US Dollars. For the purposes of the above table, these have been converted into pounds Sterling using a nine-month exchange rate of 0.7875 for 2020 (12-month: 0.7837 for 2019).
4. Simon Wykes stepped down from the Board on 30 September 2020; the 2020 figures reflect his remuneration up the date of his departure. Other payments are disclosed on page 107.
5. Robeson Reeves was appointed as Chief Operating Officer on 26 September 2019; the 2019 figures reflect his remuneration as an Executive Director from 26 September 2019 to 31 December 2019.
6. Neil Goulden was appointed as Non-Executive Chair from 1 October 2020. The 2020 Non-Executive Chair figures reflect his remuneration as Non-Executive Chair from 1 October 2020 to 31 December 2020.
7. Katie Vanneck-Smith was appointed as a Non-Executive Director on 1 October 2019; the 2019 figures reflect her remuneration as a Non-Executive Director from 1 October 2019 to 31 December 2019.

The figures in the single figure table above are derived from the following:

(a) Salary and fees	The amount of salary/fees earned in respect of the year.
(b) Benefits	The taxable value of the benefits received in the year. These are principally private medical insurance, life assurance, car allowance and social expenses. In the case of Keith Laslop £41,131 was paid during the year, in support of his relocation to the UK.
(c) Annual bonus	The amount of bonus earned in respect of the financial year. A description of performance against the performance measures which applied for 2020 is provided on page 93.
(d) LTIP	The value of any long-term incentives vesting where the performance period has ended in the relevant period, calculated as set out below.
(e) Pension	The pension figure represents the amount of pensions contributions to the defined contribution pension arrangements and any cash payments in lieu of pension contributions made in the year.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Additional disclosures in respect of the single figure table (audited)

Base salary and fees

Details of annual base salaries for Executive Directors are set out below.

	Salaries from 1 January 2020	Salaries from 1 January 2019	Increase
Neil Goulden	£307,500[1]	£307,500	N/A
Lee Fenton	£518,250	£500,000	3.65%
Keith Laslop	$592,450[2]	$578,000	2.50%
Simon Wykes	£379,250	£379,250	N/A
Robeson Reeves	£362,775	£350,000	3.65%

1. Neil Goulden was appointed as Non-Executive Chair with effect from 1 October 2020 at which point his fee reduced to £275,000 per annum.
2. Keith Laslop's salary has previously been listed in US Dollars, following his relocation to the UK his Sterling salary was £467,000 effective from 1 October 2020 (based on a six-month average exchange rate to October 2020 of £1:$1.2687 of his USD salary effective 1 January 2020 of $592,450).

Details of Chair and Non-Executive Directors' fees are set out below. As disclosed in the 2019 Remuneration Report, supplementary fees for 2020 were increased as detailed below.

	Fees from 1 January 2020 (or, if later, date of appointment)	Fees from 1 January 2019
Chair's fee	£275,000[1]	N/A[2]
Basic fee paid to all Non-Executive Directors	£65,000	£65,000
Supplementary fees:		
Senior Independent Director	£15,000	£10,000
Remuneration Committee Chair	£10,000	£5,000
Audit & Risk Committee Chair	£10,000	£5,000
Nomination Committee Chair[3]	£10,000	£5,000
Environmental, Social and Governance Committee Chair	£10,000	£5,000
Employee Voice Director	£10,000	£5,000[4]

1. Neil Goulden was appointed as Non-Executive Chair with effect from 1 October 2020 at which point his fee reduced to £275,000 per annum.
2. The Company's Executive Chair's salary is disclosed in the table above.
3. Following the acquisition of Gamesys on 26 September 2020, with effect from 1 January 2020, Colin Sturgeon became Chair of the Nomination Committee and received the supplementary fee for chairing the Nomination Committee.
4. A supplementary fee of £5,000 for holding office of Employee Voice Director was introduced during 2019. The figure above is pro-rated in the single figure table to reflect the date of appointment as Employee Voice Director.

Annual incentive plan (audited)

For the financial year ended 31 December 2020, Lee Fenton, Keith Laslop, Robeson Reeves and Simon Wykes were eligible to earn a bonus of up to 100% of base salary. The bonus was assessed against the following performance measures:

- 75% Adjusted EBITDA
- 25% personal objectives

Neil Goulden was eligible to earn a bonus of up to 150% of base salary. The bonus opportunity up to 75% of salary was subject to the same weightings and performance measures as applied to Lee Fenton, Keith Laslop, Robeson Reeves and Simon Wykes. A further 75% of salary was based on the achievement of strategic objectives.

The additional bonus opportunity for Neil Goulden reflected his non-participation in the LTIP in 2020. As discussed on page 103, the Committee considered Neil Goulden's performance during 2020 alongside those of the other Executive Directors. His personal objectives were fulfilled in an accelerated manner over nine months rather than the anticipated twelve and are reflected in both the successful integration of two businesses following the transformative Gamesys Acquisition which completed in September 2019 and the Group's overall financial performance for 2020. Additionally, Neil Goulden has played a key role in supporting the Company's engagement with the Betting & Gaming Council and shaping the Group's response to UKGC's customer interactions call for evidence foreshadowing material changes to the UK's regulatory landscape. As a result, it was decided that it would be inappropriate to pro-rate the bonus. 50% of the bonus earned (after-tax) will continue to be invested in shares which must be retained until the end of a period of three years from the date on which the bonus is determined.

The bonus subject to the personal strategic measures is subject to an Adjusted EBITDA underpin of £180.0m to ensure the threshold level of Adjusted EBITDA performance is achieved before any payout is made under the personal objectives element of the bonus.

Bonuses equal to the following percentages of salary were earned by the Executive Directors:

- Neil Goulden: 150%
- Lee Fenton: 100%
- Keith Laslop: 98%
- Robeson Reeves: 99%
- Simon Wykes: 100%

The Committee reviewed performance against these performance measures and considered the underlying performance of the Group during the performance period and concluded the overall bonus outcomes to be appropriate.

As discussed on page 107, Simon Wykes remained eligible to earn a bonus for 2020. The 100% of salary outturn was reduced pro-rata to reflect his time in service during the year.

The following tables set out the performance outturns against the applicable measures:

Adjusted EBITDA[1]

	Performance level required (£m)	Vesting (% of salary)[1]	Actual performance (£m)	Bonus earned (% of salary)
Target	£180.0	37.5%	£206.2	75%
Maximum	£187.8	75%		

1. Vesting is on a straight-line basis.

Personal objectives/strategic business element – outturn

The personal objectives element of the bonus was measured on the achievement of clear personal objectives and targets which supported the strategic objectives of the business. The objectives, achievements and overall outturn are summarised below for each Executive Director in the table below.

Based on the Committee's assessment of performance against the personal / strategic objectives, the Executive Directors were awarded the following:

- Neil Goulden: Awarded 75% from a maximum of 75% of salary.
- Keith Laslop: Awarded 23% from a maximum 25% of salary.
- Lee Fenton: Awarded 25% from a maximum of 25% of salary.
- Robeson Reeves: Awarded 24% from a maximum of 25% of salary.
- Simon Wykes: Awarded 25% from a maximum of 25% of salary.

Director	Objectives	Assessment of performance	Outcome
Neil Goulden	Summary of main objectives are detailed below:	Contribution against the following achievements include:	
	Development of the Gamesys Foundation and maximise its deployment and awareness with staff, customers and external stakeholders.	Providing £2.3m of funding to the Gamesys Foundation. Supporting various charities during the year.	Exceeded
	Engagement of ESG and Responsible Gambling initiatives across the Group.	One of only eight companies to achieve the GamCare Safer Gambling Level 2, participation in Safe Gambling Week, compliance with BGC COVID-19 pledge and reduction in high value player numbers, in advance of changing licensing requirements.	Exceeded
	Managing stakeholder interests and supporting key strategic projects.	Becoming operationally net zero carbon and the first FTSE250 gambling company to sign the UN Global Compact. High ESG scores, achieving 'Prime' Status from ISS and won several prestigious industry EGR awards.	Exceeded
	Ambassador for the Group with its external stakeholders, including the Betting and Gaming Council (BGC).	Engagement with the BGC, and taking a leading role being one of the six full voting right members.	Exceeded

Directors' Remuneration Report continued
Annual Report on Remuneration continued

Personal objectives/strategic business element – outturn continued

Director	Objectives	Assessment of performance	Outcome
Keith Laslop	Summary of main objectives are detailed below:	Contribution against the following achievements include:	
	Deliver against net debt targets during the year.	Group's capital structure evolved to reflect deleverage, which supported the inaugural dividend of 12p per share paid in October 2020 and implementation of the broader dividend and capital allocation policy.	Exceeded
	Strengthening financial reporting internal controls and the full Company is on the same accounting system by the end of 2020.	Migration to new accounting system mostly completed during 2020. Internal controls updated and refreshed financial reporting packages rolling out across 2020/2021.	Partially achieved
	Delivery of the Business Development plan.	Plan, including appraisal criteria approved by the Board.	Achieved
	Revision of Group Tax strategy and internal risk registers.	Completed and maintained the PLC, Functional and Segmental Risk Registers and updated the Board on the Group's Tax strategy.	Achieved
Lee Fenton	Summary of main objectives are detailed below:	Contribution against the following achievements include:	
	Implementing player care focus and leading the responsible gambling message.	Highly commended in the 'Safer Gambling Operator of the Year' category of the 2020 EGR Awards. One of only eight companies to achieve the GamCare Safer Gambling Level 2.	Exceeded
	Delivery of the Group integration plan and business development plan.	Successful integration of the two businesses. Business development plan approved by the Board.	Exceeded
	Maintaining appropriate capital structure.	Group's capital structure evolved to reflect deleverage, which supported the inaugural dividend of 12p per share paid in October 2020 and implementation of the broader dividend and capital allocation policy.	Exceeded
	People and succession planning.	New HRIS system implemented and performance appraisals linked to talent potential.	Achieved
	Appropriate management attention, structure and processes to deliver a stable and sustainable earnings stream from Japan.	Strong growth in the Asia business underpinned by improvement in core metrics.	Achieved
Robeson Reeves	Summary of main objectives are detailed below:	Contribution against the following achievements include:	
	Integrating functions and processes to optimise opportunities across the Group.	Strong acquisition numbers throughout 2020. The marketing stack has been effective in optimising acquisition channels. New acquisition partnerships have led to record number of new players globally.	Exceeded
	Overseeing acquisition and optimisation across various territories that the Group operates and at territory level.	Continued to acquire large amounts of new players delivering improved on boarding journeys.	Achieved
	Aligning platform capabilities across the Group and creating a marketing capability function.	Significant best practice leveraged across the group and single product backlogs aligned.	Exceeded
	Alignment with Technology and Product Teams to achieve budget targets for each territory.	Budgets achieved.	Achieved
	DFG optimisation for UK, Japan and Spain to maximise wallet share across all ventures in respective markets.	Strong growth in the Asia business underpinned by improvement in core metrics.	Exceeded
Simon Wykes	Summary of main objectives are detailed below:	Contribution against the following achievements include:	
	Responsible to the Board for the integration of JPJ and Gamesys post-merger.	Successful integration of the two businesses as reflected in the Company's 2020 financial performance.	Achieved
	Manage the transitional service arrangements covering post-merger contractual arrangements and integration matters.	Both transition and integration were successfully executed notwithstanding the challenges presented by the COVID-19 pandemic which included almost all of the entire workforce moving to remote working in the first quarter of 2020.	Achieved

Long-term incentives (audited)

Awards with performance period ending during the financial year

The LTIP awards granted on 28 March 2018 to Keith Laslop and Simon Wykes were subject to performance conditions assessed over the period January 2018 to December 2020. Each award was subject to a relative TSR performance condition (as regards 50% of the award) and compound annual growth in EPS (as regards 50% of the award).

As shown in the tables below, the Committee reviewed the performance, considered the underlying performance of the Group during the performance period, and concluded the proposed vesting outcome to be appropriate with vesting at 89.91% of maximum.

Company's TSR performance relative to FTSE 250 Index (excluding investment trusts and financial service companies) over the period from 1 January 2018 to 31 December 2020	Percentage of award vesting	Actual	Actual vesting
Below median	0%	Above upper quartile	100%
Median	25%		
Between median and upper quartile	On a straight-line basis between 25% and 100%		
Upper quartile or above	100%		

EPS compound annual growth rate assessed over the period from 1 January 2018 to 31 December 2020 using 2017 base year	Percentage of award vesting	Actual	Actual vesting
Less than 5.5% p.a.	0%	11.71%	79.8%
5.5% p.a.	25%		
Between 5.5% p.a. and 14.0% p.a.	On a straight-line basis between 25% and 100%		
14.0% p.a. or above	100%		

Details of the 2018 LTIP vesting:

	Number of awards granted	Vesting performance	Shares vesting (after pro-rating)	Average share price[1] (£)	Total estimated value of shares vesting (£'000)	Divided equivalents (cash value)[2] (£'000)	Total estimated value of award on vesting (£'000)
Keith Laslop	61,786	89.91%	55,551	£11.45	£636	£7	£643
Simon Wykes	57,365	89.91%	47,278[3]	£11.45	£541	£6	£547

1. The 2018 LTIP vested on 26 March 2021, after the finalisation of this report. The average share price of £11.45 over the last three months of the 2020 financial year has been used to estimate the value in the single figure table on page 101. The 2018 LTIP awards were granted when the share price was £8.03. Therefore, the amount of the vested award attributable to share price appreciation is £3.42 per share. The Committee did not exercise their discretion as a result of share price appreciation.
2. In accordance with the LTIP Rules, the Committee has discretion to allow LTIP participants to receive the benefit of any dividends paid on vesting shares between the grant date and the release date in the form of a share award.
3. As detailed on page 101, Simon Wykes' 2018 LTIP awards have been pro-rated to reflect the proportion of the performance period served. The awards will remain subject to a two-year holding period following vesting.

Directors' Remuneration Report continued
Annual Report on Remuneration continued

Awards granted during the financial year

Awards were granted to the Executive Directors on 25 March 2020 in the form of nil-cost options, on the following basis:

	Type of award	Maximum opportunity	Number of shares	Face value at grant[2] (£000's)	% of award vesting at threshold	Performance period[3]
Lee Fenton	LTIP	125% of salary	98,842	£647,810	25%	January 2020 – December 2022
Keith Laslop	LTIP	125% of salary	95,988[1]	£629,105	25%	January 2020 – December 2022
Robeson Reeves	LTIP	125% of salary	69,189	£453,465	25%	January 2020 – December 2022

1. Keith Laslop is paid partly in Dollars ($). For the purposes of determining the number of shares subject to his award, that part of his salary was converted into pounds Sterling (£) using an exchange rate of $1:£0.8495.
2. The face value of the award is calculated by multiplying the number of shares over which the award was granted by £6.554, the average closing share price for each of the three business days prior to the date of grant.
3. Each award is subject to performance conditions assessed over the period January 2020 to December 2022 (as described further below). To the extent the awards vest following the end of the performance period, they will be released so that the Executive Director can acquire the shares following the end of a two-year holding period.

A summary of the performance conditions for these awards is set out in the tables below.

Each award is subject to a performance condition based on the Company's total shareholder return ('TSR') compared to:

- the TSR of the companies constituting the FTSE 250 Index (excluding investment trusts and financial service companies) as regards 25% of the award; and
- a bespoke peer group consisting of GVC Holdings plc, Flutter Entertainment plc, Playtech plc, Rank Group plc, William Hill plc and 888 Holdings plc as regards 50% of the award.

For these purposes, TSR is assessed over three years commencing on 1 January 2020.

The same vesting targets apply to each TSR element, as follows.

Company's TSR performance relative to FTSE 250 Index (excluding investment trusts and financial service companies) or peer group as appropriate	Percentage of the element of the award vesting
Below median	0%
Median	25%
Between median and upper quartile	On a straight-line basis between 25% and 100%
Upper quartile or above	100%

Each award is subject to a performance condition based on the Company's compound annual growth rate in earnings per share ('EPS') between a base year of 2019 and a final year of assessment of 2022 as regards 25% of the award. For these purposes, EPS shall be underlying basic earnings per share as disclosed in the Annual Report and Accounts (subject to such adjustments as the Board shall determine from time to time) for that year and assessed over three years commencing on 1 January 2020.

EPS compound annual growth rate	Percentage of the element of the award vesting
Less than 5% p.a.	0%
5% p.a.	25%
Between 5% p.a. and 14.% p.a.	On a straight-line basis between 25% and 100%
14.% p.a. or above	100%

Payments for loss of office and payments made to former Directors during the year (audited)

Following the announcement on 11 August 2020, Simon Wykes stepped down as Transition Director and left the business on 30 September 2020. Up to 30 September 2020, Simon Wykes received his salary, pension allowance and other contractual benefits as disclosed in the single figure table on page 101.

Mr Wykes also received a payment in lieu of notice and a statutory redundancy payment as follows:

- a payment in lieu of his 12-month notice period in respect of salary (£379,250), pension contributions (£37,925)and benefits (£2,242.15); and
- a statutory redundancy payment of £1,614.

Mr Wykes remained eligible to earn a bonus payment for the 2020 financial year. The bonus earned has been reduced pro-rata to reflect the period of Simon's service during the year, as disclosed on page 101.

Mr Wykes retained awards under the LTIP granted in 2018 (subject to a three-year performance period ended 31 December 2020) and 2019 (subject to a three-year performance period ending 31 December 2021). These awards will vest at the originally envisaged time subject to the satisfaction of the applicable performance measures assessed over the original performance periods and a pro-rata reduction to reflect the proportion of the performance period served. The awards will remain subject to a two-year holding period following vesting. Details of the 2018 LTIP award with performance period ending 31 December 2020 is on page 105.

Other than as set out above, no payments for loss of office or payments to former Directors were made in the year.

Statement of Directors' shareholding and share interests (audited)

The interests of the Directors and their connected persons in the Company's ordinary shares as at 31 December 2020 were as set out below. There have been no changes to those interests between 31 December 2020 and the date of this report.

