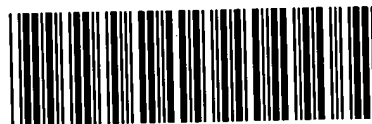


Company Registration No. 5425266 (England and Wales)

**GAMING TECHNOLOGY SOLUTIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# GAMING TECHNOLOGY SOLUTIONS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Schlachter I Ince
<b>Secretary</b>	B Moore
<b>Company number</b>	5425266
<b>Registered office</b>	Mid-City Place 71 High Holborn London WC1V 6EA
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Auxiliary business addresses</b>	2nd Floor Waterfront House Wherry Quay Ipswich Suffolk IP4 1AS  Mid-City Place 71 High Holborn London WC1V 6EA

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# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

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# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report and financial statements for the year ended 31 December 2020.

The principal activity of the company is the provider of development services for the gaming industry. Its principal customers are members of the Playtech Group, of which the Company is also a member.

### **SECTION 172(1) STATEMENT**

The Gaming Technology Solutions Ltd ("GTS") Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

GTS's Board of Directors, management and employees are committed to upholding high standards of corporate governance and business ethics. We firmly believe that timely disclosures, transparent accounting policies, rigorous internal control systems and a strong and experienced Board, preserve shareholder trust while maximising long-term shareholder value.

This s172 statement explains how the GTS Directors:

- Have engaged with employees, suppliers, customers and others; and
- Have had regards to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of these matters, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Gaming Technology Solutions, and the level of information disclosed is consistent with the size and the complexity of the business.

### **General confirmation of Directors' duties**

The GTS Board works within a defined set of processes and procedures set by specialist departments within the ultimate Parent Company, Playtech plc. These are endorsed and distributed by the Group Board. The GTS Board is required to implement these working practices in line with the ultimate Parent Company.

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among matters) to:

### **The likely consequences of any decision in the long term**

The Directors understand the business and the demand to innovate the latest products and services, in order to deliver maximum selection for licensees alongside maximum entertainment value for players. Gaming Technology Solutions vision aligns with that of the ultimate Parent Company and is summarised in the strap line "Source of Success". This simple ethos is applied to every aspect of the Company's operation and is focussed around a commitment to responsible gambling. The strategy set by the Board, as a leader in the bingo and gaming industry, is to supply the market leading products and services to our customers to help them provide, the ultimate bingo experience for their players.

Whilst investing for the future, the Board also recognises that we must focus on meeting the current supply and demand in products and services. The Directors are guided by our principles - integrity, innovation, excellence and performance that, form the foundation stones upon which the Company operates and achieves its goals.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **The impact of the Company's operations on the community and environment**

At Gaming Technology Solutions we are committed to ensuring our products and services provide customers with the capability to provide the ultimate online players with the facility to gamble responsibly. We achieve this by ensuring our products have in-built responsible gambling controls by design and provide relevant data to third party products used by our customers to facilitate responsible gambling.

All of this is aimed at delivering maximum selection for our licensees and maximum entertainment value for players and the desirability of the Company maintaining a reputation for high standards of business conduct

GTS's Board implements their corporate governance in line with the ultimate Parent Company's requirements and is committed to upholding the highest standards throughout all aspect of the business operation.

### **The need to act fairly as between members of the Company**

The Directors consider and focus their attention to ensure that the Company's performance is in line with the ultimate Parent Company's strategic vision for both short and long-term objectives. The impact of this on all of the stakeholders is regularly reviewed. The Directors believe they act fairly.

The Board has created a culture of honesty, integrity and respect of the Company's core values and principles. To support this, the Company has set a number guidelines on the principles and values of the organisation.

### **Principal decisions**

We define principal decisions taken by the Board as those decisions in 2020 that are of a strategic nature and that are significant to any of our key stakeholder groups.

### **Review of the business**

The outbreak of COVID 19 in Q1 20 resulted in the temporary closure of the 71 High Holborn office throughout 2020 in line with government guidance and national lockdowns, resulting in all employees working from home. The company made claims under the UK government furlough scheme in 2020 and early 2021 to protect employees unable to work during this uncertain period, but after further review it was decided to repay all the furlough income and cease using the scheme in Q1 21. The company also took advantage of the COVID VAT deferral scheme and all outstanding VAT was paid in Q2 2021. No other financial support was taken from the UK government.