Actual shares owned:

	At 1 January 2020	At 31 December 2020 (or, if earlier, date of resignation)
Executive Directors		
Lee Fenton[1]	729,026	**729,026**
Keith Laslop	1,078,682	**1,078,682**
Simon Wykes[2]	7,031	**7,031**
Robeson Reeves[1]	742,400	**777,400**
Non-Executive Directors		
Neil Goulden	105,000	**125,000**
Nigel Brewster	5,000	**4,991**
Jim Ryan	10,000	**10,000**
Colin Sturgeon	5,000	**5,000**
Andria Vidler	–	**–**
Katie Vanneck-Smith[3]	–	**–**

1. Lee Fenton and Robeson Reeves were appointed as Executive Directors on 26 September 2019.
2. Simon Wykes stepped down from the Board on 30 September 2020.
3. Katie Vanneck-Smith was appointed as a Non-Executive Director on 1 October 2019.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Awards under share plans:

	Award	At 1 January 2020	Granted in the year	Lapsed/ forfeited in the year	Exercised in the year	Exercise price	At 31 December 2020	Status
Executive Directors								
Neil Goulden	2016 share options[1]	85,000	–	–	(85,000)	£6.79	–	Exercised
Lee Fenton	2020 LTIP[2]	–	98,842	–	–	–	98,842	Unvested, subject to performance conditions
	2019 LTIP[3]	85,149[5]	–	–	–	–	85,149	Unvested, subject to performance conditions
Keith Laslop	2020 LTIP[2]	–	95,988	–	–	–	95,988	Unvested, subject to performance conditions
	2019 LTIP[3]	74,591	–	–	–	–	74,591	Unvested, subject to performance conditions
	2018 LTIP[4]	61,786	–	(6,235)	–	–	55,551	Unvested[6]
Simon Wykes	2019 LTIP[3]	64,586	–	–	–	–	64,586	Unvested, subject to performance conditions
	2018 LTIP[4]	57,365	–	(10,087)	–	–	47,278	Unvested[6]
Robeson Reeves	2020 LTIP[2]	–	69,189	–	–	–	69,189	Unvested, subject to performance conditions
	2019 LTIP[3]	59,604[5]	–	–	–	–	59,604	Unvested, subject to performance conditions

1. These options over shares in Gamesys Group plc were granted pursuant to JPJ Group plc's Share Option Plan (the 'Plan') upon implementation of the Plan of Arrangement. These options were originally granted by Intertain over common shares of Intertain, all as disclosed on page 304 of the Company's prospectus dated 20 January 2017. Under the rules of the Plan, the exercise period for options which expire during a Blackout Period (as defined in the Plan rules) is extended by ten business days immediately following the end of the Blackout Period. On 22 October 2020, the Non-Executive Chair exercised all options pursuant to the 2016 grant under the Company's legacy share option scheme and as a result, no longer holds any share options in the Company.
2. The performance conditions applying to the 2020 LTIP are set out on page 106 of this Annual Report.
3. The performance conditions applying to the 2019 LTIP are set out on pages 84 and 85 of the Annual Report 2019.
4. The performance conditions applying to the 2018 LTIP are set out on page 105 of this Annual Report.
5. Each of Lee Fenton and Robeson Reeves was granted a tax-qualifying CSOP Award in 2019 over 4,087 shares at a per share exercise price of 734 pence. Each CSOP Award is linked to the relevant individual's LTIP Award such that, at the time of exercise, to the extent that there is a gain in the CSOP Award, the LTIP Award will be forfeited to the value of that gain to ensure that the total pre-tax value of the original LTIP Award is not increased by the grant of the CSOP Award.
6. Will vest on 26 March 2021 as to 89.91% of maximum.

The aggregate gain made by Directors on the exercise of options during 2020 was £435,734 (2019: £864,000). The aggregate gain has been calculated with reference to Directors who have remained appointed to the Board.

The Committee has adopted a shareholding guideline for the Executive Directors, which specifies a shareholding equivalent to 200% of base salary, as further described in the Directors' Remuneration Policy. The Executive Directors' achievement of this guideline at 31 December 2020 (or, if earlier, the date of stepping down from the Board) is summarised below:

Executive Director	Shares counting towards the guideline at 31 December 2020	Value of shares counting towards the guideline[1]	Value of shares as a percentage of 2020 salary
Neil Goulden[2]	125,000	£1,425,000	476%
Lee Fenton	729,026	£8,310,896	1,064%
Keith Laslop	1,078,062	£12,296,975	2,664%
Simon Wykes[3]	7,031	£80,153	21%
Robeson Reeves	777,400	£8,862,360	2,443%

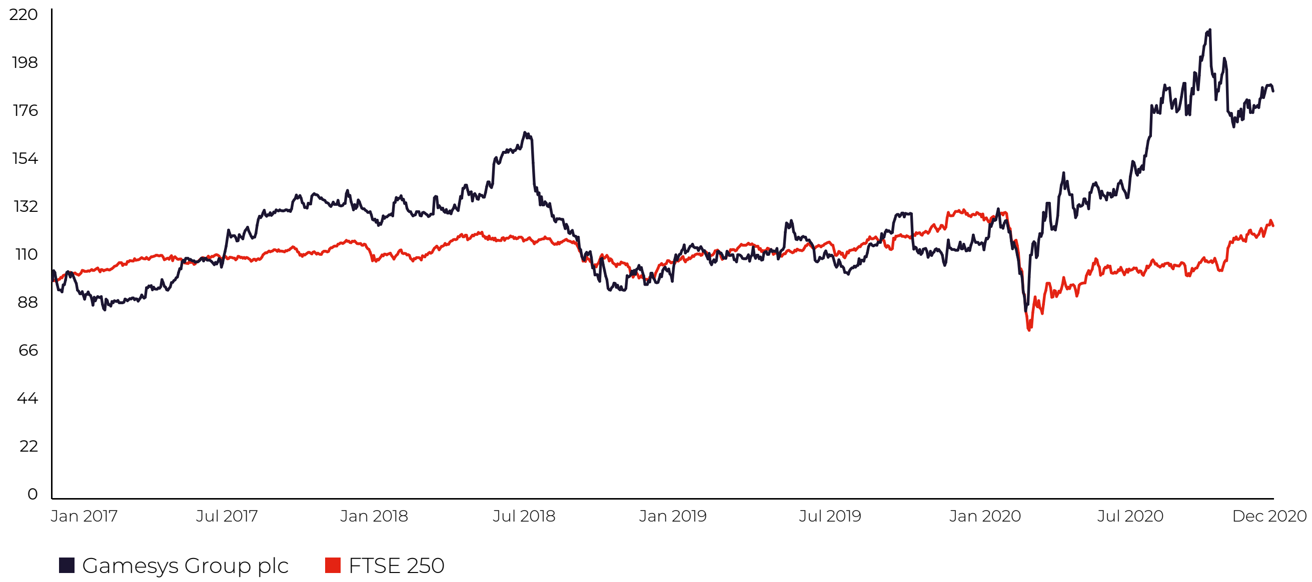
1. Based on a share price of £11.40, being the prevailing mid-market closing share price on 31 December 2020.
2. Neil Goulden was appointed as Non-Executive Chair from 1 October 2020.
3. Simon Wykes stepped down from the Board on 30 September 2020.

Taking into consideration the views from our shareholders during our consultation process, with effect from January 2020, we have enhanced and aligned our post-cessation shareholding requirement to reflect best practice. This requires that, for the first two years following cessation, an Executive Director must retain shares with a value (as at cessation) equal to 200% of base salary.

If the Executive Director holds less than the required number of shares at any time, he or she must retain the shares he or she holds. This requirement does not apply to shares which the Executive Director has purchased.

Performance graph

The graph below shows the TSR performance for the Company's shares in comparison to the FTSE 250 for the period from Main Market Admission on 25 January 2017 to 31 December 2020, reflecting that the FTSE 250 Index is used as the TSR comparator group for the purposes of the Company's LTIP. For the purposes of the graph, TSR has been calculated as the percentage change during the period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value, by 31 December 2020, of £100 invested in shares in the Company on 25 January 2017 compared with £100 invested in the FTSE 250.



Historical Chief Executive Officer remuneration

The table below shows details of the total remuneration, and annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer over the last four financial years, the same period as is covered by the TSR performance graph above.

	Total single figure of remuneration (£000's)	Annual bonus payout (% of maximum opportunity)	LTIP vesting (% of maximum number of shares)
2020 (Lee Fenton)	1,068	100%	N/A
2019 (Lee Fenton[1] from 26 September 2019)	269	100%	N/A
2019 (Simon Wykes[2], until 25 September 2019)	834	98.0%	N/A
2018 (Simon Wykes[2])	626	57.8%	N/A
2017 (Andrew McIver)	625	15.0%	N/A

1. Lee Fenton was appointed as Chief Executive Officer on 26 September 2019; his remuneration for 2019 is from 26 September 2019 to 31 December 2019.
2. Between the departure of the Company's former Chief Executive Officer and 26 September 2019, Simon Wykes (Chief Executive Officer of Jackpotjoy Operations Ltd.) took over the day-to-day management responsibilities of the Company in conjunction with the Chair and Chief Financial Officer, as described in the Governance Report on page 47 of the Annual Report 2018. Accordingly:
   (a) for the purposes of 2019, Simon Wykes' salary for the period 1 January 2019 to 25 September 2019 is included, along with his annual bonus payout for that year; and
   (b) for the purposes of 2018, Simon Wykes is designated the 'Chief Executive Officer' for the purposes of this disclosure.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Annual Percentage Change in Remuneration of Directors and Employees

The table below sets out the percentage change each Director's salary/fees, benefits and bonus between the year ended 31 December 2019 and the year ended 31 December 2020, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full-time equivalent basis.

The average employee change has been calculated by reference to the mean of employee pay. Simon Wykes stepped down from the Board in the year ended 31 December 2020, and, accordingly has been excluded from the table.

	Average employee	Lee Fenton[1]	Keith Laslop	Robeson Reeves[1]	Neil Goulden[2]	Jim Ryan	Katie Vanneck-Smith	Andria Vidler	Colin Sturgeon	Nigel Brewster
Salary/fees[3]	-9.3%	5.1%	3.0%	6.0%	N/A	10.3%	18.2%	11.9%	12.5%	7.1%
Taxable benefits	40.3%[5]	N/A	139.1%[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual bonus	-36.7%[5]	10.2%	11.1%	8.5%	N/A	N/A	N/A	N/A	N/A	N/A

1. In order to provide a meaningful comparison with remuneration for 2020, Lee Fenton's, Robeson Reeves' and Katie Vanneck-Smith's remuneration for 2019 has been annualised as they joined the Board during 2019.
2. As Neil Goulden was Executive Chair in all of 2019 and up to 1 October in 2020 before becoming Non-Executive Chair, the percentage change is not a meaningful comparison given the reduction in his remuneration arrangements. Neil Goulden's fee for 2019 was £307,500, which continued to apply for the first nine months of 2020, at which point is reduced to £275,000.
3. Increase to NED fees correspond to NED fee increases made during 2020 and were effective from 1 January 2020. This was the first review undertaken of NED fees since the Company's UK listing in 2017.
4. Increase to benefits in 2020 for Keith Laslop is due to the relocation allowance provided during the year, as disclosed in the single figure table on page 101.
5. The change between 2019 and 2020 reflects the timing of bonus payments at below board level for legacy arrangements within Gamesys before acquisition and the increase in Health and Life insurance costs.

Chief Executive Officer pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of the 2020 financial year (taken from the single figure table on page 101) to the 25th percentile, 50th percentile (i.e. the median) and the 75th percentile full-time equivalent ('FTE') of the Group's UK employees.

Gamesys Group used Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as this calculation methodology for the ratios was considered the most accurate method. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at the end of 2020.

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long-term success of the Company. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Share Incentive Plan. Certain employees also participate in a discretionary bonus scheme and LTIP. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression.

A significant proportion of the CEO's total remuneration is delivered in variable remuneration (i.e. bonus and LTIP). In order to drive alignment with shareholders, the value ultimately received from LTIP awards is linked to stretching company performance targets and long-term share price movement. As a result, the pay ratio is likely to be driven largely by the CEO's LTIP outcome (and secondly the bonus outcome) and may therefore fluctuate significantly on a year-to-year basis reflecting the Company's performance.

The change in the CEO pay ratio between 2019 and 2020 reflects the timing of bonus payments at below board level for legacy arrangements within Gamesys before acquisition. Furthermore, 2020 is the first full-year term of Lee Fenton as the Company's CEO; the 2019 CEO figures were calculated on an aggregate basis reflecting Simon Wykes' and Lee Fenton's respective periods as CEO during 2019.

Year	Method	Pay ratio 25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)
2020	A	34:1	22:1	14:1
2019[1]	A	24:1	16:1	10:1

1. Calculated on an aggregate basis reflecting Simon Wykes' and Lee Fenton's respective period as CEO during 2019.

Pay details for the individuals in 2020 are set out below:

	CEO	25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)
Salary	£518,000	£22,225	£46,756	£75,000
Total remuneration	£1,068,000	£31,551	£49,375	£75,000

Spend on pay

The following table sets out the percentage change in dividends and share buybacks and the overall expenditure on pay (as a whole across the organisation).

	2020 (£000's)	2019 (£000's)	Percentage change
Dividends and share buybacks[1]	£13,027	N/A	N/A
Overall expenditure on pay[2]	£80,882	£73,745	9.7%

1. Includes interim 2020 dividend of 12.0p per share paid on 15 October 2020.
2. Figures relate to full and part-time employees only and include severance costs.

External directorships

The Company encourages Executive Directors (including the Chair) to take up non-executive appointments, with prior consent of the Company, in the belief that such appointments broaden their skills and the contribution which they can make to the Company's performance. There must be no conflict of interest and the time devoted to the external appointment must be reasonable in relation to the individual's commitment to the Company. Fees paid for external appointments may be retained by the individual concerned.

Implementation of the Directors' Remuneration Policy for the financial year commencing 1 January 2021

Information on how Gamesys Group plc intends to implement the new Policy, subject to shareholder approval at the 2021 AGM, for the financial year commencing on 1 January 2021 is set out in the Remuneration Committee Chair's Letter on page 92.

Statement of voting at previous AGM

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out actual voting in respect of the advisory vote on the Directors' Remuneration Report at the Company's AGM on 3 June 2020 and the binding vote on the Directors' Remuneration Policy at the Company's AGM on 7 June 2018.

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
To approve the Directors' Remuneration Report	65,722,745	95.98%	2,752,333	4.02%	198
To approve the Directors' Remuneration Policy	33,849,091	96.66%	1,168,790	3.34%	800,655

Consideration by the Directors of matters relating to Directors' remuneration

In 2020, the membership of the Committee comprised of three independent Non-Executive Directors (Jim Ryan, Nigel Brewster and Andria Vidler). The Chair of the Company, CEO, Chief People Officer, Chief Legal & Company Secretary and Deputy Company Secretary attend Remuneration Committee meetings by invite as and when appropriate and necessary.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

The Committee met a total of five times and all members of the Committee attended these meetings. Full terms of reference can be found in the Governance section of the Company's website: www.gamesysgroup.com. The Committee's key responsibilities are:

- reviewing the ongoing appropriateness and relevance of remuneration policy;
- reviewing and approving the remuneration packages of the Executive Directors and each member of senior management (which shall include as a minimum the first layer of management below Board level and the Company Secretary);
- approving the design of, determining the targets for and approving the payouts of, annual and long-term incentive awards; and
- production of the Annual Report on Remuneration.

Advisers

The following people have provided advice to the Committee during the year in relation to its consideration of matters relating to Directors' remuneration:

- Chair, Chief Executive Officer, Chief Financial Officer, Transitional Director, Chief Legal Officer, Chief People Officer and Company Secretary.
- Deloitte LLP ('Deloitte').

Deloitte is retained to provide objective and independent advice to the Committee as required. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operated under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee were £48,700 for the year ended 31 December 2020. The Committee assesses from time to time whether this appointment remains appropriate or should be put out to tender and takes into account the Remuneration Consultants Group Code of Conduct when considering this. Deloitte was appointed by the Committee and has provided share scheme advice and general remuneration advice to the Company. No additional services were provided by Deloitte to Gamesys Group plc.

Approval

This report was approved by the Board on 8 March 2021 and signed on its behalf by:

Jim Ryan

Chair of the Remuneration Committee

8 March 2021

Directors' Report

Introduction

In accordance with Section 415 of the Companies Act 2006, the Directors of Gamesys Group plc present their report to shareholders for the financial year ending 31 December 2020. The Directors' Report comprises the Directors' Report section of this report, together with the sections of the Annual Report incorporated by reference. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in other sections of the Annual Report, as indicated below.

The Company was incorporated under the name Goldilocks Topco plc as a public company limited by shares on 29 July 2016 under registered number 10303804. On 15 August 2016, Goldilocks Topco plc changed its name to Jackpotjoy plc. Jackpotjoy plc listed on the Main Market of the London Stock Exchange on 25 January 2017. On 27 June 2018, Jackpotjoy plc changed its name to JPJ Group plc. On 26 September 2019, JPJ Group plc changed its name to Gamesys Group plc.

Results and dividends	The Group results for the year ended 31 December 2020 are set out on pages 54 to 59 of the Strategic Report. The Company's aim is to generate long-term value for its stakeholders and design a progressive shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity. Subject to ensuring sufficient cash remains in the business, including to meet forecast working capital requirements, contingent and financial liabilities and other capital requirements, the Board intends to institute an appropriate dividend pay-out from the Group's adjusted net income (a non-IFRS measure), as defined and calculated from time to time by the Company. The Board intends to implement such a policy in order to align the Group with its UK-listed peers. The Board will continue to reassess the Company's shareholder distribution policy from time to time. The introduction and payment of dividends by the Company will be subject to its ongoing assessment of its financial liabilities, leverage and operational working capital needs, as well as various additional factors, including those outside of the direct control of the Group. There can therefore be no assurance that the Company will introduce a dividend or, if one is paid, that it will be of the quantum or on the timelines outlined above. The Company's dividend policy is explained above. In line with that policy, an inaugural interim dividend of 12p per share was paid in October 2020. The Board has proposed a final dividend of 28p per share.
Share capital	The Company was granted authority at the 2020 AGM to allot shares in the capital of the Company up to a maximum nominal amount of £ 7,171,906, representing approximately two-thirds of the Company's issued ordinary share capital (equivalent to 71,719,063 shares). Details of the Company's share capital are set out in note 25 to the Consolidated Financial Statements, including details on the movements in the Company's issued share capital during the year. The Company's issued ordinary share capital ranks pari passu in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares. There are currently no redeemable non-voting preference shares or subscriber shares of the Company in issue.
Authority to purchase own shares	The Company was granted authority at the 2020 AGM to make market purchases of its own shares for up to 10,866,525 shares. Details of the Company's authority to purchase its own shares, which will be sought at the Company's forthcoming Annual General Meeting, will be set out in the Notice of Meeting for that AGM.
Directors	Information about the Directors, including details of their appointments and resignations, is set out in the Corporate Governance section on pages 70 and 71. Simons Wykes stepped down as Transition Director and left the business on 30 September 2020. All of the continuing Directors will stand for re-appointment at the 2021 AGM.
Directors' interests	Information on share ownership by Directors can be found in this report and in the Directors' Remuneration Report on page 107.
Directors' indemnities and Director and officer liability insurance	As at the date of this report, the Company has granted qualifying third-party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by the Companies Act. In addition, Directors and officers of the Company and its subsidiaries have been, and continue to be, covered by Director and officer liability insurance.
Powers of Directors	Subject to the Company's Articles of Association, UK legislation and to any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company. The Articles of Association contain specific provisions concerning the Company's power to borrow money and also provide the power to make purchases of any of its own shares. The Directors have the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company. Further details of the proposed authorities are set out in the Notice of the AGM.
Research and development	Gamesys Group plc outsources some of its software development activities and engages in research and development activity.