In terms of financials, revenues for the company increased from £49.2m to £56.7m due to an increase in intergroup recharging. Administration expenses increased from £39m to £42.1m, mainly due to a contribution of £3.0m to non-profit and social enterprise organisations delivering mental health and well-being services in the group's end markets and local communities. Further details can be seen in the Playtech PLC accounts for 2020. Interest payable includes interest due to HMRC of £0.6m as a result of the settlement of historic tax liabilities.

Following the dividend of £13.5m to the parent company, the company ended the year with net assets of £16.7m (2019 - £17.2m), which included net current assets of £1.5m (2019 - £1.8m). Cash at the reporting date totalled £4.9m (2019 - £1.7m), as the company continued to strengthen its operational capabilities.

### **Principal risks and uncertainties**

The principal risks and uncertainties of the company are very similar to those relating to the gaming industry disclosed in the annual report of Playtech PLC for the year ended 31 December 2020, which can be located at <http://playtech-ir.production.investis.com/regulatory-news.aspx>.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### Future developments

COVID 19 continued to impact the global economy in 2021, but the successful vaccine rollout by the UK government has enabled the UK economy to re-open in Q2 2021. The company has long-term support from the group and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

On behalf of the board



.....  
I, Ince

Director

Date: 1 November 2021  
.....

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **Results and dividends**

The results for the year are set out on page 10. A review of the business, future developments and principal risks are included in the strategic report.

The directors paid an interim dividend of £13.6m (2019: £10m), as indicated in note 10. No final dividend is proposed.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Schlachter  
I Ince

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

#### **Political and charitable donations**

Total charitable donations made in the year were £3,446,704 (2019 - £10,082). There were no political donations.

#### **Financial instruments**

##### **Financial risk management**

The company makes little use of financial instruments other than operational bank accounts and inter-company receivables due from fellow group members (on which credit risk is considered to be low). Hence its exposure to price, credit, counterparty and liquidity risks is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

#### **The interests of the Company's Employees**

Gaming Technology Solutions employees are at the heart of the business and the management team invites a fair and open two way relationship with all employees. We believe in respecting every individual, regardless of position. At Gaming Technology Solutions Ltd, employees are heard and have the opportunity to express their opinion. The ultimate parent company firmly believes in equality and discourages any form of discrimination which is clearly reflected in policies, training and each individual's behaviour. We are committed to employee safety and well-being. HR policies are set by the ultimate parent company and are available to each employee. Management assumes responsibility that such policies are adhered to. Gaming Technology Solutions staff are talented, capable and have played a major role in the growth and success of the business. We believe that when people with diverse skills are bound together by a common purpose and value system, results far exceed the sum of the parts.

#### **The need to foster the Company's business relationships with suppliers, customer and others**

Online betting is a highly dynamic business sector requiring constant innovation and as such, customers and suppliers are the key stakeholders in our business. We engage in regular communication with suppliers as well as customers and recognise the fact that the stronger the relationships we have with both, the better products and services we can produce for the end customer. We remain committed to all our stakeholders to ensure ethical business practices are applied at all times.

#### **Post reporting date events**

There were no post balance sheet events.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### Going concern

At the year end, the company had net assets of £16.8m (2019 - £17.2m). The company meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. The company's primary customers are members of the wider Playtech group.

The company has received confirmation by these customers that the current services agreement will continue until at least December 2022, and the customer (a fellow Playtech Group company) has confirmed it will provide additional financial support to the company should it required.

In light of this the directors have reviewed the resources available to the company, after considering the confirmations received by members of the Playtech group of the ongoing services requirement and financial support, and they consider that these resources are sufficient to enable the company to meet its liabilities as they fall due. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Further information on the group can be found in the 2021 interim statements which can be located at: <http://playtech-ir.production.investis.com/regulatory-news.aspx>.

Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will realise its assets and discharge its liabilities in the normal course of business.

### Environmental considerations

Due to the impact of COVID 19, the use of offices and travel is significantly reduced and environmental monitoring has been disrupted. The Company is keeping these matters under review and expects this to increase, alongside reporting, in 2021.

### Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

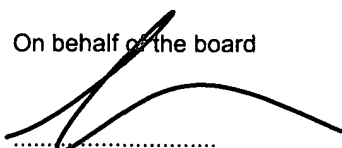
### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



.....  
I Ince

**Director**

Date: **1 November 2021**



# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED**

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#### **Opinion**

*In our opinion the financial statements:*

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of Gaming Technology Solutions Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, and 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 United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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.

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 company'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.

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the 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.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED

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#### **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:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. We review minutes taken from meetings with directors and any correspondence with regulatory authorities.

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: <https://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 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*David Campbell*  
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**David Campbell (Senior Statutory Auditor)**

**For and on behalf of BDO LLP, Statutory Auditor**  
**London, UK**

Date: 02 November 2021

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

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	3	56,747,746	49,214,450
Cost of sales		(141,378)	(79,158)
<b>Gross profit</b>		<b>56,606,368</b>	<b>49,135,292</b>
Administrative expenses		(42,082,204)	(39,019,831)
Other operating income	18	885,000	366,573
Impairment losses	11	(481,217)	(1,460,308)
<b>Operating profit</b>	<b>4</b>	<b>14,927,947</b>	<b>9,021,726</b>
Interest receivable	7	488,807	1,333,987
Interest payable	8	(1,953,832)	(1,196,107)
<b>Profit before taxation</b>		<b>13,462,922</b>	<b>9,159,606</b>
Tax on profit on ordinary activities	9	(2,903,748)	(8,951,323)
<b>Profit for the financial year</b>		<b>10,559,174</b>	<b>208,283</b>
<b>Total comprehensive income for the year attributable to owners</b>		<b>10,559,174</b>	<b>208,283</b>

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets - goodwill	12	13,986,800	13,986,800
Right of use asset	13	11,394,136	11,828,943
Property, plant and equipment	13	4,715,354	5,111,037
		<u>30,096,290</u>	<u>30,926,780</u>
<b>Current assets</b>			
Trade and other receivables	15	20,237,800	27,292,638
Cash at bank and in hand		4,948,552	1,747,619
		<u>25,186,352</u>	<u>29,040,257</u>
<b>Current liabilities</b>			
Trade and other payables	16	12,504,828	16,187,380
Corporation tax	9	8,106,944	8,761,908
Leases liabilities	18	3,110,436	2,285,209
		<u>23,722,208</u>	<u>27,234,497</u>
<b>Net current assets</b>		<u>1,464,144</u>	<u>1,805,760</u>
<b>Non-current liabilities</b>			
Other creditors	17	533,130	533,130
Provisions for liabilities	17	850,000	850,000
Lease liabilities	18	13,412,377	14,143,038
		<u>14,795,507</u>	<u>15,526,168</u>
<b>Net assets</b>		<u><u>16,764,927</u></u>	<u><u>17,206,372</u></u>

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Equity</b>			
Called up share capital	22	2,250,005	2,250,005
Share premium account		130,273	130,273
Other reserves		6,719,921	4,154,119
Retained earnings		7,664,728	10,671,975
<b>Total equity</b>		<u>16,764,927</u>	<u>17,206,372</u>

The financial statements were approved by the board of directors and authorised for issue on 1 November 2021 and are signed on its behalf by:

  
.....  
I, Ince  
Director

Company Registration No. 5425266

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Other reserves £	Retained earnings £	Total £
<b>Balance at 1 January 2019</b>		2,250,005	130,273	2,256,603	20,463,692	25,100,573
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	208,283	208,283
Dividends	10	-	-	-	(10,000,000)	(10,000,000)
Capital contribution	21	-	-	1,897,516	-	1,897,516
<b>Balance at 31 December 2019</b>		2,250,005	130,273	4,154,119	10,671,975	17,206,372
<b>Year ended 31 December 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	10,559,174	10,559,174
Dividends	10	-	-	-	(13,566,420)	(13,566,420)
Capital contribution	21	-	-	2,565,802	-	2,565,802
<b>Balance at 31 December 2020</b>		2,250,005	130,273	6,719,921	7,664,728	16,764,927



# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### 1 Accounting policies

#### Company information

Gaming Technology Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Mid-City Place, 71 High Holborn, London, WC1V 6EA.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company adopted new IFRS in the year as required, details of which are disclosed in note 2.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations and discontinued operations.