Directors' Report continued

Sustainable development	The Sustainability Report of this report focuses on the health and safety, environmental and employment performance of the Company's operations, and outlines the Company's core values and commitment to the principles of sustainable development and development of community relations programmes. Details of the Company's policies and performance are provided in the Sustainability Report on pages 30 to 51.
Political donations	No political contributions were made in 2020.
Greenhouse gas emissions	In 2020, in accordance with the requirements of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013, Gamesys Group plc undertook to assess full emissions of greenhouse gases from facilities under its control. Details can be found in the Sustainability Report on page 51.
Employees	Information regarding the Company's employees and related policies (including disability policy) can be found in the Our People section on pages 42 to 47.
Overseas branches	Gamesys Group plc does not have any branches. A full list of the Group's controlled subsidiaries is disclosed in note 2 of the Consolidated Financial Statements.
Financial risk management and financial instruments	Information regarding the financial risk management and internal control processes and policies, as well as details of hedging policy and exposure to the risks associated with financial instruments, can be found in notes 3 and 21 to the Consolidated Financial Statements, the Corporate Governance, Risk Management and Internal Control sections on pages 72 to 85, and the Principal Risks and Uncertainties section on pages 60 to 67.
Going concern	The financial position and performance of the Group and its cash flows are set out in the Financial Review section of the report on pages 54 to 59. The Directors have considered the Group's cash flow projections and an analysis of projected debt covenants compliance for the period to the end of December 2024. The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group and the Parent Company will continue in operation over a period of 12 months from the date of approval of the financial statements, and has neither the intention nor the need to liquidate or materially curtail the scale of its operations. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements. More details are provided in note 2 to the Consolidated Financial Statements on page 135.
Stakeholder Engagement	The Directors of the Company – and those of all UK companies – must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act and include a duty to promote the success of the Company. Details as to how the Directors have engaged with the Company's stakeholders can be found in the Sustainability Report, which includes the Company's Section 172 statement on pages 30 and 31.
Future developments	Information on the Group and its subsidiaries' future developments is provided in the Strategic Report on pages 20 and 21.
Events since the reporting date	There are no major events after 31 December 2020 requiring disclosure in the notes to the Consolidated Financial Statements.
Annual General Meeting ('AGM')	The 2021 Annual General Meeting ('AGM') will be held on 10 June 2021. Full details of the AGM, including the details of the resolutions to be proposed, will be contained in the Notice of AGM which will be distributed at least 20 working days before the meeting. The Notice will also include details of any special arrangements that may be required as a result of the COVID-19 pandemic.
Corporate Governance Statement	The Disclosure Guidance and Transparency Rules (DTR 7.2) require certain information to be included in a Corporate Governance Statement set out in a company's Directors' Report. In common with many companies, Gamesys Group plc has an existing practice of issuing, within its Annual Report, a Corporate Governance Report that is separate from its Directors' Report.
Electronic communications	A copy of the 2020 Annual Report, the Notice of the AGM and other corporate publications, reports and announcements are available on the Company's website at the following link: www.gamesysgroup.com. Shareholders may elect to receive notification by email of the availability of the Annual Report on the Company's website instead of receiving paper copies.
Other	The Company continues to be a 'reporting issuer' under applicable Canadian securities laws. Since 1 January 2020, the Company has been a 'designated foreign issuer', as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, for purposes of applicable Canadian securities law. As such, the Company is not subject to the same continuous and timely disclosure, insider reporting and early warning reporting requirements as most other reporting issuers in Canada. Generally, the Company will be in compliance with Canadian disclosure requirements if it complies with the foreign disclosure requirements of the United Kingdom (including the Financial Conduct Authority, the United Kingdom Listing Authority and the London Stock Exchange, and collectively referred to as 'UK Rules') and files on its SEDAR profile at www.sedar.com any documents required to be filed or furnished pursuant to the UK Rules.

Major shareholdings

The Company's issued share capital as of 31 December 2020 was 109,322,314 ordinary shares and at 8 March 2021 was 109,383,235 ordinary shares. No shares are held in treasury. Thus, the total voting rights are 109,383,235 ordinary shares.

At 31 December 2020, the Company had been notified pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rule (DTR 5) of the following notifiable interests in the Company's issued share capital:

	Number of ordinary shares	% of issued ordinary shares	Number of shares direct	Number of shares indirect
Mr Noel Hayden	16,162,418	14.87	16,162,418	–
HG Vora Special Opportunities Master Fund Limited	10,850,000	9.98	10,850,000	–
Bank of America Corporation	8,809,934	8.09	4,769,282	4,040,652
Andrew Dixon	5,747,542	5.29	5,661,075	86,467
Robin Tombs	4,535,379	4.17	3,341,986	1,193,393

As at 8 March 2021, being the latest practicable date before the approval of the Annual Report and Accounts, the Company had been notified pursuant to DTR 5 that the above positions have changed as follows:

	Number of ordinary shares	% of issued ordinary shares	Number of shares direct	Number of shares indirect
Bank of America Corporation	7,515,677	6.87	4,026,423	3,489,254

Changes in interests that have been notified to the Company pursuant to DTR 5 since 8 March 2021 can be found in the Regulatory News section of the Investors page of the Company's corporate website: https://www.gamesysgroup.com/investors

Listing Rule disclosures

The information required to be disclosed by LR 9.8.4R can be found in the following locations:

Item	Location
Details of long-term incentive schemes	Note 25 to the Consolidated Financial Statements, Directors' Remuneration Report
Contracts of significance with a controlling shareholder	Relationship Agreement section below
Agreements with controlling shareholder	Relationship Agreement section below

There is no other relevant information to disclose for the purposes of LR 9.8.4R.

Directors' Report continued

Significant contractual arrangements

Relationship Agreement

All exchangeable shares in The Intertain Group Limited ('IGL') were redeemed on 13 January 2020 in exchange for the right to receive ordinary shares of the Company. Certain former holders of exchangeable shares in IGL have not yet deposited certain required exchange materials and so have not yet been entered in the register of members of the Company. This group of former exchangeable shareholders is able to direct the voting of the ordinary shares to which they are entitled pursuant to a voting power of attorney in substantially the same manner as they were prior to the redemption and will continue to be able to do so until such time as the ordinary shares to which the applicable former exchangeable shareholder is entitled are registered in the name of such former exchangeable shareholder (or, in the case of any such former exchangeable shareholder located in the United States of America, such time as the ordinary shares to which such former exchangeable shareholder is entitled are sold with the proceeds remitted to the former exchangeable shareholder).

Other agreements

In December 2017, Gamesys Group plc (then called Jackpotjoy plc) entered into a senior facilities agreement with, amongst others, certain banks as mandated lead arrangers (the 'Senior Facilities Agreement'). Pursuant to the Senior Facilities Agreement, debt financing has been made available to Gamesys Group plc and certain of its subsidiaries in an aggregate Sterling equivalent amount of £388,492,000, comprised of Euro and Sterling-denominated term loans and a revolving facility (the 'Facilities').
On 26 September 2019, Gamesys Group plc increased the amount of the Euro-denominated term loan under the Senior Facilities Agreement by €196,000,000 (pursuant to a financing commitment from certain banks obtained in June 2019). The proceeds of such additional term loan were applied in connection with the financing of the cash consideration payable pursuant to the Gamesys Acquisition. If a change of control occurs, then each lender under the Senior Facilities Agreement will have an individual right to cancel its commitments and require all amounts owed to it to be prepaid at par within 30 days of being notified of the change of control. Such right is exercisable by a lender within 30 days of being notified of a change of control. In the context of a takeover bid, an acquirer would normally look to obtain a waiver from the lenders in respect of any change of control or else arrange for substitute facilities.

Articles of Association

The Company's Articles of Association were adopted pursuant to a resolution passed at a general meeting of the Company held on 13 June 2019 and contain, amongst others, provisions on the rights and obligations attaching to the Company's shares, including the redeemable non-voting preference shares and the subscriber shares. There are no other restrictions on voting rights (save in situations where the Company is legally entitled to impose a restriction, such as where a Shareholder Regulatory Event has occurred pursuant to the Company's Articles). The Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

Share rights

Without prejudice to any rights attached to any existing shares, the Company may issue shares with rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution, the Directors. The Company may also issue shares that are, or are liable to be, redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

Voting rights

There are no other restrictions on voting rights or transfers of shares in the Articles other than those described in these paragraphs. Details of deadlines for exercising voting rights and proxy appointments will be set out in the Notice of the 2021 AGM.

At a general meeting, subject to any special rights or restrictions attached to any class of shares on a poll, every member present in person or by proxy has one vote for every share that he or she holds.

A proxy is not entitled to vote where the member appointing the proxy would not have been entitled to vote on the resolution had he or she been present in person. Unless the Directors decide otherwise, no member shall be entitled to vote either personally or by proxy or to exercise any other right in relation to general meetings if any sum due from him or her to the Company in respect of that share remains unpaid.

The trustee of the Company's Employee Share Trust is entitled, under the terms of the trust deed, to vote as it sees fit in respect of the shares held on trust.

Transfer of shares

The Company's Articles provide that transfers of certificated shares must be effected in writing, and duly signed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect of those shares. Transfers of uncertificated shares may be effected by means of CREST unless the CREST Regulations provide otherwise.

The Directors may refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

Audit information

Each of the Directors who were members of the Board at the date of the approval of this report confirms that:

- So far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware.
- He or she has taken all the reasonable steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Gamesys Group plc Directors' Report has been prepared in accordance with applicable UK company law and was approved by the Board on 8 March 2021.

By the order of the Board

Dan Talisman

Chief Legal Officer & Company Secretary

Gamesys Group plc

Directors’ Responsibility Statements

Statement of Directors’ responsibilities in relation to the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under the law, the Directors are required to prepare Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (‘IFRSs’) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and applicable law and have elected to prepare the Company’s financial statements on the same basis.

Under the Companies Act 2006, the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and the Company’s financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group and the Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (‘IFRSs’) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s and the Company’s financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, with respect to the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors’ Report, the Directors’ Remuneration Report and the Corporate Governance Report in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules of the United Kingdom Listing Authority. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors.

The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Responsibility statement under the Disclosure Guidance and Transparency Rules

Each of the Directors whose names and functions are listed on pages 70 and 71 confirm that to the best of their knowledge:

- the Consolidated Financial Statements of Gamesys Group plc have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

Statement under the UK Corporate Governance Code

The Board considers that the Annual Report taken as a whole, which incorporates the Strategic Report and the Directors’ Report, is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Group and Company’s position, performance, business model and strategy.

By the order of the Board

Neil Goulden

Non-Executive Chair

Gamesys Group plc

8 March 2021

Independent Auditor's Report

to the members of Gamesys Group plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Gamesys Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Parent Company balance sheet, the Parent Company statement of changes in equity, the Parent Company statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board on 24 September 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is seven years, covering the years ending 31 December 2014 to 31 December 2020. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

- An examination of management's going concern model, testing its mathematical accuracy in all material respects;
- An assessment of the 2021-2023 financial forecasts for validity of key assumptions, judgements and estimates relating to the generation of net cash inflows from operations, and the settlement of liabilities arising in relation to financing and investing activities, including dividend payments expected to occur in the future;
- Stress-testing of management's going concern model to assess the resilience of the Group and Parent Company in the event of certain downside scenarios, related to a loss of a key market for example;
- A comparison of the level of cash and other liquid assets relative to the cash requirements of the group;
- An examination of the terms of the group's borrowing arrangements; and
- A comparison of post year end financial information for the month of January 2021 and subsequently, as available, to expected financial results indicated by management's going concern model.

The key observation we reached is that the Group's and Parent Company's financial position can be expected to withstand any reasonably possible foreseeable downside trading scenarios that may occur in the going concern review period.

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

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

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

Independent Auditor's Report
to the members of Gamesys Group plc continued

Overview

Coverage[1]	*100% (2019: 98%) of Group revenue* *93% (2019:93%) of Group adjusted profit before tax* *90% (2019: 98%) of Group total assets*

Key audit matters		2020	2019
	Revenue recognition	Yes	Yes
	Accounting for the Gamesys acquisition	No	Yes
	Compliance with laws and regulations	Yes	Yes
	As explained in Note 5 to the financial statements, the Group acquired the Gamesys business in the prior year. The accounting for this acquisition is no longer considered to be a key audit matter as it was a non-recurring transaction with no ongoing key matters in the current year.		

Materiality	*Group financial statements as a whole* £7.6m (2019: £4.4m) based on 5% (2019: 5%) of Adjusted Profit before tax

1. These are areas which have been subject to a full scope and targeted audit procedures by the group engagement team.

An overview of the scope of our audit

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

We tailored the scope of our audit to ensure that sufficient work was performed to be able to issue an opinion on the financial statements as a whole, whilst taking into consideration the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

During the planning of our Group audit, we confirmed our strategy for the procedures to be performed in setting our Group audit strategy. Full scope audits were planned and completed on all significant components; for other components, analytical procedures were performed, alongside additional targeted testing.

Our audit provided 100% coverage of the Group's revenues in 2020 (2019: 98%), regardless of whether those revenues arose in significant or non-significant components. As the cost base of the group is dispersed across the components which we identified as significant as well as those we identified as non-significant, we supplemented our significant component audits with targeted testing of non-significant components' cost bases. In absolute value terms, the Adjusted Profit Before Tax (as defined on page 122) of significant components was 63% of that of the group, and the Adjusted Profit Before Tax of those non-significant components subjected to targeted testing was 30%, giving a coverage of 93% in total (2019: 93%).

All audit work was undertaken by the Group audit team.

Our strategy is summarised as follows:

	Adjusted profit before tax	Revenue	Total Assets
Full scope and targeted testing	93%	100%	90%
Analytical review	7%	–	10%

Key audit matters

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

Key audit matters		How the scope of our audit addressed the key audit matter
Revenue recognition The Group's accounting policy for revenue recognition is disclosed in note 3 and the financial statements disclose further detail concerning the Group's revenues in note 6.	The Group's revenue of £727.7m (2018: £2019: £415.1m) is comprised of B2B revenue, revenue totalling £29.4m (2019: £17.8m) with the remaining, much larger portion being revenue earned from B2C online gaming operations. For its B2C revenue streams, the Group is reliant on online gaming platforms which have been developed by the Group and are operated by the Group. These IT systems record all gaming transactions including deposits, withdrawals, wagers, player bonuses, wins and losses and their ability to process data accurately is critical. Any possibility of weaknesses in the IT systems would constitute a risk of material misstatement. Further, for operational reasons, management processes routine non-automated adjustments to the amount of B2C revenues recorded. We considered this to represent a risk of fraud in revenue recognition. Given the complex systems relied upon by the Group to record transactions with customers and the possibility of inappropriate manual intervention, we identified the completeness, existence and accuracy of B2C revenue as a significant risk of material misstatement.	We planned and performed a range of tests of detail, data analytics and IT controls-based audit procedures to check the completeness, existence and accuracy of gaming revenue and player balances reported in the financial statements. These procedures included, inter alia: • live environment test bets on both of the Group's gaming platforms; • tests of control over key interfaces and system monitoring activities; • re-performance of reconciliations between revenue, cash and player balances, supported by analysis of manual bonuses and other adjustments, both within and outside of the gaming systems; and • procedures to confirm completeness and existence of customer deposits and withdrawals by agreeing transactions in the gaming system to payment service provider records and vice-versa. We assessed whether the revenue recognition policies adopted by the Group comply with applicable accounting standards and the proper application of the net gaming revenue method in accordance with industry norms. Particular areas of focus were the appropriateness of the presentation and valuation of customer bonuses and incentives on B2C revenues and ascertaining that management had correctly determined the treatment of these items. **Key observations** Nothing has come to our attention as a result of performing the above procedures that causes us to believe revenue has not been recognised appropriately. The related disclosures in the financial statements are appropriate.
Compliance with Laws and Regulations	The Group operates in a highly regulated industry across multiple jurisdictions. There are compliance requirements with laws and regulations in each regulated jurisdiction in relation to licensing, money laundering, data protection, fraud, responsible gambling, direct and indirect taxation as well as other legislative matters. Having assessed the risk of non-compliance with laws and regulations across all jurisdictions in which the group operates or has customers, we identified two jurisdictions where the risk level was elevated in our assessment. There is a risk that non-compliance with laws and regulations may adversely affect the Group's ability to maintain its operating licences or may give rise to material regulatory sanctions, resulting in a requirement for additional provisions or contingent liabilities. For this reason we determined compliance with laws and regulations to be a key audit matter.	We held discussions with, and obtained supporting documentation from the Group's in house legal and regulatory experts to understand the control framework in place and the policies and procedures in operation in the group's primary regulated market, as well as a broader understanding of the operation of gaming licences used to service other key markets. We reviewed the reports prepared by the Group's internal and external legal and regulatory experts and relevant Board minutes. We also obtained and reviewed relevant correspondence with industry regulators to identify any potentially material liability or contingent liability relating to penalties or fines arising from non-compliance with laws or regulation. We obtained written representations from management that they were not aware of any other issues that may adversely affect the Group's ability to trade or that may give rise to the possibility of material fines or penalties. **Key observations** Nothing has come to our attention as a result of performing the above procedures that causes us to believe that management has not complied with the relevant regulatory requirements of the industry.

Independent Auditor's Report

to the members of Gamesys Group plc continued

Our application of materiality

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

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

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

	Group financial statements	Parent company financial statements
Materiality	£7.6m (2019: £4.4m)	£2.9m (2019: £1.8m)
Basis for determining materiality	5% (2019: 5%) of Adjusted profit before tax. Adjusted Profit Before Tax is calculated for this purpose as Net Profit for the Year Before Taxes from continuing operations, adjusted to exclude one-off tax charges, transaction related costs and amortisation of acquisition-related purchase price intangibles and non-compete clauses totalling to a net £85.5 million increase in profit (2019: £74.5 million increase in profit, which also included adjustments to exclude fair value adjustments on contingent consideration).	38% (2019: 40%) of Group materiality.
Rationale for the benchmark applied	We consider an Adjusted Profit before Tax measure to be the most appropriate benchmark for the materiality calculation as this measure reflects the Group's profitability excluding the impact of certain non-recurring and business acquisition-related items.	Capped 38% (2019: 40%) of Group materiality given the assessment of the components aggregation risk.

Performance materiality

Performance materiality was set at 65% (2019: 65%) of materiality for both the Group and Parent Company audits. This equated to a level of £4.9m for the group audit and £1.9 million for the parent company (2019: £2.9 million and £1.2 million respectively). In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of between 30% and 40% of Group materiality (2019: 40% - 70%) dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £2.5 million to £3.0 million (2019: £1.8 million to £3.1 million). In the audit of each component, we further applied performance materiality levels of 65% (2019: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £300k (2019: £180k) for the Group and the Parent Company, as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2020 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 114; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate set out on page 59.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 118; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 61; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 83; and • The section describing the work of the Audit & Risk Committee set out on pages 82 to 85.

Independent Auditor's Report

to the members of Gamesys Group Plc continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Corporate governance statement	In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information. In our opinion, based on the work undertaken in the course of the audit information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the industry in which it operates. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework, including international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards, and significant regulations relating to the sector in which the group operates as referred to in the Key Audit Matters set out above, and taxation law and regulation in the jurisdictions in which the Group operates and in which the group has a customer base.
- We understood how the company is complying with those legal and regulatory frameworks, including those under industry regulation as referred to in the "Key Audit Matters" section of our report, by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and legal advisor confirmation letter responses, as well as those procedures referred to in the "Key Audit Matters" section of our report.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including in relation to revenue recognition (please refer to the "Key Audit Matters" section of our report. These procedures included testing manual journals and key areas of estimation uncertainty or judgement, for example the capitalisation of software development costs, the selection of an appropriate method and rates with which to measure expected credit loss provisions, the assumptions used in evaluating the recognition of, and measuring provisions for, taxation, and impairment testing of intangible assets.

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

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dominic Stammers (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London UK

8 March 2021

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

Financial Statements

We delivered an excellent operational and financial performance in 2020

Revenues increased by 29% to £727.7m and Adjusted EBITDA advanced 30% to £206.2m. We exited the year with the balance sheet in extremely robust shape.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Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Revenue	6	**727.7**	415.1
Costs and expenses			
Distribution costs	6,7	**399.9**	214.2
Administrative costs	6,7	**221.5**	147.5
Impairment of financial assets	3,6,16	**5.0**	3.9
Severance costs	6	**1.9**	–
Transaction related costs	6	**1.8**	15.8
Foreign exchange loss/(gain)	6	**4.2**	(1.5)
Total costs and expenses		**634.3**	379.9
Fair value adjustments on contingent consideration		**–**	0.5
Interest income	8	**(0.5)**	(0.4)
Interest expense	8	**24.0**	21.8
Accretion on financial liabilities	8	**1.2**	1.3
Total financing expenses		**24.7**	23.2
Net income for the year before taxes from continuing operations		**68.7**	12.0
Tax expense	9	**1.5**	2.9
Net income for the year after taxes from continuing operations		**67.2**	9.1
Net loss from discontinued operations		**–**	(0.7)
Net income for the year attributable to owners of the parent		**67.2**	8.4
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods			
Foreign currency translation (loss)/gain on retranslation of overseas subsidiaries		**(7.5)**	1.3
Gain/(loss) on currency swap	17	**2.0**	(9.3)
Gain on foreign exchange forward		**–**	2.7
Loss on interest rate swap	17	**(1.6)**	(1.2)
Other comprehensive loss for the year		**(7.1)**	(6.5)
Total comprehensive income for the year attributable to owners of the parent		**60.1**	1.9
Net income for the year per share			
Basic	10	**61.8p**	10.1p
Diluted	10	**61.5p**	10.0p
Net income for the year per share – continuing operations			
Basic	10	**61.8p**	10.9p
Diluted	10	**61.5p**	10.9p

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheets

	Notes	As at 31 December 2020 (£m)	As at 31 December 2019 (£m)
ASSETS			
Non-current assets			
Tangible assets	12	**8.9**	9.5
Intangible assets	5,13	**407.6**	484.5
Goodwill	5,13	**526.2**	524.2
Right-of-use assets	18	**21.9**	22.2
Deferred tax asset	3,9	**9.9**	–
Other long-term receivables	14,23	**5.1**	5.2
Total non-current assets		**979.6**	1,045.6
Current assets			
Cash	15,23,27	**212.6**	100.3
Restricted cash	15,23	**–**	6.3
Player deposits	15,23	**29.6**	12.4
Trade and other receivables	16,23	**39.9**	33.2
Tax receivables	9	**3.8**	13.7
Total current assets		**285.9**	165.9
Total assets		**1,265.5**	1,211.5
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	19,21,23	**98.6**	78.0
Other short-term payables	21,23	**0.3**	5.6
Current portion of provisions	20	**–**	3.8
Current portion of currency and interest rate swap payable	11,17,23	**3.7**	3.7
Current portion of lease liabilities	11,18,21,23	**6.1**	4.7
Interest payable	11,23	**1.9**	1.0
Payable to players	21,23	**29.6**	12.4
Taxes payable	9	**16.9**	13.4
Total current liabilities		**157.1**	122.6
Non-current liabilities			
Other long-term payables	11,17,21,23,24	**13.1**	16.6
Provisions	20	**6.8**	6.0
Lease liabilities	11,18,21,23	**16.6**	18.0
Deferred tax liability	3,5,9	**44.4**	53.2
Long-term debt	11,21,22,23	**508.1**	530.3
Total non-current liabilities		**589.0**	624.1
Total liabilities		**746.1**	746.7
Equity			
Retained earnings		**246.3**	190.8
Share capital	25	**11.0**	10.9
Share premium		**8.9**	4.7
Other reserves		**253.2**	258.4
Total equity		**519.4**	464.8
Total liabilities and equity		**1,265.5**	1,211.5

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2021.

Lee Fenton
Chief Executive Officer

Keith Laslop
Chief Financial Officer

Consolidated Statements of Changes in Equity

	Notes	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 2019		7.4	2.1	(6.1)	10.4	24.1	(1.1)	182.5	219.3
Comprehensive income/(loss) for the year:									
Net income for the year (continued and discontinued operations)		–	–	–	–	–	–	8.4	8.4
Other comprehensive income/(loss)		–	–	–	–	1.3	(7.8)	–	(6.5)
Total comprehensive income/(loss) for the year:		**–**	**–**	**–**	**–**	**1.3**	**(7.8)**	**8.4**	**1.9**
Contributions by and distributions to shareholders:									
Issue of common shares, net of costs		3.4	–	240.6	–	–	–	(1.4)	242.6
Reclassification of foreign exchange forward		–	–	–	–	–	(2.7)	–	(2.7)
Exercise of options		0.1	2.6	–	(0.8)	–	–	0.8	2.7
Issuance of ordinary share warrants	25	–	–	–	–	–	–	0.5	0.5
Share-based compensation		–	–	–	0.5	–	–	–	0.5
Total contributions by and distributions to shareholders:		**3.5**	**2.6**	**240.6**	**(0.3)**	**–**	**(2.7)**	**(0.1)**	**243.6**
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 year:									
Net income for the year		–	–	–	–	–	–	67.2	67.2
Other comprehensive (loss)/income		–	–	–	–	(7.5)	0.4	–	(7.1)
Total comprehensive (loss)/income for the year:		**–**	**–**	**–**	**–**	**(7.5)**	**0.4**	**67.2**	**60.1**
Contributions by and distributions to shareholders:									
Shareholder dividends	25	–	–	–	–	–	–	(13.0)	(13.0)
Exercise of options	25	0.1	4.2	–	(1.3)	–	–	1.3	4.3
Payment of long-term incentive plan		–	–	–	(0.4)	–	–	–	(0.4)
Share-based compensation	25	–	–	–	3.6	–	–	–	3.6
Total contributions by and distributions to shareholders:		**0.1**	**4.2**	**–**	**1.9**	**–**	**–**	**(11.7)**	**(5.5)**
Balance at 31 December 2020		**11.0**	**8.9**	**234.5**	**12.0**	**17.9**	**(11.2)**	**246.3**	**519.4**

The accompanying notes form an integral part of the financial statements.

Consolidated Statements of Cash Flows

	Notes	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Operating activities			
Cash generated from operations	27	**225.6**	78.1
Income taxes paid		**(11.2)**	(3.1)
Total cash provided by operating activities		**214.4**	75.0
Financing activities			
Proceeds from exercise of options		**4.3**	2.7
Payment of long-term incentive plan		**(0.4)**	–
Payment of shareholder dividends	25	**(13.0)**	–
Proceeds from long-term debt	5,22	**–**	173.6
Debt issuance and repricing costs	11,22	**(0.3)**	(2.6)
Principal payments made on long-term debt	11,22	**(40.0)**	–
Lease payments	11,18	**(5.9)**	(3.6)
Repayment of non-compete liability	11	**(4.7)**	(6.0)
Interest and swap payments	11	**(25.0)**	(21.0)
Total cash (used in)/provided by financing activities		**(85.0)**	143.1
Investing activities			
Purchase of tangible assets	12	**(2.8)**	(3.8)
Purchase of intangible assets	13	**(16.7)**	(12.9)
Disposal of discontinued operation		**–**	18.0
Business acquisitions, net of cash acquired	5	**–**	(199.7)
Total cash used in investing activities		**(19.5)**	(198.4)
Net increase in cash during the year		**109.9**	19.7
Cash, beginning of year		**100.3**	84.4
Exchange gain/(loss) on cash and cash equivalents		**2.4**	(3.8)
Cash, end of year		**212.6**	100.3

The accompanying notes form an integral part of the financial statements.

Parent Company Balance Sheets

	Notes	As at 31 December 2020 (£m)	As at 31 December 2019 (£m)
ASSETS			
Non-current assets			
Investment in subsidiaries	32	**918.3**	915.2
Other long-term receivables	14,23	**0.2**	0.2
Total non-current assets		**918.5**	915.4
Current assets			
Cash	15,23,27	**61.8**	6.4
Trade and other receivables	16,23	**0.5**	1.6
Intercompany receivable	16,23	**240.2**	253.9
Total current assets		**302.5**	261.9
Total assets		**1,221.0**	1,177.3
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	19,21,23	**2.6**	1.9
Other short-term payables	21,23	**–**	0.3
Current portion of currency and interest rate swap payable	11,17,23	**3.7**	3.7
Intercompany payables	19,23	**273.7**	240.9
Interest payable	11,23	**0.7**	–
Total current liabilities		**280.7**	246.8
Non-current liabilities			
Other long-term payables	11,17,21,23,24	**13.1**	16.6
Long-term debt	11,21,22,23	**207.6**	247.4
Total non-current liabilities		**220.7**	264.0
Total liabilities		**501.4**	510.8
Equity			
Retained earnings		**467.0**	420.5
Share capital	25	**11.0**	10.9
Share premium		**8.9**	4.7
Other reserves		**232.7**	230.4
Total equity		**719.6**	666.5
Total liabilities and equity		**1,221.0**	1,177.3

The accompanying notes form an integral part of the financial statements.

The Parent Company has taken advantage of the exemption allowed under s408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £58.2 million (2019: loss of £24.6 million).

The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2021.

Lee Fenton
Chief Executive Officer

Keith Laslop
Chief Financial Officer

Parent Company Statements of Changes in Equity

	Notes	Share Capital (£m)	Share Premium (£m)	Merger Reserve (£m)	Share-Based Payment Reserve (£m)	Hedge Reserve (£m)	Retained Earnings (£m)	Total (£m)
Balance at 1 January 2019		7.4	2.1	–	1.7	(1.1)	396.0	406.1
Comprehensive income/(loss) for the year:								
Net income for the year		–	–	–	–	–	24.6	24.6
Other comprehensive income		–	–	–	–	(7.8)	–	(7.8)
Total comprehensive (loss)/income for the year:		**–**	**–**	**–**	**–**	**(7.8)**	**24.6**	**16.8**
Contributions by and distributions to shareholders:								
Issue of common shares, net of costs		3.4	–	240.6	–	–	(1.4)	242.6
Reclassification of foreign exchange forward		–	–	–	–	(2.7)	–	(2.7)
Exercise of options		0.1	2.6	–	(0.8)	–	0.8	2.7
Issuance of ordinary share warrants		–	–	–	–	–	0.5	0.5
Share-based compensation		–	–	–	0.5	–	–	0.5
Total contributions by and distributions to shareholders:		**3.5**	**2.6**	**240.6**	**(0.3)**	**(2.7)**	**(0.1)**	**243.6**
Balance at 1 January 2020		**10.9**	**4.7**	**240.6**	**1.4**	**(11.6)**	**420.5**	**666.5**
Comprehensive income for the year:								
Net income for the year		–	–	–	–	–	58.2	58.2
Other comprehensive income		–	–	–	–	0.4	–	0.4
Total comprehensive income for the year:		**–**	**–**	**–**	**–**	**0.4**	**58.2**	**58.6**
Contributions by and distributions to shareholders:								
Shareholder dividends	25	–	–	–	–	–	(13.0)	(13.0)
Exercise of options	25	0.1	4.2	–	(1.3)	–	1.3	4.3
Payment of long-term incentive plan		–	–	–	(0.4)	–	–	(0.4)
Share-based compensation	25	–	–	–	3.6	–	–	3.6
Total contributions by and distributions to shareholders:		**0.1**	**4.2**	**–**	**1.9**	**–**	**(11.7)**	**(5.5)**
Balance at 31 December 2020		**11.0**	**8.9**	**240.6**	**3.3**	**(11.2)**	**467.0**	**719.6**

The accompanying notes form an integral part of the financial statements.

Parent Company Statements of Cash Flows

	Notes	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Operating activities			
Cash generated from operations	27	**71.1**	12.3
Total cash provided by operating activities		**71.1**	12.3
Financing activities			
Proceeds from exercise of options		**4.3**	2.7
Payment of long-term incentive plan		**(0.4)**	–
Payment of shareholder dividends	25	**(13.0)**	–
Debt issuance and repricing costs	11,22	**(0.3)**	–
Principal payments made on long-term debt	11,22	**(40.0)**	–
Lease payments		**–**	(0.4)
Repayment of intercompany interest		**(2.2)**	–
Proceeds from intercompany interest		**19.3**	11.5
Proceeds from intercompany loan		**30.5**	241.0
Interest and swap payments	11	**(13.9)**	(15.3)
Total cash (used in)/provided by financing activities		**(15.7)**	239.5
Investing activities			
Business acquisitions, net of cash acquired	5	**–**	(246.0)
Total cash provided by investing activities		**–**	(246.0)
Net increase in cash during the year		**55.4**	5.8
Cash, beginning of year		**6.4**	0.6
Cash, end of year		**61.8**	6.4

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements
For the year ended 31 December 2020

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, and use of 'Parent Company' means Gamesys Group plc.

The Group currently offers bingo, casino and other games to its players using the Jackpotjoy, Starspins, 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.

These Consolidated Financial Statements were authorised for issue by the Board of Directors of Gamesys Group plc on 9 March 2021.

2. Basis of preparation

Basis of presentation

These Consolidated Financial Statements have been prepared by management on a going concern basis, are presented in compliance with International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In adopting the going concern basis of preparation of these Consolidated Financial Statements, management considered the Group's latest trading performance, including its cash position, and conducted analysis of COVID-19 impact on the Group's online gaming business in key markets. Based on this examination, management concluded that the Group is well positioned to manage the risks and uncertainties it faces and is expected to have adequate financial resources to continue its normal operations for the foreseeable future, being over one year from the date of authorisation of these Consolidated Financial Statements.

These 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.

Basis of consolidation

The Group assesses control by evaluating matters relating to its power over an entity, its exposure or rights to variable returns from involvement with an entity and its ability to use its power over the entity to affect those returns. In certain situations, the assessment of control in accordance with the Group's accounting policies may require the exercise of management judgement.

Gamesys Group plc's Consolidated Financial Statements consolidate all wholly owned subsidiaries and other entities that the Group controls. All transactions and balances between companies that the Group controls are eliminated on consolidation.

Intercompany transactions, balances, income and expenses on transactions between Gamesys Group plc's subsidiaries are eliminated. Profit and losses resulting from intercompany transactions are also eliminated.

Notes to the financial statements continued
For the year ended 31 December 2020

2. Basis of preparation continued
The subsidiaries of Gamesys Group plc, all of which have been included in these Consolidated Financial Statements, are wholly owned by the Group and constitute investment in subsidiaries on the Parent Company's Balance Sheets, are as follows:

Name of Business	Country of Incorporation and Principal Place of Business	Registered Address
Directly held		
JPJ Group Jersey Finance Limited JPJ Holding II Limited JPJ Group Holdings Limited Gamesys Group (Holdings) Limited	Jersey	22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands
Indirectly held		
Intertain CallCo ULC	Canada	600-1741 Lower Water Street, Halifax, Nova Scotia, Canada B3J 0J2
The Intertain Group Limited	Canada	20 Duncan Street, Suite 300, Toronto, ON, M5V 2B8, Canada
JPJ Maple Media Ltd	Canada	1055 West Hastings Street Suite 1700 Vancouver, BC V6E 2E9 Canada
Jackpotjoy Operations Ltd Wagerlogic Bahamas Ltd Golden Hero Group Ltd	Bahamas	303 Shirley Street, P.O. Box N-492, Nassau, The Bahamas
Mandalay Media Ltd* Jet Management Group Ltd*	Bahamas	Saffrey Square, Suite 205 A, Bank Lane & Bay Street, P.O. Box N-4244, Nassau, Bahamas
Gamesys Estonia OU	Estonia	Rotermanni Street 14-5 Floor Tallinn 10111 Estonia
JPJ Holding Jersey Limited JPJ Jersey Limited Gamesys Jersey Limited	Jersey	22 Grenville Street, ST Helier, Jersey JE4 8PX, Channel Islands
Dumarca Holdings Ltd Dumarca Services Ltd Dumarca Gaming Ltd Dumarca Live Ltd	Malta	The Emporium, Level 4, St Louis Street, MSD 1421, Msida, Malta
Cryptologic Operations Ltd	Malta	Office 1/1457, Level G, Quantum House, 75 Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta
Wagerlogic Malta Holding Ltd Cryptologic Trading Ltd*	Malta	Office 1/4457, Level G Quantum House, 75 Abate Rigord Street, Ta'Xbiex, XBX 1120 Malta
JPJ Maple II Ltd	Malta	Office 1/5457, Level G Quantum House, 75 Abate Rigord Street, Ta'Xbiex, XBX 1120 Malta
Gamesys Network Ltd	Malta	Capital Business Centre, Entrance A, Level 1 Taz-Zwejt Street San Gwann SGN 3000
Gamesys Spain S.A Games Spain Operations S.A JPJ Spain Operations S.A	Ceuta	4 Salud Tejero Planta En Street, Unit F 51001, Ceuta
Wagerlogic Israel Ltd*	Israel	4 Berkowitz Street, 7th Floor, P.O. Box 33111, Tel Aviv, 61330, Israel

Name of Business	Country of Incorporation and Principal Place of Business	Registered Address
Jet Media Ltd	Gibraltar	Suite 2B,143 Main Street, Gibraltar
Solid Innovations Ltd	Gibraltar	6.20 World Trade Center, 6 Bayside Road, GX11 1AA, Gibraltar
Entertaining Play Ltd Gamesys Gibraltar Ltd Leisure Spin Ltd Profitable Play Ltd Nozee Ltd Gamesys Operations Ltd	Gibraltar	57/63 Line Wall Road Gibraltar GX11 1AA Gibraltar
JPJ Marketing Support Services Ltd. Intertain Management (UK) Ltd	United Kingdom	10 Piccadilly London, W1J 0DD
Gamesys Ltd Mice & Dice Ltd	United Kingdom	4th Floor 10 Piccadilly London W1J 0DD United Kingdom
Plain Support SA	Costa Rica	San Jose Mata Redonda, Del Am-Pm, 200 Oeste Y 25 Sur, Costa Rica
Dumarca Asia Ltd	Hong Kong	14th Floor, China Hong Kong Tower, 8 Hennessey Road, Wanchai, Hong Kong
Silverspin AB	Sweden	S:ta Helenagatan, SE-541 30, Skovde, Sweden
Intertain Financial Services AB	Sweden	Ingemar Bergmansgata 2, 114 34, Stockholm, Sweden
Fifty States Ltd.	Isle of Man	Fort Anne, Douglas, IM1 5PD Isle of Man
Solid (IOM) Ltd. Libita Group Ltd Stockwell Ltd	Isle of Man	49 Victoria Street, Douglas, IM1 2LD, Isle of Man
The Intertain Group Finance LLC Gamesys US LLC	United States of America	251 Little Falls Drive, Wilmington, 19808, Delaware
Luxembourg Investment Company 192 S.a.r.l.	Luxembourg	6, rue Eugene Ruppert, Luxembourg, Luxembourg

* Entities are in liquidation.