Where required, equivalent disclosures are given in the group accounts of Playtech PLC.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Gaming Technology Solutions Limited is a wholly owned subsidiary of Playtech PLC and the results of the company are included in the consolidated financial statements of Playtech PLC which are available from the group's website ([www.playtech.com](http://www.playtech.com)).

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

At the year end, the company had net assets of £16.8m (2019 - £17.2m). The company meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. The company's primary customers are members of the wider Playtech group.

The company has received confirmation by these customers that the current services agreement will continue until at least December 2022, and the customer (a fellow Playtech Group company) has confirmed it will provide additional financial support to the company should it required.

In light of this the directors have reviewed the resources available to the company, after considering the confirmations received by members of the Playtech group of the ongoing services requirement and financial support, and they consider that these resources are sufficient to enable the company to meet its liabilities as they fall due. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Further information on the group can be found in the 2021 interim statements which can be located at: <http://playtech-ir.production.investis.com/regulatory-news.aspx>.

Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will realise its assets and discharge its liabilities in the normal course of business.

##### 1.3 Revenue

Revenue from contracts for the provision of software development is recognised on completion of the performance obligation, which is typically on completion of the software and development testing. Where the software asset is controlled by the customer and the customer simultaneously receives and consumes the benefit of software development, revenue is recognised over time.

##### 1.4 Merger policy

Where the operations of a subsidiary are 'hived up' into the Company, the acquisition is accounted for as a business combination as at the original acquisition of the investment in the subsidiary. The assets and liabilities are transferred into the Company at book value and any difference between the net assets transferred and amount paid is treated as goodwill.

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	Straight line over the length of the lease
Fixtures, fittings & equipment	20% straight line
Computer equipment	33 1/3% straight line
Right of use asset	Straight line over the length of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired, unless recognised as a result of a merger (see note 1.4). It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

##### 1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

##### 1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial asset held at amortised cost**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets held at amortised cost', using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### 1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.13 Taxation

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

###### **Current tax**

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

###### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.14 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.15 Share-based payments

Certain employees participate in the ultimate parent company's share option plan. The fair value of the options granted relating to employees of the Company, are charged to the Company and expensed to the income statement over the vesting period and the credit is taken to reserves as a capital contribution, based on the Company's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes valuation model. The share options plan does not have any performance conditions other than continued service.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.16 IFRS 16 Leases ("IFRS 16")

The provisions of IFRS 16 continue to apply as follows:

###### (1) Determining whether an arrangement contains a lease

On the inception date of the lease, the company determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the company assesses whether it has the following two rights throughout the lease term:

(a) The right to obtain substantially all the economic benefits from use of the identified asset.

(b) The right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the company elected to account for the contract as a single lease component without separating the components.

###### (2) Leased assets and lease liabilities

Contracts that award the company control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the company recognises a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognises a right-of-use asset at the same amount of the lease liability, plus initial direct costs incurred in respect of the lease.

Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

The company has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognised in profit or loss on a straight-line basis, over the lease term, without recognising an asset and/or liability in the balance sheet.

###### (3) The lease terms

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

###### (4) Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

###### (5) Amortisation of right-of-use asset

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated amortisation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Amortisation is calculated on a straight-line basis over the useful life or contractual lease period.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

**(Continued)**

#### **(6) Reassessment of lease liability**

Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the company and had an effect on the decision whether it is reasonably certain that the company will exercise an option, which was not included before in the lease term, or will not exercise an option, which was included before in the lease term, the company re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognised against the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

#### **(7) Lease modifications**

When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the company accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the company allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the company recognises a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognises in profit or loss a profit/loss that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability. For other lease modifications, the company re-measures the lease liability against the right-of-use asset.