3. Summary of significant accounting policies

Business combinations and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries by Gamesys Group plc, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised as soon as the relevant information is available, within a period not exceeding a year from the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred, and equity interests issued by Gamesys Group plc. Transaction related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Gamesys Group plc's cash-generating units that are expected to benefit from the combination.

Notes to the financial statements continued
For the year ended 31 December 2020

3. Summary of significant accounting policies continued

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers. The Chief Operating Decision Makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the management team comprising of the Chief Executive Officer and Chief Financial Officer.

Revenue recognition

The Group earns its revenue from operating online bingo and casino websites ('Net Gaming Revenue'). Other revenue streams comprise of licensing of its proprietary software to third parties, affiliate aggregation services and game aggregation services (in combination, 'B2B Revenue').

Net Gaming Revenue

Revenue from online bingo and casino consists of the difference between total amounts wagered by players less all winnings payable to players, bonuses allocated and jackpot contributions. Players transact with the Group's businesses under agreed terms, which form the basis for the contractual arrangement. There are no significant judgements required in applying IFRS 15 – *Revenue From Contracts With Customers* ('IFRS 15') to these arrangements.

Net Gaming Revenue is recognised upon satisfaction of the Group's performance obligation to the player, which is the point in time when the player completes one of the games offered by the Group and the outcome of the game is honoured with the appropriate payout being made.

There is no significant degree of uncertainty involved in quantifying the amount of Net Gaming Revenue earned, including bonuses, jackpot contributions, and loyalty points. Bonuses, jackpot contributions and loyalty points are measured at fair value at each reporting date.

B2B Revenue

B2B Revenue is measured based on the amount to which the Group is contractually entitled, typically based on a percentage of revenue earned by the Group's business partners from use of its software and other services. B2B Revenue is recognised when the Group's performance obligations, as defined by the terms of the relevant contracts, are fulfilled. There are no significant judgements required in applying IFRS 15 to these arrangements and there is no significant degree of uncertainty involved in quantifying the amount of B2B Revenue earned.

B2B Revenue is substantially similar to Net Gaming Revenue with regards to the revenue recognition principles applied. There is only a limited degree of uncertainty attached to the measurement and recognition of B2B Revenues, and consequently, further analysis of B2B Revenue has not been presented.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market accessible by the Group for the asset or liability.

Gamesys Group plc uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Foreign currency translation

Functional and presentation currency

The Group's Consolidated Financial Statements are presented in pounds Sterling. Management determines the functional currency for each subsidiary within the Group based on the principal economic environment in which the subsidiary is active. Items included in the financial statements of each subsidiary are measured using that functional currency. Differences arising on the retranslation of subsidiaries whose functional currency is not pounds Sterling are recorded in other comprehensive income and accumulated in a translation reserve. The functional currency of the Parent Company is pounds Sterling.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity of Gamesys Group plc, using the exchange rates prevailing at the dates of the transactions (spot rates). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates as at the reporting date. Foreign exchange gains and losses resulting from the settlement or translation of monetary items are recognised in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Financial instruments

Financial assets and financial liabilities are recognised when Gamesys Group plc becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognised when extinguished, discharged, cancelled, or when they expire.

The Group classifies its financial assets and liabilities under the following categories: fair value through profit or loss ('FVPL'), fair value through other comprehensive income ('FVOCI'), financial assets at amortised cost and financial liabilities at amortised cost. All financial instruments are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVPL are added to the carrying amount of the asset or liability.

The accretion of these costs is recognised over the life of the instrument in accretion on financial liabilities under the effective interest rate method described below.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. After initial measurement, such instruments are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income or expense in the Consolidated Statements of Comprehensive Income. This category generally applies to cash, restricted cash, player deposits, trade and other receivables, and other long-term receivables.

The Group uses the simplified Expected Credit Loss model ('ECL') ('ECL Model') for its trade receivables in accordance with IFRS 9 – *Financial Instruments* ('IFRS 9'). Other receivables have been evaluated under the standard ECL Model.

Certain high-risk balances in transit from and rolling reserves held with payment service providers are considered trade and other receivables that fall under the scope of IFRS 9. In order to determine the amount of ECL on these balances to be recognised in the Consolidated Financial Statements, the Group has set up a risk rating system to determine credit risk of each counter party.

On confirmation that any trade or other receivables will not be collectable, the gross carrying value of the relevant assets is written off against the associated provision.

Financial liabilities at amortised cost

With the exception of derivatives, all financial liabilities are measured at amortised cost using the effective interest rate method. This category generally applies to interest payable, accounts payable and accrued liabilities, other short-term payables, payable to players, lease liabilities, long-term debt, and other long-term payables. All interest-related charges are reported in profit or loss within interest expense.

Convertible loan receivable

The Group holds a convertible loan receivable that can be converted to equity of the borrower after 12 months following the date of the loan agreement.

The convertible loan receivable is shown as a single asset and is measured at fair value through profit or loss. Fair value is established using a risk neutral simulation model.

Offsetting of financial instruments

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

Notes to the financial statements continued

For the year ended 31 December 2020

3. Summary of significant accounting policies continued

Derivative financial instruments

Gamesys Group plc uses derivative instruments for risk management purposes. The Group does not use derivative instruments for speculative trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting period end. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The method of recognising unrealised and realised fair value gains and losses depends on whether the derivatives are designated as hedging instruments. For derivatives not designated as hedging instruments, unrealised and realised gains and losses are recorded in interest income/expense in the Consolidated Statements of Comprehensive Income. For derivatives designated as hedging instruments, unrealised and realised gains and losses are recognised according to the nature of the hedged item and where the hedged item is a non-financial asset, amounts recognised in the hedging reserve are reclassified and the non-financial asset is adjusted accordingly.

Hedge accounting

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

The Group elected to use hedge accounting for the purposes of recognising realised and unrealised gains and losses associated with its Interest Rate Swap and Currency Swap.

IFRS 9 permits hedge accounting under certain circumstances provided that the hedging relationship is:

- formally designated and documented, including the entity's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;
- expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk as designated and documented, and effectiveness can be reliably measured; and
- assessed on an ongoing basis and determined to have been highly effective.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- hedges of a net investment in a foreign operation.

Cash flow hedges

The Group uses interest rate and foreign currency contracts as hedges of its exposure to interest rate and foreign currency risks, respectively, in forecast transactions and firm commitments. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The ineffective portion relating to interest rate and foreign currency contracts is recognised in financing expenses. Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the hedging instrument or hedged item expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains in equity separately until the forecast transaction occurs (or is no longer expected to occur) or the foreign currency firm commitment is met.

At 31 December 2020, the Group designated its Interest Rate Swap and Currency Swap as cash flow hedges.

Income taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognised in the Consolidated Statements of Comprehensive Income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognised for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred taxes are not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realised, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Consolidated Statements of Comprehensive Income in the period that substantive enactment occurs.

A deferred tax asset is recognised for differences in timing of distribution of taxed profits through intercompany dividend declarations. Other deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Group does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. As at 31 December 2020, the Group's deferred tax asset consists primarily of balances that will become receivable from the Maltese tax authorities upon distribution of taxed profits through intercompany dividends.

Where there is uncertainty about the appropriate tax treatment of certain transactions or circumstances, the Group applies the guidance of IFRIC 23 – *Uncertainty Over Income Tax Treatments* and recognises and measures its current and deferred tax assets and liabilities in accordance with its evaluation of the likelihood that a taxation authority will accept the uncertain tax treatment. Where it is considered probable that a taxation authority will accept the Group's uncertain tax treatment, the Group determines its taxable profit consistently with the tax treatment used or planned to be used in its income tax filings. Where it is considered unlikely that a taxation authority will accept the Group's uncertain tax treatment, the Group reflects the effect of uncertainty in determining its taxable profit following the method it expects to better predict the resolution of the uncertainty.

Cash

Cash includes cash in hand and deposits held at call with banks. Cash excludes restricted cash.

The effect on the Consolidated Statements of Cash Flows of restrictions either taking effect on, or being lifted from, cash balances are reported with regard to the linkage principle, under which changes in cash are classified based on the purpose for which the restricted cash is used. Under this principle, changes (such as cash, which is restricted for the purposes of applying for a business licence) are treated as an operating cash outflow.

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation and impairment, if any. These assets are depreciated over their estimated useful lives as follows:

Computer hardware	33% – 50% per annum
Office furniture	20% – 50% per annum
Freehold property	Over 50 years
Leasehold improvements	Over the lesser of either the term of the lease or useful economic life

Depreciation is recorded under administrative costs in the Consolidated Statements of Comprehensive Income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation expense is reflected in the Consolidated Statements of Comprehensive Income. Amortisation for the material categories of finite life intangible assets is recorded under administrative costs and is calculated at the following rates:

Brand	5% per annum
Gaming licences	5% per annum
Platform and software	7% – 33% per annum
Player relationships and partnership agreements	8% – 20% per annum (variable, according to the expected pattern of consumption)

Notes to the financial statements continued
For the year ended 31 December 2020

3. Summary of significant accounting policies continued

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit ('CGU') level. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell (measured according to level 3 in the fair value hierarchy) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

In instances when a part of a particular CGU is disposed of, the value of goodwill associated with the disposal is measured on the basis of the relative value of the operation disposed of as a portion of the unit retained. The relative value is derived by analysing various methods available for the asset being disposed of and concluding on the method that is most appropriate for each individual disposal.

Share-based compensation and long-term incentive plan

Compensation expense for equity-settled share options awarded under the share option plan is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognised using the graded vesting method over the vesting period of the options granted. Compensation expense for equity-settled stock options awarded under the LTIP, LTIP2, LTIP3 and LTIP4 (as defined in note 25) is measured at the fair value at the grant date using the Black-Scholes valuation model for the EPS and EPS CAGR Tranches (as defined in note 25) and the Monte Carlo model for the TSR Tranches, including TSR Peer and TSR Index Tranches (as defined in note 25). Compensation expense for equity-settled share options awarded under the G MINE SIP (as defined in note 25) is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognised using the graded vesting method over the vesting period of the options granted.

Compensation expense recognised is adjusted to reflect the number of options that has been estimated by management for which conditions attached to service will be fulfilled as of the grant date until the vesting date so that the ultimately recognised expense corresponds to the options that have actually vested. The compensation expense credit is attributed to the share-based payment reserve when the expense is recognised in the Consolidated Statements of Comprehensive Income. On exercise of options granted, the associated portion of the share-based payment reserve is reclassified to retained earnings.

Earnings per share

Basic earnings per share is calculated by dividing the net income or loss for the year attributed to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated using the same method as for basic earnings per share and adjusting the weighted average of ordinary shares outstanding during the year to reflect the dilutive impact, if any, of options and warrants assuming they were exercised for that number of ordinary shares calculated by applying the treasury stock method. The treasury stock method assumes that all proceeds received by Gamesys Group plc when options and warrants are exercised will be used to purchase ordinary shares at the average market price during the reporting period.

Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins the same month the asset is recognised and is charged over the period of expected future economic benefit to the Group. During the period of development, the asset is tested for impairment annually as part of the CGU to which it relates.

Leases

Under IFRS 16 – Leases, the Group amortises its right-of-use assets and accretes interest on its lease liabilities, except for leases of low value assets and leases with a duration of one year or less.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the term of the lease, with discount rates determined by reference to the Group's incremental borrowing rate, where no rate is specified in the lease agreement itself. Right-of-use assets are initially measured at the amount of the lease liability. The Group makes judgements regarding extension and break clauses, where necessary.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease, the carrying amount of the lease liabilities is adjusted to reflect the payments required to be made over the revised term, which are discounted using a revised discount rate. Equivalent adjustments are made to the value of the right-of-use assets, with the revised carrying amount being amortised over the remaining revised lease term. If the carrying amount of the right-of-use assets is adjusted to zero, any further reduction is recognised in profit or loss.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost. These investments are assessed for impairment whenever there is an indication that the investment may be impaired. If the recoverable amount of an investment in subsidiary is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

4. Summary of significant accounting judgements, estimates, and assumptions

The preparation of Gamesys Group plc's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The effect of a change in an accounting estimate is recognised prospectively by including it in the Consolidated Statements of Comprehensive Income in the period of the change, if the change affects that period only; or in the period of the change and future periods if the change affects both.

The Group has reviewed its significant accounting estimates and assumptions considering the impact of COVID-19 and no new significant accounting estimates and assumptions were identified, nor have the current estimates and assumptions been materially impacted.

The estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill and intangible assets

Goodwill and intangible assets are reviewed for impairment annually, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. Management uses judgement in estimating the recoverable values of the Group's CGUs and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. The use of different assumptions and estimates could influence the determination of the existence and extent of impairment and the valuation of intangible assets.

Notes to the financial statements continued
For the year ended 31 December 2020

4. Summary of significant accounting estimates and assumptions continued

Taxes

Group companies may be subject to indirect taxation on transactions, which have been treated as exempt supplies of gambling, or on supplies which 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. 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, its financial position or its reported results. 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.

The Group is also exposed to a range of different corporation and other tax regimes. Any given tax jurisdiction may have complex legislation operating both domestically and potentially beyond the borders of the country in question. This requires the Group to make judgements on the basis of detailed tax analysis and recognise payables or provisions and disclose contingent liabilities as appropriate in the circumstances. Should the Group's judgement change as it is revisited over time, or the associated estimates be updated as more information comes to light, tax expense recorded in the Consolidated Statements of Comprehensive Income in future reporting periods will be affected. Further information on recognised provisions is included in note 20.

Expected credit loss

Trade and other long-term and short-term receivables are reviewed for impairment every reporting period. Use of the ECL Model requires management to exercise judgement in evaluating which balances in transit from and rolling reserves held with payment service providers are considered high-risk. It also requires management to make assumptions about the likelihood of collectability of certain trade and other receivables. The use of different assumptions and estimates could influence the amount of impairment of financial assets recognised in a given period.

Capitalised software development costs

Capitalisation of certain software development costs requires management to exercise judgement in identifying costs to be capitalised as well as the rate at which such costs are capitalised. In particular, judgement is exercised when identifying and quantifying directly attributable costs necessary to create, produce and prepare software to be capable of operating in the manner intended by management. The use of different assumptions on what constitutes directly attributable costs and use of different estimates for calculating these costs could influence the amount of capitalised software development.

Business combinations

Business combinations require management to exercise judgement in measuring the fair value of the assets acquired, equity instruments issued and liabilities assumed. In particular, a high degree of judgement is applied in determining which assets and liabilities are included in a business combination, the fair value of the separable intangible assets acquired and their useful economic lives.

5. Business combinations

On 26 September 2019, the Group completed the Gamesys Acquisition, which includes the Virgin Games, Heart Bingo, Virgin Casino and Monopoly Casino brands and related assets. The purchase was completed for £237.3 million in cash (net of gains from hedging), of which £173.6 million was funded by an add-on to the Group's existing Term Facility, £9.9 million in deferred consideration (net of working capital adjustments) and 33,653,846 newly issued ordinary shares of the Parent Company, which at the prevailing share price of £7.25 on 26 September 2019 amounted to £244.0 million. The deferred consideration is payable in March 2022 and is subject to an annual interest rate of 5.0% plus LIBOR. The Gamesys Acquisition has been accounted for as a business combination.

The purchase price allocation set forth below represents the allocation of the purchase price to the fair value of assets acquired and liabilities assumed. No indemnification assets have been recognised due to the uncertainty of any such amounts being agreed.

Effect of acquisition on the financial position of the Group

	26 September 2019 (£m)
Assets acquired	
Cash	40.3
Restricted cash	1.2
Player deposits	9.0
Trade and other receivables	14.0
Other non-current assets	5.9
Right-of-use assets	18.8
Intangible assets (note 13)	309.0
Goodwill (note 13)	252.7
	650.9
Liabilities assumed	
Accounts payable and accrued liabilities	75.5
Player liabilities	9.0
Deferred tax liabilities	52.4
Provisions (note 20)	3.8
Lease liabilities	19.0
	159.7
Net assets acquired	**491.2**
Consideration	
Cash	240.0
Realised gain on FX Forward	(2.7)
Deferred consideration	10.0
Working capital adjustment	(0.1)
Shares issued	244.0
	491.2

The excess purchase consideration over the net fair value of financial and other tangible and intangible assets and liabilities acquired was allocated to goodwill. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Gamesys (Holdings) Limited with those of the Group.

None of the goodwill is expected to be deductible for income tax purposes.

In connection with the issuance of shares as part of the consideration for the Gamesys Acquisition, Gamesys Group plc applied the requirements of the Companies Act 2006 in relation to merger relief, and recorded excess of the nominal value of the shares issued in the merger reserve.

On 1 January 2020, amendments to the definition of a business under IFRS 3 – Business Combinations came into effect. The Group did not complete any acquisitions during the year ended 31 December 2020 and the amendments do not permit the Group to reassess whether acquisitions occurring prior to 1 January 2020 meet the revised definition of a business. As a result, the Group's Consolidated Financial Statements for the year ended 31 December 2020 were not affected by these amendments.

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For the year ended 31 December 2020

6. Segment information

Under IFRS 8 – *Operating Segments* ('IFRS 8') segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Makers (as defined in note 3).

The Group has determined that it has a single operating segment, being online gaming. The online gaming segment consists of online bingo and casino operating results of the Jackpotjoy, Starspins, Virgin Games, Heart Bingo, Botemania, Rainbow Riches Casino, Virgin Casino, Monopoly Casino, Vera&John, InterCasino and VIP Casino brands.

Management believes that this segmentation is most appropriate because online gaming is the Group's primary business that is being managed on a combined basis without central business costs or operating expenses being allocated to any particular geography or product.

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

Year ended 31 December 2020:

	Online gaming (£m)	Unallocated corporate costs (£m)	Total (£m)
Revenue	**727.7**	**–**	**727.7**
Distribution costs	399.9	–	399.9
Amortisation and depreciation	99.5	0.5	100.0
Impairment of purchase price intangibles	4.1	–	4.1
Compensation, professional, and general and administrative expenses	100.4	17.0	117.4
Impairment of financial assets	5.0	–	5.0
Severance costs	1.1	0.8	1.9
Transaction related costs	–	1.8	1.8
Foreign exchange (gain)/loss	(1.0)	5.2	4.2
Financing, net	0.9	23.8	24.7
Income/(loss) for the year before taxes	**117.8**	**(49.1)**	**68.7**
Tax expense	1.2	0.3	1.5
Net income/(loss) for the year after taxes	**116.6**	**(49.4)**	**67.2**
Net income/(loss) for the year after taxes	**116.6**	**(49.4)**	**67.2**
Interest expense, net	0.9	22.6	23.5
Accretion on financial liabilities	–	1.2	1.2
Tax expense	1.2	0.3	1.5
Amortisation and depreciation	99.5	0.5	100.0
Impairment of purchase price intangibles	4.1	–	4.1
EBITDA	**222.3**	**(24.8)**	**197.5**
Severance costs	1.1	0.8	1.9
One-off tax charges	0.8	–	0.8
Transaction related costs	–	1.8	1.8
Foreign exchange (gain)/loss	(1.0)	5.2	4.2
Adjusted EBITDA	**223.2**	**(17.0)**	**206.2**
Net income/(loss) for the year after taxes	**116.6**	**(49.4)**	**67.2**
Severance costs	1.1	0.8	1.9
One-off tax charges	0.8	–	0.8
Transaction related costs	–	1.8	1.8
Foreign exchange (gain)/loss	(1.0)	5.2	4.2
Amortisation of acquisition related purchase price intangibles	82.9	–	82.9
Impairment of purchase price intangibles	4.1	–	4.1
Accretion on financial liabilities	–	1.2	1.2
Deferred tax on purchase price intangibles	(8.7)	–	(8.7)
Adjusted net income/(loss)	**195.8**	**(40.4)**	**155.4**

Year ended 31 December 2019:

	Online gaming (£m)	Unallocated corporate costs (£m)	Total (£m)
Revenue	**415.1**	**–**	**415.1**
Distribution costs	214.2	–	214.2
Amortisation and depreciation	61.2	1.0	62.2
Compensation, professional, and general and administrative expenses	71.3	14.0	85.3
Impairment of financial assets	3.9	–	3.9
Transaction related costs	0.2	15.6	15.8
Foreign exchange loss/(gain)	1.3	(2.8)	(1.5)
Financing, net	0.5	22.7	23.2
Income/(loss) for the year before taxes from continuing operations	**62.5**	**(50.5)**	**12.0**
Tax expense	2.6	0.3	2.9
Net income/(loss) for the year after taxes from continuing operations	**59.9**	**(50.8)**	**9.1**
Net income/(loss) for the year after taxes from continuing operations	**59.9**	**(50.8)**	**9.1**
Interest expense, net	0.5	20.9	21.4
Accretion on financial liabilities	–	1.3	1.3
Tax expense	2.6	0.3	2.9
Amortisation and depreciation	61.2	1.0	62.2
EBITDA	**124.2**	**(27.3)**	**96.9**
One-off tax charges	6.0	–	6.0
Fair value adjustments on contingent consideration	–	0.5	0.5
Transaction related costs	0.2	15.6	15.8
Foreign exchange loss/(gain)	1.3	(2.8)	(1.5)
Adjusted EBITDA[1]	**131.7**	**(14.0)**	**117.7**
Net income/(loss) for the year after taxes from continuing operations	**59.9**	**(50.8)**	**9.1**
One-off tax charges	6.0	–	6.0
Fair value adjustments on contingent consideration	–	0.5	0.5
Transaction related costs	0.2	15.6	15.8
Foreign exchange loss/(gain)	1.3	(2.8)	(1.5)
Amortisation of acquisition related purchase price intangibles	52.7	–	52.7
Accretion on financial liabilities	–	1.3	1.3
Deferred tax on purchase price intangibles[2]	(0.4)	–	(0.4)
Adjusted net income/(loss)[1,2]	**119.7**	**(36.2)**	**83.5**

1. Figures for the year ended 31 December 2019 have been amended to include share-based compensation expense that is no longer excluded from adjusted EBITDA and adjusted net income.
2. Figures for the year ended 31 December 2019 have been amended to exclude deferred tax on purchase price intangibles.

During the year ended 31 December 2020, revenue was earned from players situated in the following locations: United Kingdom – 58% (year ended 31 December 2019 – 52%), Japan – 27% (year ended 31 December 2019 – 26%), Spain – 5% (year ended 31 December 2019 – 8%), rest of Europe – 4% (year ended 31 December 2019 – 9%), rest of world – 6% (year ended 31 December 2019 – 5%).

During the year ended 31 December 2020, the Group's B2B Revenue comprised 4% (year ended 31 December 2019 – 4%) of total Group revenues, with the remaining portion being revenues earned from Net Gaming Revenue operations.

Non-current assets by geographical location as at 31 December 2020 were as follows: Europe £98.8 million (31 December 2019 – £85.3 million), Americas £6.1 million (31 December 2019 – £383.9 million) and United Kingdom £874.7 million (31 December 2019 – £576.4 million).

Notes to the financial statements continued

For the year ended 31 December 2020

7. Costs and expenses

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Distribution costs:		
Selling and marketing	**155.9**	81.7
Licensing fees	**63.2**	45.3
Gaming taxes	**116.5**	59.2
Processing fees	**64.3**	28.0
	399.9	214.2
Administrative costs:		
Compensation and benefits	**91.8**	55.6
Professional fees	**7.7**	5.1
General and administrative	**17.9**	24.6
Tangible and right-of-use asset depreciation	**8.8**	4.4
Intangible asset amortisation	**91.2**	57.8
Impairment of purchase price intangibles	**4.1**	–
	221.5	147.5

8. Interest income/expense

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Total interest income	**0.5**	0.4
Interest accrued and paid on long-term debt	**22.4**	21.4
Fair value adjustment on secured convertible loan	**(0.1)**	(0.2)
Interest accrued on deferred consideration	**0.5**	–
Interest accrued and paid on lease liabilities	**1.2**	0.6
Total interest expense	**24.0**	21.8
Debt issue costs and accretion recognised on long-term debt	**1.2**	0.7
Interest accretion recognised on other long-term liabilities	**–**	0.6
Total accretion on financial liabilities	**1.2**	1.3

9. Taxes and deferred taxes

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
UK	**8.1**	–
Overseas jurisdictions	**12.0**	9.4
Adjustments for prior years	**(3.4)**	0.9
Current tax expense	**16.7**	10.3
Tax effect of temporary differences	**(6.5)**	(7.0)
Reversal of temporary differences related to business combinations	**(8.7)**	(0.4)
Deferred tax credit	**(15.2)**	(7.4)
Total tax expense	**1.5**	2.9

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

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Profit for the year before taxes (continuing operations)	**68.7**	11.3
Tax using Gamesys Group plc's domestic tax rate of 19% (2019 – 19%)	**13.1**	2.1
Adjusted for effects of:		
Non-deductible expenses	**3.1**	(0.4)
Different tax rates applied in overseas jurisdictions	**(13.3)**	(0.5)
Non-capital loss for which no tax benefit has been recorded	**6.1**	1.7
Adjustments for prior years	**(3.4)**	–
Utilisation of brought forward losses not previously recognised as an asset	**(1.5)**	–
Other differences	**(2.6)**	–
Total tax expense	**1.5**	2.9

As at 31 December 2020, taxes payable and receivable balances consist primarily of taxes related to the 2018, 2019 and 2020 fiscal years.

The Group has tax losses amounting to £4.5 million (year ended 31 December 2019 – £8.7 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 asset (£m)	Deferred tax liability (£m)
Balance, 1 January 2019	–	1.2
Arising on business combinations	–	52.4
Deferred tax on purchase price intangibles	–	(0.4)
Balance, 31 December 2019	–	53.2
Deferred tax on purchase price intangibles	–	(8.7)
Transfer from current taxes receivable	7.2	–
Accrued tax rebates	4.8	–
Temporary differences: intangible assets	1.7	–
Transfer to current taxes receivable	(3.8)	–
Foreign exchange translation	–	(0.1)
Balance, 31 December 2020	**9.9**	**44.4**

Deferred tax assets relate to differences in timing of distribution of taxed profits through intercompany dividend declarations (£8.2 million) and other temporary differences (£1.7 million). Deferred tax liabilities relate exclusively to balances arising on business combinations.

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For the year ended 31 December 2020

10. Earnings per share

The following table presents the calculation of basic and diluted earnings per share:

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Numerator:		
Net income attributable to owners of the parent – basic	**67.2**	8.4
Net income attributable to owners of the parent – diluted	**67.2**	8.4
Numerator:		
Net income from continuing operations – basic	**67.2**	9.1
Net income from continuing operations – diluted	**67.2**	9.1
Numerator:		
Net loss from discontinued operations – basic	**–**	(0.7)
Net loss from discontinued operations – diluted[1]	**–**	(0.7)
Denominator:		
Weighted average number of shares outstanding – basic	**108.8**	83.3
Weighted average effect of dilutive share options[2]	**0.5**	0.3
Weighted average number of shares outstanding – diluted	**109.3**	83.6
Net income per share[3,4]		
Basic	**61.8p**	10.1p
Diluted	**61.5p**	10.0p
Net income per share[3,4] – continuing operations		
Basic	**61.8p**	10.9p
Diluted	**61.5p**	10.9p
Net loss per share[1,3,4] – discontinued operations		
Basic	**–**	(0.8)p
Diluted	**–**	(0.8)p

1. In case of a net loss, the effect of share options potentially exercisable on diluted loss per share will be anti-dilutive; therefore, basic and diluted net loss per share will be the same.
2. As at 31 December 2020, performance conditions related to LTIP2 are considered satisfied and, as such, ordinary shares issuable under LTIP2 are included in the number of the weighted average dilutive share options.
3. Basic net income per share is calculated by dividing the net income by the weighted average number of shares outstanding during the year.
4. Diluted net income per share is calculated by dividing the net income by the weighted average number of shares outstanding during the year and adjusted for the number of potentially dilutive share options and contingently issuable instruments.

11. Liabilities arising from financing activities

The following is a reconciliation of liabilities arising from financing activities:

Group

	Long-term debt (£m)	Interest payable (£m)	Non-compete clauses (£m)	Interest rate swap liability (£m)	Currency swap liability (£m)	Deferred/ Contingent consideration (£m)	Lease liabilities (£m)	Total (£m)
Balance, 1 January 2019	371.4	0.3	10.1	0.5	–	4.5	–	386.8
Cash flows	171.0	(20.4)	(6.0)	(0.6)	–	–	(3.6)	140.4
Non-cash flows:								
Fair value adjustments	–	–	–	1.2	9.3	0.5	–	11.0
Interest expense	–	21.4	–	–	–	–	0.6	22.0
Lease liabilities recognised	–	–	–	–	–	–	25.7	25.7
Accretion	0.7	–	0.6	–	–	–	–	1.3
Arising on business combinations	–	–	–	–	–	10.0	–	10.0
Set-off against acquired assets	–	–	–	–	–	(5.0)	–	(5.0)
Foreign exchange translation	(12.8)	(0.3)	–	–	–	–	–	(13.1)
Balance, 31 December 2019	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**

Parent Company

	Long-term debt (£m)	Interest payable (£m)	Interest rate swap liability (£m)	Deferred/ Contingent consideration (£m)	Currency swap liability (£m)	Total (£m)
Balance, 1 January 2019	247.0	0.1	0.5	4.5	–	252.1
Cash flows	–	(14.7)	(0.6)	–	–	(15.3)
Non-cash flows:						
Fair value adjustments	–	–	1.2	0.5	9.3	11.0
Interest expense	–	14.6	–	–	–	14.6
Accretion	0.4	–	–	–	–	0.4
Arising on business combinations	–	–	–	10.0	–	10.0
Set-off against acquired assets	–	–	–	(5.0)	–	(5.0)
Balance, 31 December 2019	247.4	–	1.1	10.0	9.3	267.8
Cash flows	(40.3)	(10.7)	(0.9)	–	(2.3)	(54.2)
Non-cash flows:						
Fair value adjustments	–	–	1.6	–	(2.0)	(0.4)
Interest expense	–	11.4	–	–	–	11.4
Accretion	0.5	–	–	–	–	0.5
Balance, 31 December 2020	**207.6**	**0.7**	**1.8**	**10.0**	**5.0**	**225.1**

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12. Tangible assets

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)
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)
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**

As at 31 December 2019

	Fixtures and fittings (£m)	Hardware and equipment (£m)	Total (£m)
Cost			
Balance, 1 January 2019	1.3	2.3	3.6
Additions	5.9	3.2	9.1
Balance, 31 December 2019	**7.2**	**5.5**	**12.7**
Accumulated depreciation			
Balance, 1 January 2019	0.3	1.1	1.4
Depreciation	0.6	1.2	1.8
Translation	(0.1)	0.1	–
Balance, 31 December 2019	**0.8**	**2.4**	**3.2**
Carrying value			
Balance, 31 December 2019	**6.4**	**3.1**	**9.5**

13. Intangible assets and goodwill

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
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
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.

As at 31 December 2019

	Player relationships (£m)	Software (£m)	Brand (£m)	Partnership agreements (£m)	Non-compete clauses (£m)	Goodwill (£m)	Total (£m)
Cost							
Balance, 1 January 2019	320.1	31.0	70.3	12.9	20.4	309.1	763.8
Additions	223.3	94.0	–	4.6	–	252.7	574.6
Disposals	(27.2)	(0.4)	(1.6)	–	–	(14.3)	(43.5)
Translation	(1.2)	(1.6)	(0.5)	–	–	(3.1)	(6.4)
Balance, 31 December 2019	**515.0**	**123.0**	**68.2**	**17.5**	**20.4**	**544.4**	**1,288.5**
Accumulated amortisation/ impairment Balance, 1 January 2019	172.6	18.3	13.6	6.1	17.9	20.8	249.3
Amortisation	41.6	8.7	3.4	2.6	2.5	–	58.8
Disposals	(24.7)	(0.3)	(0.4)	–	–	–	(25.4)
Translation	(1.1)	(1.1)	(0.1)	–	–	(0.6)	(2.9)
Balance, 31 December 2019	**188.4**	**25.6**	**16.5**	**8.7**	**20.4**	**20.2**	**279.8**
Carrying value							
Balance, 31 December 2019	**326.6**	**97.4**	**51.7**	**8.8**	**–**	**524.2**	**1,008.7**

Goodwill impairment testing

As discussed in note 1, the Group offers bingo, casino and other games to its players through brands that operate off proprietary software, comprised of two platforms, Excite and Enjoy. The Jackpotjoy, Starspins, Botemania, Virgin Games, Heart Bingo, Virgin Casino, Monopoly Casino and Rainbow Riches Casino brands operate off the Excite platform, with Vera&John and InterCasino brands operating off the Enjoy platform. Therefore, the Group designated Excite and Enjoy as its CGUs.

For the purpose of the annual impairment test, goodwill has been allocated to each CGU of the business. The recoverable amount of the Excite CGU has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 16.0% (year ended 31 December 2019 – 14.0%) and cash flows beyond the five-year period are extrapolated using a 2.0% (year ended 31 December 2019 – 2.0%) growth rate. At 31 December 2020, the carrying amount of goodwill related to the Excite CGU is £469.8 million (year ended 31 December 2019 – £469.8 million).

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13. Intangible assets and goodwill continued

The recoverable amount of the Enjoy CGU has been determined based on a fair value less selling costs calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 18.0% (year ended 31 December 2019 – 19.0%) and cash flows beyond the five-year period are extrapolated using a 2.0% (year ended 31 December 2019 – 2.0%) growth rate. At 31 December 2020, the carrying amount of goodwill related to the Enjoy CGU is £56.4 million (year ended 31 December 2019 – £54.4 million).

The fair value less selling costs calculations are based on level 3 in the fair value hierarchy. As at 31 December 2020, there was no indication of impairment of goodwill, nor does senior management expect any reasonably possible change in a key assumption that may give rise to an impairment.

14. Other long-term receivables

Group

	31 December 2020 (£m)	31 December 2019 (£m)
Secured convertible loan	**3.9**	3.8
Long-term loan receivable (net of ECL provision discussed in note 16)	**1.0**	1.2
Other	**0.2**	0.2
	5.1	5.2

Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Other	**0.2**	0.2
	0.2	0.2

15. Cash, restricted cash and player deposits

Group

	31 December 2020 (£m)	31 December 2019 (£m)
Cash	**212.6**	100.3
Restricted cash	**–**	6.3
	212.6	106.6
Player deposits – restricted cash[1]	**29.6**	12.4

1. Player deposits – restricted cash consists of cash held by the Group in relation to amounts payable to players where the Group acts as operator.

Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Cash	**61.8**	6.4

16. Trade and other receivables

Group

	31 December 2020 (£m)	31 December 2019 (£m)
Trade receivables	**8.4**	5.5
Due from payment service providers	**20.4**	12.2
Prepaid expenses	**12.4**	10.4
Sales tax receivable	**4.7**	4.8
Other receivables	**3.5**	4.8
ECL on above balances	**(9.5)**	(4.5)
	39.9	33.2

The above ECL figure includes an £8.6 million (31 December 2019 – £3.6 million) provision on certain high-risk balances in transit from, and rolling reserves held with payment service providers, as discussed in note 3, as well as a £0.9 million (31 December 2019 – £0.9 million) provision on trade and other receivables discussed below.

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

	(£m)
Balance, 1 January 2019	0.6
ECL on trade and other receivables	0.3
ECL on certain balances held with PSPs	3.6
Balance, 31 December 2019	4.5
ECL on certain balances held with PSPs	5.0
Balance, 31 December 2020	**9.5**

ECL on certain high-risk balances in transit from and rolling reserves held with payment service providers is calculated as approximately 42% (year ended 31 December 2019 – 30%) of certain high-risk balances in transit from and rolling reserves held with payment service providers. If the ECL rate percentage increased by 10%, net income before taxes would decrease by 3%.

Under the ECL Model, the Group's trade receivables are classified in stage 1 – financially healthy assets that are expected to perform in line with their contractual terms and which show no signs of increased credit risk.

In order to determine the amount of ECL to be recognised in the Consolidated Financial Statements on trade and other receivables, the Group has set up a provision matrix based on its historical credit loss experience. The matrix is adjusted for forward-looking estimates and establishes that ECL should be calculated as follows:

- 0–30 days past due: 1% of carrying value (year ended 31 December 2019 – 1%);
- 31–60 days past due: 15% of carrying value (year ended 31 December 2019 – 15%);
- 61–90 days past due: 19% of carrying value (year ended 31 December 2019 – 19%); and
- More than 90 days past due: 25% of carrying value (year ended 31 December 2019 – 25%).

The following table summarises the Group's expected credit loss on its trade and other receivables and other long-term receivables 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 14)	–	–	–	0.4	**0.4**
	0.1	–	0.1	1.1	**1.3**

The following table summarises the Group's expected credit loss on its trade and other receivables and other long-term receivables at 31 December 2019:

	0-30 days (£m)	31-60 days (£m)	61-90 days (£m)	90 days + (£m)	Total (£m)
Trade and other receivables	0.1	–	–	0.8	**0.9**
Other long-term receivables (note 14)	–	–	–	0.4	**0.4**
	0.1	–	–	1.2	**1.3**

Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Prepaid expenses	**0.4**	0.3
Sales tax refund receivable	**0.1**	1.3
Intercompany receivables	**240.2**	253.9
	240.7	255.5

For the Parent Company, ECL was calculated on related company loans by applying the Probability of Default ('PD') by the Loss Given Default ('LGD') by the Exposure at Default ('EAD') ('PD x LGD x EAD') method. The amount calculated was not recorded on the grounds of materiality.

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17. Currency swap and interest rate swap

Group and Parent Company

A fundamental reform of major interest rate benchmarks is being undertaken, including the replacement of some interbank offered rates ('IBORs') with alternative nearly risk-free rates (the 'IBOR Reform'). The Group has exposure to IBORs on its financial instruments that will be replaced or reformed as part of this initiative. The Group will monitor and manage its transition to alternative rates by evaluating the extent to which its contracts reference IBOR and whether such contracts need to be amended as a result of the IBOR Reform.

IBOR Reform amendments to IFRS 9 are effective as of 1 January 2020. However, the amendments provide relief in applying the requirements of IFRS 9 to certain hedges and allow the Group to assume that interest rate benchmarks on which hedged cash flows are based will not be altered as a result of the IBOR Reform. Consequently, hedging relationships that may have otherwise been impacted by the IBOR Reform have remained in place and no additional ineffective portions of the hedges have been recognised during the year ended 31 December 2020.

As at 31 December 2020, the Group's main floating rate was LIBOR.

Currency swap

The Group manages its foreign exchange risk by utilising currency swaps.

On 1 August 2019, the Group entered into a cross currency swap agreement (the 'Currency Swap') in order to minimise the Group's increased exposure to exchange rate fluctuations between GBP and EUR impacting the Group's EUR Term Facility. The Currency Swap had an effective date of 30 September 2019 and a maturity date of 30 September 2022.

As at 31 December 2020, the fair value of the Currency Swap was a £5.0 million payable (31 December 2019 – £9.3 million). The Group has included £2.9 million of this amount in current liabilities (31 December 2019 – £3.3 million), with the remaining balance included in other long-term payables, as discussed in note 24. For the year ended 31 December 2020, the Group recognised a gain of £2.0 million in other comprehensive income (year ended 31 December 2019 – loss of £9.3 million).

	(£m)
Balance, 1 January 2019	–
FVOCI[1]	9.3
Balance, 31 December 2019	9.3
FVOCI[1]	(4.3)
Balance, 31 December 2020	**5.0**

1. The difference between the total gain/(loss) on the Currency Swap and the portion connected to fair value revaluations relates to cash payments made on the Currency Swap.

The Group considers there to be a clear economic relationship between the EUR Term Facility and the Currency Swap. Therefore, due to the straightforward nature of this relationship, the Group has not experienced, nor does it expect to experience, any notable hedge ineffectiveness.

Interest rate swap

The Group manages its interest rate risk by utilising interest rate swaps.

On 5 August 2019, Gamesys Group plc amended the terms of its existing Interest Rate Swap to further minimise its exposure to interest rate fluctuations. Under the new terms, the Group will pay a fixed 1.08% rate of interest instead of a margin rate as per the terms of its GBP Term Facility plus floating GBP LIBOR. On 15 August 2019, the starting Notional Amount went back to being 60% of the GBP Term Facility (£150.0 million) and will decrease to £69.0 million by 15 June 2021.

As at 31 December 2020, the fair value of the Interest Rate Swap was a £1.8 million payable (31 December 2019 – £1.1 million). The Group has included £0.8 million of this payable in current liabilities (31 December 2019 – £0.4 million), with the value of the remaining balance included in other long-term payables, as discussed in note 24. For the year ended 31 December 2020, the Group recognised a loss of £1.6 million in other comprehensive income (year ended 31 December 2019 – £1.2 million).

	(£m)
Balance, 1 January 2019	0.5
FVOCI[1]	0.6
Balance, 31 December 2019	1.1
FVOCI[1]	0.7
Balance, 31 December 2020	**1.8**

1. The difference between the total loss on the Interest Rate Swap and the portion connected to fair value revaluations relates to cash payments made on the Interest Rate Swap.

The Group considers there to be a clear economic relationship between the GBP Term Facility and the Interest Rate Swap. Therefore, due to the straightforward nature of this relationship, the Group has not experienced, nor does it expect to experience, any notable hedge ineffectiveness.

As at 31 December 2020, the Group's exposure to LIBOR designated in hedging relationships is £90.0 million, representing the Notional Amount in effect at the reporting date.

18. Leases

The Group's leasing activity consists solely of leases of property. As at 31 December 2020, the carrying value of the right-of-use assets amounted to £21.9 million and the carrying value of lease liabilities amounted to £22.7 million, with £6.1 million (year ended 31 December 2019 – £4.7 million) of this balance shown in current liabilities and the remaining portion of £16.6 million (year ended 31 December 2019 – £18.0 million) reflected under non-current liabilities.

Right-of-use assets

	(£m)
Balance, 1 January 2019	3.2
Additions	5.3
Additions arising on business combination	18.8
Depreciation	(2.6)
Effect of modification of lease terms	(2.5)
Balance, 31 December 2019	22.2
Additions	4.2
Depreciation	(5.3)
Effect of modification of lease terms	0.4
Foreign exchange movements	0.4
Balance, 31 December 2020	**21.9**

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

Lease liabilities

	(£m)
Balance, 1 January 2019	3.2
Additions	5.3
Additions arising on business combination	19.0
Interest expense	0.6
Effect of modification of lease terms	(1.8)
Lease payments	(3.6)
Balance, 31 December 2019	22.7
Additions	4.2
Interest expense	1.2
Effect of modification of lease terms	0.4
Lease payments	(5.9)
Foreign exchange movements	0.1
Balance, 31 December 2020	**22.7**

Notes to the financial statements continued

For the year ended 31 December 2020

19. Accounts payable and accrued liabilities

Group

	31 December 2020 (£m)	31 December 2019 (£m)
Trade payables	**12.2**	20.3
Accruals	**52.3**	30.2
Gaming taxes, social security and other taxes	**34.1**	27.5
	98.6	78.0

Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Trade payables	**0.5**	0.1
Accurals	**2.0**	1.7
Social security and other taxes	**0.1**	0.1
Intercompany payables	**273.7**	240.9
	276.3	242.8

20. Provisions

	(£m)
Balance, 1 January 2019	–
Arising on business combination (note 5)	3.8
Provisions in the year	6.0
Balance, 31 December 2019	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**

During the year ended 31 December 2019, the Group recognised a provision arising on business combinations of £3.8 million as per a probability-based estimate of the fair value of potential UK tax liabilities, which have been disclosed under HMRC's Profit Diversion Compliance Facility. During the year ended 31 December 2020, the £3.8 million provision has been transferred to taxes payable.

During the year ended 31 December 2019, the Group recognised a tax liability of £6.0 million relating to income derived from UK players. Having taken further external advice, the Directors of the Group consider that the liability is no longer probable, and the £6.0 million provision has been released.

During the year ended 31 December 2020, a provision of £6.8 million (31 December 2019 – £nil) has been made for additional foreign gaming tax and interest liabilities attributable to changing norms in calculation criteria which would be paid on assessment, if any.

21. Financial risk management

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. As at 31 December 2020, the Group is largely exposed to credit risk through its relationship with its service providers as well as its cash balances. Credit risk also arises from payment services providers ('PSPs'). Prior to accepting new PSPs, credit checks are performed using a reputable external source, where available. Management monitors PSP balances on a weekly basis and promptly takes corrective action if pre-agreed limits are exceeded. As at 31 December 2020 the Group recognised a £9.9 million provision (31 December 2019 – £4.9 million) for potentially uncollectable trade and other receivables and other long-term receivables, as explained in note 3. With the exception of the balances discussed in note 16, no other receivables are considered past due or impaired. Quantitative analysis of the Group's exposure to credit risk arising from its receivables is included in note 16 and analysis of the Group's exposure to its credit risk arising from cash is presented below.

A significant amount of cash is held with institutions with the following credit ratings:

Group

Financial Institution Rating[1,2]	31 December 2020 (£m)	31 December 2019 (£m)
AA-	**2.1**	1.5
A+	**33.8**	12.8
A	**70.8**	25.3
A-	**9.3**	5.3
BBB	**49.0**	38.2
BBB-	**6.0**	2.2
BB	**18.2**	2.4

Parent Company

Financial Institution Rating	31 December 2020 (£m)	31 December 2019 (£m)
A	**61.8**	6.4

1. Balances as of 31 December 2019 have been adjusted to reflect the revised ratings of financial institutions as of 31 December 2020.
2. Figures exclude balances held with unrated institutions.

The Group monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. The Group's policy is to transfer significant concentrations of cash held at lower-rated financial institutions to higher-rated financial institutions as swiftly as possible.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Gamesys Group plc is exposed to cash flow interest rate risk on its credit facilities, described in note 22 which bear interest at variable rates. A one percentage point increase (decrease) in interest rates would have decreased (increased) net earnings before income taxes by approximately £5.1 million for the year ended 31 December 2020 (year ended 31 December 2019 – £4.2 million), with all other variables held constant.

Management monitors movements in interest rates by reviewing the LIBOR on a frequent basis.

Gamesys Group plc has an Interest Rate Swap in place to mitigate its exposure to interest rate volatility. A one percentage point increase (decrease) in interest rates would have increased (decreased) the fair value of the Interest Rate Swap by approximately £1.8 million for the year ended 31 December 2020 (year ended 31 December 2019 – £2.7 million), with all other variables held constant.

For the Parent Company, a one percentage point increase (decrease) in interest rates would have decreased (increased) net earnings before income taxes by approximately £2.1 million for the year ended 31 December 2020 (year ended 31 December 2019 – £2.5 million), with all other variables held constant.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. Gamesys Group plc's policy is, where possible, to allow the Group's entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Gamesys Group plc's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Apart from these particular cash flows, the Group aims to fund expenses and investments in their respective currencies and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred, as well as by matching the currency of its debt structure with the currency cash is generated in.

The following table summarises the Group's discounted net financial assets/liabilities by currency and the approximate effects on total comprehensive income, and therefore total equity as a result of a 10% change in the value of the foreign currencies against pounds Sterling where the Group has significant exposure. The analysis assumes that all other variables remain constant.

The Parent Company's accounting exposure to foreign exchange risk is not considered material.

Notes to the financial statements continued
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21. Financial risk management continued

At 31 December 2020

	Net foreign currency financial assets/ (liabilities) (£m)	Effect of 10% strengthening in foreign exchange rates on comprehensive income (£m)	Effect of 10% weakening in foreign exchange rates on comprehensive income (£m)
Canadian Dollar	**1.2**	**0.1**	**(0.1)**
Euro	**(214.0)**	**(21.4)**	**21.4**
United States Dollar	**6.8**	**0.7**	**(0.7)**

At 31 December 2019

	Net foreign currency financial assets/ (liabilities) (£m)	Effect of 10% strengthening in foreign exchange rates on comprehensive income (£m)	Effect of 10% weakening in foreign exchange rates on comprehensive income (£m)
Canadian Dollar	(0.1)	–	–
Euro	(245.5)	(24.5)	24.5
United States Dollar	5.1	0.5	(0.5)

Liquidity risk

The Group requires capital and liquidity to fund existing and future operations and future cash payments. The Group's policy is to maintain sufficient capital levels to fund its financial position and meet future commitments and obligations in a cost-effective manner.

Liquidity risk arises from the Group's ability to meet its financial obligations as they become due. The following tables summarise the Group's undiscounted financial and other liabilities as at 31 December 2020 and 31 December 2019:

Group

At 31 December 2020	On demand (£m)	Less than 1 year (£m)	2-3 years (£m)	4-5 years (£m)	After 5 years (£m)
Accounts payable and accrued liabilities	98.6	–	–	–	–
Other payables	0.3	3.7	13.1	–	–
Lease liabilities	–	6.1	10.0	8.6	2.4
Payable to players	29.6	–	–	–	–
Long-term debt	–	–	–	513.4	–
Interest payable on long-term debt	–	20.0	37.6	18.8	–
	128.5	**29.8**	**60.7**	**540.8**	**2.4**

At 31 December 2019	On demand (£m)	Less than 1 year (£m)	2-3 years (£m)	4-5 years (£m)	After 5 years (£m)
Accounts payable and accrued liabilities	78.0	–	–	–	–
Other payables	1.0	8.4	16.7	–	–
Lease liabilities	–	4.7	8.9	8.0	5.8
Payable to players	12.4	–	–	–	–
Long-term debt	–	–	–	536.3	–
Interest payable on long-term debt	–	25.8	51.5	52.6	–
	91.4	**38.9**	**77.1**	**596.9**	**5.8**

Parent Company

At 31 December 2020	On demand (£m)	Less than 1 year (£m)	2-3 years (£m)	4-5 years (£m)	After 5 years (£m)
Accounts payable and accrued liabilities	2.6	–	–	–	–
Other payables	–	3.7	13.1	–	–
Long-term debt	–	–	–	210.0	–
Interest payable on long-term debt	–	8.9	17.9	8.9	–
	2.6	**12.6**	**31.0**	**218.9**	**–**

At 31 December 2019	On demand (£m)	Less than 1 year (£m)	2-3 years (£m)	4-5 years (£m)	After 5 years (£m)
Accounts payable and accrued liabilities	1.9	–	–	–	–
Other payables	0.3	3.7	16.6	–	–
Long-term debt	–	–	–	250.0	–
Interest payable on long-term debt	–	14.4	28.6	28.4	–
	2.2	**18.1**	**45.2**	**278.4**	**–**

The Group manages liquidity risk by monitoring actual and forecasted cash flows in comparison with the maturity profiles of financial assets and liabilities. The Group does not anticipate fluctuations in its financial obligations as they largely stem from interest payments related to the EUR Term Facility (as defined below) and the GBP Term Facility (as defined below). Management believes that the cash generated from the Group's business activities is sufficient to fund the working capital and capital expenditure needs in the short and long term, assuming there are no significant adverse changes in the markets in which the Group operates. The Group is actively managing its capital resources to ensure sufficient resources will be in place when Term Facilities (as defined below) repayments and interest payments become due.

Subject to meeting certain financial covenants, the Group may have the ability to draw on the £13.5 million RCF (as defined below) as a further capital resource.

22. Credit facilities

	EUR Term Facility (£m)	GBP Term Facility (Parent Company) (£m)	Total (£m)
Balance, 1 January 2019	124.4	247.0	371.4
Add-on Debt	173.6	–	173.6
Debt issuance costs	(2.6)	–	(2.6)
Accretion[1]	0.3	0.4	0.7
Foreign exchange translation	(12.8)	–	(12.8)
Balance, 31 December 2019	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**
Current portion	–	–	–
Non-current portion	300.5	207.6	508.1

1. Effective interest rates are as follows: EUR Term Facility – 3.51% (2019 – 4.26%), GBP Term Facility – 4.56% (2019 – 5.97%).

On 6 December 2017, Gamesys Group plc entered into a senior facilities agreement ('Senior Facilities Agreement') pursuant to which debt facilities were made available to Gamesys Group plc and certain of its subsidiaries in an aggregate Sterling equivalent amount of approximately £388.5 million, comprised of (i) a €140.0 million term facility (the 'EUR Term Facility', (ii) a £250.0 million term facility (the 'GBP Term Facility and, together with the EUR Term Facility', the 'Term Facilities') and (iii) a £13.5 million revolving credit facility (the 'RCF' and, together with the Term Facilities, the 'Facilities'). Proceeds from the RCF can be applied to, among other things, working capital and general corporate purposes and financing or refinancing capital expenditure.

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22. Credit facilities continued

On 1 July 2019, the Group completed the syndication of a €196.0 million additional term loan facility (the 'Add-on Debt') to fund the Gamesys Acquisition. The Group's new incremental term loan facility is fungible with the Group's existing EUR Term Facility and the syndication came into effect on 26 September 2019.

The Term Facilities are non-amortising and mature in December 2024. The RCF matures in December 2023 and remains undrawn as at 31 December 2020.

On 6 February 2020, the Facilities have been repriced to lower the overall cost of debt by 50 basis points while maintaining the step downs based on reduction in SSLR (as defined below).

As a result of the above, the EUR Term Facility now has an interest rate of EURIBOR (with a 0% floor) plus an opening margin of 3.75% per annum, subject to a margin ratchet with step downs of 0.25% to 3.0% based on reductions in the senior secured net leverage ratio ('SSLR') and meeting certain ratings requirements. The GBP Term Facility now has an interest rate of LIBOR (with a 0% floor) plus an opening margin of 4.75% per annum, subject to a margin ratchet with step downs of 0.25% to 4.0% based on reductions in the SSLR and meeting certain ratings requirements. The RCF now has an interest rate of EURIBOR (for Euro loans, with a 0% floor) or LIBOR (for GBP loans, with a 0% floor) plus, in each case, an opening margin of 3.75% per annum, subject to a margin ratchet with step downs of 0.50% to 2.75% based on reductions in the SSLR.

The Senior Facilities Agreement contains certain restrictions on, amongst other things, asset disposals, debt incurrence, loans and guarantees, joint ventures and acquisitions, subject in each case to various permissions. The Senior Facilities Agreement also contains a SSLR maintenance covenant and an interest cover maintenance covenant.

Gamesys Group plc was in compliance with the terms of the Senior Facilities Agreement as at 31 December 2020.

23. Financial instruments

The principal financial instruments used by the Group are summarised below:

Group

Financial assets

	Financial assets as subsequently measured at amortised cost	
	31 December 2020 (£m)	31 December 2019 (£m)
Cash and restricted cash	**212.6**	106.6
Trade and other receivables	**35.2**	28.4
Other long-term receivables	**1.2**	1.4
Player deposits	**29.6**	12.4
	278.6	148.8

Financial liabilities

	Financial liabilities as subsequently measured at amortised cost	
	31 December 2020 (£m)	31 December 2019 (£m)
Accounts payable and accrued liabilities	**64.5**	50.5
Other short-term payables	**0.3**	5.6
Deferred consideration payable	**10.0**	10.0
Interest payable	**1.9**	1.0
Payable to players	**29.6**	12.4
Lease liabilities	**22.7**	22.7
Long-term debt	**508.1**	530.3
	637.1	632.5

The carrying values of the financial instruments noted above approximate their fair values.

Parent Company

Financial assets

	Financial assets as subsequently measured at amortised cost	
	31 December 2020 (£m)	31 December 2019 (£m)
Cash and restricted cash	**61.8**	6.4
Trade and other receivables	**0.4**	0.3
Intercompany receivables	**240.2**	253.9
Other long-term receivables	**0.2**	0.2
	302.6	260.8

Financial liabilities

	Financial liabilities as subsequently measured at amortised cost	
	31 December 2020 (£m)	31 December 2019 (£m)
Accounts payable and accrued liabilities	**2.5**	1.8
Other short-term payables	**–**	0.3
Intercompany payables	**273.7**	240.9
Interest payable	**0.7**	–
Deferred consideration payable	**10.0**	10.0
Long-term debt	**207.6**	247.4
	494.5	500.4

The carrying values of the financial instruments noted above approximate their fair values.

Other financial instruments

Group

	Financial instruments at fair value through profit or loss – assets/(liabilities)	
	31 December 2020 (£m)	31 December 2019 (£m)
Interest Rate Swap	**(1.8)**	(1.1)
Currency Swap	**(5.0)**	(9.3)
Other long-term receivables	**3.9**	3.8
	(2.9)	(6.6)

Parent Company

	Financial instruments at fair value through profit or loss – assets/(liabilities)	
	31 December 2020 (£m)	31 December 2019 (£m)
Interest Rate Swap	**(1.8)**	(1.1)
Currency Swap	**(5.0)**	(9.3)
	(6.8)	(10.4)

Notes to the financial statements continued
For the year ended 31 December 2020

23. Financial instruments continued

Fair value hierarchy

All of the Group's financial instruments carried at fair value are classified in level 2 of the hierarchy.

The Interest Rate Swap and Currency Swap balances represent the fair values of expected cash flows under the Interest Rate Swap and Currency Swap 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 two-year risk-free interest rate of 0.0278%, and an estimated share price return volatility rate of Gaming Realms of 73.0%.

24. Other long-term payables

Group and Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Deferred consideration payable	**10.0**	10.0
Interest Rate Swap (note 17)	**1.0**	0.7
Currency Swap (note 17)	**2.1**	5.9
	13.1	16.6

25. Share capital

Group and Parent Company

	Ordinary shares of 10p	
	(£m)	#
Balance, 1 January 2019	7.4	74,328,930
Issue of shares, net of costs	3.4	33,653,846
Exercise of options	0.1	682,472
Balance, 31 December 2019	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**

Ordinary shares

During the year ended 31 December 2020, 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 year ended 31 December 2020, Gamesys Group plc declared and paid an interim dividend of 12.0p per share amounting to a total dividend of £13.0 million (year ended 31 December 2019 – £nil). On 8 March 2021, the Group declared a final dividend of 28.0p per share for the year ended 31 December 2020.

Share options

The share option plan (the 'Share Option Plan') was approved by the Board of Directors on 5 September 2016. Upon completion of the plan of arrangement, all options over common shares of Intertain under Intertain's stock option plan were automatically exchanged for options of equivalent value over ordinary shares of Gamesys Group plc on equivalent terms and subject to the same vesting conditions under Intertain's share option plan. The strike price of each grant was converted from Canadian Dollars to pound Sterling at the foreign exchange rate of 0.606, being the exchange rate at the date of the plan of arrangement. Following the grant of the replacement options, no further options were, or will be, granted under the Share Option Plan.

The changes in the number of share options outstanding during the year ended 31 December 2020 were as follows:

	Share options (#)	Weighted average exercise price (£)
Balance, 1 January 2019	2,395,490	6.66
Forfeited	(121,166)	7.53
Exercised	(682,472)	3.93
Balance, 31 December 2019	1,591,852	7.76
Exercised	(630,000)	6.79
Expired	(587,186)	9.42
Balance, 31 December 2020	**374,666**	**6.79**

Long-term incentive plan

On 25 March 2020 (the 'Grant Date'), Gamesys Group plc granted additional equity-settled awards over ordinary shares of Gamesys Group plc under the Group's long-term incentive plan ('LTIP4'). 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 31 December 2020, the number of ordinary shares that may be allotted under the Group's LTIP4 awards is 877,876.

The performance condition as it applies to 50% of each LTIP4 award (the 'TSR Peer Tranche') 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 2020.

The performance condition as it applies to another 25% of each LTIP4 award (the 'TSR Index Tranche') is based on the Group's total shareholder return compared with the total shareholder return of the companies constituting the FTSE250 index (excluding investment trusts and financial services companies) over three years commencing on 1 January 2020.

The performance condition as it applies to the remaining 25% of the award (the 'EPS Tranche') 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 2020 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.

As discussed in note 3, the Group uses the Monte Carlo model to value the TSR Peer and TSR Index Tranches and the Black-Scholes model to vale the EPS Tranche. The key inputs into the fair value estimation under the models include an exercise price of £nil, a risk-free interest rate of 0.13%, expected dividend yield of 0%, expected term of 5.02 years and an estimated share price return volatility rate of 28.0%.

During the year ended 31 December 2020, the Group recorded £1.7 million (year ended 31 December 2019 – £0.5 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 year ended 31 December 2020, the Group introduced an employee share incentive plan (the 'G MINE SIP'), whereby eligible employees can acquire Gamesys Group plc ordinary shares and have their contributions matched, up to a certain maximum annual amount, by an equal number of ordinary shares issued by the Group for UK participants or as a right to an equal number of ordinary shares issued by the Group for non-UK participants. Any dividends received by participants are reinvested in further shares, which are held in the G MINE SIP. At 31 December 2020, the number of ordinary shares allotted under the G MINE SIP was 27,066.

During the year ended 31 December 2020, the Group recorded £0.1 million (year ended 31 December 2019 – £nil) in share-based compensation expense relating to its G MINE SIP with a corresponding increase in share-based payment reserve. Additionally, during the year ended 31 December 2020, the Group recorded an additional £1.8 million (year ended 31 December 2019 – £nil) in share-based compensation expense for a one-time share distribution to the Group's employee base with a corresponding increase in share-based payment reserve.

Warrants

On 26 September 2019, the Group granted a warrant to subscribe for 300,000 ordinary shares of Gamesys Group plc to Virgin Enterprises Limited. The warrant confers the right, but not the obligation, on the warrant holder to subscribe for the ordinary shares at a price of 892.878p per ordinary share. The warrant was valued using the Black-Scholes model, applying a risk-free interest rate of 2.10%, expected term of five years and an estimated share price return volatility rate of 29.0%. The entire value of the warrant was expensed by the Group during the year ended 31 December 2019 and was recognised as an addition to investments in subsidiaries by the Parent Company during the year ended 31 December 2019.

Notes to the financial statements continued
For the year ended 31 December 2020

25. Share capital continued

Reserves

The following describes the nature and purpose of each reserve within the Group's Consolidated Statements of Changes in Equity.

Share capital

The purpose of this reserve is to show Gamesys Group plc's issued share capital at its nominal value of 10p per share.

Share premium

The purpose of this reserve is to show the amount subscribed for Gamesys Group plc's issued share capital in excess of nominal value.

Merger reserve

The purpose of this reserve is to present the Consolidated Statements of Changes in Equity under the merger method of accounting, as if Gamesys Group plc has always been the Parent Company and owned all of the subsidiaries.

In connection with the issuance of shares as part of the consideration for the Gamesys Acquisition, Gamesys Group plc applied the requirements of the Companies Act 2006 in relation to merger relief, and recorded excess of the nominal value of the shares issued in the merger reserve.

Share-based payment reserve

The purpose of this reserve is to show cumulative share-based compensation expense relating to the Group's Share Option Plan, G MINE SIP, LTIP, LTIP2, LTIP3 and LTIP4.

Translation reserve

The purpose of this reserve is to show gains and losses arising on retranslating the financial information of the Group companies with functional currencies other than GBP.

Hedge reserve

The purpose of this reserve is to show unrealised gains and losses arising from the changes in the fair value of the Group's Interest Rate Swap and Currency Swap.

Retained earnings

The purpose of this reserve is to show cumulative net gains and losses recognised in the Consolidated Statements of Comprehensive Income.

26. Capital management

Gamesys Group plc defines the capital that it manages as its aggregate shareholders' equity. Its principal source of cash is operating activities and, in earlier periods, the issuance of common shares, and long-term debt. Gamesys Group plc's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to meet its financial obligations as they become due. To maintain or adjust the capital structure, Gamesys Group plc may attempt to issue new shares, issue new debt, or acquire or dispose of assets.

The Group monitors its SSLR, which is calculated in accordance with the Senior Facilities Agreement, on a frequent basis as this ratio impacts, among other things, the amount of excess cash flow required to be applied in prepayment of the Term Facilities. Commencing on 31 December 2018, if the Group's SSLR is greater than 2.5, 50% of the Group's excess cash flow is required to be applied in prepayment of the Term Facilities. If the Group's SSLR falls between 2.0 and 2.5, 25% of the Group's excess cash flow is required to be applied in prepayment of the Term Facilities. If the Group's SSLR falls below 2.0, 0% of the Group's excess cash flow is required to be applied in prepayment of the Term Facilities. At 31 December 2020 the Group's SSLR is below 2.0.

Excess cash flow is calculated in accordance with the Senior Facilities Agreement and is based on consolidated EBITDA (also calculated in accordance with the Senior Facilities Agreement) to which certain adjustments are made (such as the deduction of certain items such as debt prepayments). Gamesys Group plc is not subject to any externally imposed capital requirements. Gamesys Group plc manages the Group's capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Group's underlying assets.

There have been no changes to Gamesys Group plc's approach to capital management or in the items the Group manages as capital during the year ended 31 December 2020.

27. Cash generated from operations

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

Group

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Net income for the year	**67.2**	8.4
Adjustments for:		
Share-based compensation expense	**3.6**	0.5
Issuance of ordinary share warrants	**–**	0.5
Amortisation and depreciation	**100.0**	63.2
Impairment of purchase price intangibles	**4.1**	–
Tax expense	**1.5**	2.9
Interest expense, net	**24.7**	22.7
Fair value adjustments on contingent consideration	**–**	0.5
Foreign exchange loss/(gain)	**4.2**	(1.5)
Loss on sale of discontinued operation, net of tax	**–**	0.1
Release/(restriction) of cash balances	**6.4**	(1.4)
Increase in trade and other receivables	**(5.4)**	(6.3)
Reduction/(increase)in other long-term receivables	**0.2**	(0.1)
Increase in accounts payable and accrued liabilities	**19.0**	6.3
Reduction in other short-term payables	**(0.7)**	(23.7)
Increase in provisions	**0.8**	6.0
Cash generated from operations	**225.6**	78.1

Parent Company

	31 December 2020 (£m)	31 December 2019 (£m)
Net income for the year	**58.2**	24.6
Adjustments for:		
Share-based compensation expense	**0.4**	0.1
Issuance of ordinary share warrants	**–**	0.5
Amortisation and depreciation	**–**	0.4
Interest expense, net	**8.0**	1.9
Foreign exchange loss/(gain)	**5.0**	(3.4)
Reduction/(increase) in trade and other receivables	**1.1**	(1.1)
Reduction/(increase) in other long-term receivables	**–**	(0.2)
Increase in accounts payable and accrued liabilities	**0.4**	0.7
Reduction in intercompany payables	**(2.0)**	(11.2)
Cash generated from operations	**71.1**	12.3

Notes to the financial statements continued
For the year ended 31 December 2020

28. 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 revenues. 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.

29. Related party transactions
Compensation of key management
Key management is comprised of officers, and members of management of the Group. The composition of the key management group has been revisited during the year ended 31 December 2020 and the comparative financial information for the year ended 31 December 2019 has been updated accordingly. Key management personnel compensation for services rendered is as follows:

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Salaries, bonuses and benefits	**7.8**	6.0
Share-based compensation	**0.9**	0.3
	8.7	6.3

30. Employees
Group

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Wages and salaries[1]	**79.4**	37.3
Pensions	**2.4**	0.9
Social security	**7.9**	3.7
Benefits	**1.4**	0.5
	91.1	42.4

Parent Company

	Year ended 31 December 2020 (£m)	Year ended 31 December 2019 (£m)
Wages and salaries[1]	**2.5**	1.4
Pensions	**0.1**	0.2
Social security	**0.4**	0.4
Benefits	**0.1**	–
	3.1	2.0

1. Wages and salaries figures include severance costs.

Parent Company Directors' Remuneration details are provided in the Directors' Remuneration Report.

The average headcount of employees on a full-time and part-time basis during the year was as follows:

	31 December 2020 (#)	31 December 2019 (#)
Group	**1,512**	580
Parent Company	**18**	20
Total	**1,530**	600

31. Auditors' remuneration

BDO LLP's remuneration for the auditing of these Consolidated Financial Statements and for other services provided is as follows:

	Year ended 31 December 2020 (£000's)	Year ended 31 December 2019 (£000's)
Audit fees for the audit of the Group's annual accounts	**650**	588
Audit fees for the audit of the Group's subsidiaries	**257**	110
Audit related assurance services	**93**	167
Services relating to corporate finance transactions	**15**	1,528
Tax compliance services	**26**	–
	1,041	2,393

32. Investments

Parent Company

Group undertakings	(£m's)
At 1 January 2019	416.3
Additions in the year	498.5
Capital contribution	0.4
At 31 December 2019	915.2
Capital contribution	3.1
At 31 December 2020	918.3

33. Recent accounting pronouncements

New standards that have been adopted in the Group's Consolidated Financial Statements for the year ended 31 December 2020 but have not had a significant effect on the Group are:

- IAS 1 – Presentation of Financial Statements; and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (definition of material);
- IFRS 3 – Business Combinations (definition of a business), as discussed in note 5; and
- IBOR reform and its effects on financial reporting – phase 1, as discussed in note 17.

New standards, interpretations and amendments not yet effective:

- IAS 37 – Onerous Contracts (cost of fulfilling a contract – effective 1 January 2022);
- IAS 16 – Property, Plant and Equipment (proceeds before intended use – effective 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020: amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – effective 1 January 2022);
- IFRS 3 – Business Combinations (reference to conceptual framework – effective 1 January 2022); and
- IAS 1 – Presentation of Financial Statements (classification of liabilities as current or non-current – effective 1 January 2023).

The Group will not be adopting any of the above standards prior to their effective dates and they are not expected to have a material impact on the Group's reporting.

Glossary

Adjusted EBITDA: As defined by the Group, is net income from continuing operations before interest expense including accretion (net of interest income), income taxes, amortisation and depreciation, impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 from continuing operations 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 from continuing operations for accretion on financial liabilities, amortisation of acquisition related purchase price intangibles (including non-compete clauses), impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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 (including non-compete clauses), impairment of purchase price intangibles, fair value adjustments on contingent consideration, severance costs, one-off tax 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.

AGM: Annual General Meeting.

AML: Anti-money laundering.

ASA: Advertising Standards Authority, the UK's independent advertising regulator.

Average Active Players: 'Real money' players who have placed at least one bet in a given month.

Bingo-led: Online bingo branded sites.

B2B: Business-to-business.

B2C: Business-to-consumer.

Board or Directors: the Directors of Gamesys Group plc.

CAGR: Compound annual growth rate, annual growth rate over a specified period of time longer than one year.

CGU: Cash-generating unit.

Company: Gamesys Group plc.

Constant currency: Constant currency amounts are calculated by applying the same EUR to GBP average exchange rates to both current and prior year comparative periods.

CSOP: Company Share Option Plan.

Diluted Adjusted Net Income per share from continuing operations: 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 year. Management believes that Diluted Adjusted Net Income per share from continuing operations assists with the Group's ability to analyse Adjusted Net Income on a diluted weighted average per share basis.

DTR: Disclosure Guidance and Transparency Rules.

EGR: eGaming Review.

FRC: Financial Reporting Council.

FTD: First Time Depositors.

UK Gambling Commission: Public body responsible for licensing and regulating the people and businesses that provide gambling in Great Britain, including the National Lottery and remote gambling.

GamCare: An independent charity which provides counselling and treatment to those with gambling-related problems.

Gamesys Acquisition: The acquisition of Gamesys (Holdings) Limited by Gamesys Group plc (then called JPJ Group plc) which completed on 26 September 2019.

GAMSTOP: The UK's online self-exclusion scheme which will prevent users from accessing gambling websites and apps run by companies licensed in Great Britain.

GDPR: General Data Protection Regulation, regulations by which the European Parliament, the Council of the European Union, and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.

GRI: Global Reporting Initiative.

IFRSs: International Financial Reporting Standards.

ISAs (UK): International Standards on Auditing (UK).

ISS: Institutional Shareholder Services.

KPIs: Key performance indicators.

LSE: London Stock Exchange, the main stock exchange in the United Kingdom, operating the main equity market.

LTIP: Long-Term Incentive Plan.

Net debt: Consists of existing term loan, convertible debentures, non-compete clause payout, and contingent consideration liability less non-restricted cash.

Net leverage: The sum of term debt, earn-out, milestone payments and non-compete payments less cash balance.

NGOs: Non-Governmental Organisations.

Online gaming: Gambling by means of remote communication (using the internet, radio or any other kind of technology for facilitating communication).

Organic growth: The Group defines organic growth as growth achieved without accounting for acquisitions or disposals.

Pro-forma: All figures in the pro-forma financial summary and related discussions present Group results as though the acquired Gamesys brands have been a part of the Group for the entire financial year in 2019.

Real Money Gaming Revenue: Revenue less revenue earned from affiliate websites and social gaming.

Responsible Gambling Trust: A charity that funds treatment, education and research related to problem gambling.

Samurai Click: An online gaming affiliate network.

SSLR: Senior Secured Net Leverage Ratio.

UN Sustainable Development Goals: A collection of 17 global goals set by the United Nations. The broad goals are interrelated though each has its own targets to achieve. The total number of targets is 169. The SDGs cover a broad range of social and economic development issues.

TSR: Total Shareholder Return.

UK Corporate Governance Code: The 2016 and 2018 editions of the UK Corporate Governance Code (as applicable).

Shareholder Information

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Enquiring about your shareholding
If you want to ask, or need any information, about your shareholding, please contact our registrar, Computershare Investor Services PLC.

UK and rest of the world shareholder queries:

Computershare UK shareholder helpline: +44 (0370) 889 4098 (8:30am to 5:30pm BST) FAQs, access to a virtual agent and contact email and mail addresses can be found at: www-uk.computershare.com/Investor/default.asp.

Canadian shareholder information and ITX queries:

Computershare Canada shareholder services line:
+1 800 564-6253 (8:30am to 8:00pm EST).

Investor relations website and share price information
The investor relations section of our website, www.gamesysgroup.com/investors/ includes the Annual Report, daily share price and Company announcements, including the half-year and full-year results.

Share dealing service by telephone or online
This service provides a simple way to sell or purchase shares (subject to availability) on the London Stock Exchange. Real time trading is available during market hours 8:00am to 4:30pm Monday to Friday (excluding bank holidays). There is also a convenient facility to place a sale instruction outside of market hours. Computershare Brokerage Services +44 (0370) 703 0084 www.computershare.trade.

Please note, as the UK has left the EU following Brexit, residents of the European Economic Area will no longer be able to open accounts with Computershare.

Electronic communications
Shareholders can elect to receive communications electronically by contacting our registrar at the numbers above or alternatively, by signing in or registering at www-uk.computershare.com/Investor/default.asp. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Financial calendar

Announcement of 2020 full-year results	9 March 2021
Annual General Meeting	10 June 2021

Cautionary Note Regarding Forward Looking Information

This Annual Report 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 Annual Report includes, but is not limited to statements with respect to: the Group's future financial performance, including its FY21 revenue and adjusted EBITDA; 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; 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. Certain of these risks and uncertainties are discussed in more detail below under the heading 'Principal Risks and Uncertainties'.

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 Annual Report.

All forward-looking information in this Annual Report speaks as of the date of this Annual Report. 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 Annual Report 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.

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