#### **(8) Subleases**

In leases in which the company subleases the underlying asset, the company examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The company examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For finance subleases, the right-of-use asset is derecognised and a finance lease receivable recognised, based on the net investment in the lease, any gain or loss is taken to the income statement. For operating subleases, the right-of-use asset remains on the balance sheet and sublease income is recognised as other income on a straight line basis.

### **1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

### **1.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# **GAMING TECHNOLOGY SOLUTIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1 Accounting policies**

**(Continued)**

##### **1.19 Provisions**

The company has recognised provisions for liabilities of uncertain timing or amount. The provision is measured as the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Provisions for dilapidation costs are recognised on a lease-by-lease basis, taking into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

#### **2 Critical estimates and judgements in applying accounting policies**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expense. Actual results may differ from these estimates. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of a material adjustment in the next year are discussed below:

##### **Provisions against intercompany receivables (see note 15)**

At the reporting date management are required to consider the recoverability of debts due from fellow group companies. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are released when subsequent information supports the recovery.

A provision is initially made against intercompany receivables for expected lifetime credit losses. Balances are reviewed on a regular basis and provisions are amended to reflect any change in credit risk where required. The review takes into account factors such as the age of the debt, past debt recovery, recovery since the reporting date, discussions with the counter party on debt recovery and any debt guarantee letters provided to the Company by fellow group companies.

Impairment provisions for receivables from group companies are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised.

##### **Provisions for dilapidation costs**

Property dilapidations relate to the estimated cost to repair leased properties on exit as required under the lease agreements.

##### **Impairment of right of use assets and goodwill**

Management review right of use assets annually for impairment. Where impairment indicators arise, management will assess the recoverable value of the asset and, if this is lower than net book value, an impairment is recognised in the income statement. Key judgements include expected future use of the asset, ability to monetise or exit the asset, and value in use calculations.

##### **Determining the lease term under IFRS 16**

In order to determine the lease term, the Company takes into consideration the period over which the lease is non-cancellable, including renewal options that it is reasonably certain it will exercise and/or termination options that is reasonably certain it will not exercise. The possible effects are an increase or decrease in the initial measurement of a right of use asset and lease liability and in depreciation and financing expenses in subsequent periods.



# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2 Critical estimates and judgements in applying accounting policies

(Continued)

##### Income taxes

The Company is subject to income tax and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Company believes that its accruals for liabilities are adequate for all open audit years, based on its assessment of many factors including past experience and interpretations of tax law.

This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax expense in the period in which such a determination is made.

#### 3 Revenue

An analysis of the company's revenue is as follows:

	2020 £	2019 £
<b>Turnover</b>		
Software development	56,744,328	49,211,400
Royalties and platform fees	3,418	3,050
	<u>56,747,746</u>	<u>49,214,450</u>

##### Revenue analysed by geographical market

	2020 £	2019 £
IOM	41,817,539	33,621,220
UK	501,668	763,960
EU (Cyprus)	14,428,539	14,829,270
	<u>56,747,746</u>	<u>49,214,450</u>

All revenue is recognised over time using the output method and all revenue is business to business (B2B) in respect of contract counterparties.

As at 31 December 2020 and 2019, there were no material unfulfilled contract obligations.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Exchange (gains)/losses	(796)	4,178
Fees payable to the company's auditor for the audit of the company's financial statements	58,564	34,348
Depreciation of property, plant and equipment	3,374,963	4,817,864
Impairment losses (see note 11)	481,217	762,000
Charitable donations	3,446,704	10,082
Share-based payments (see note 21)	2,565,802	1,897,516
	<u>                    </u>	<u>                    </u>
And after crediting:		
Rental income (see note 18)	885,000	366,573
	<u>                    </u>	<u>                    </u>

### 5 Employees

The average monthly number of employees (including directors) were:

	2020 Number	2019 Number
Directors	1	1
Management	11	11
Operations	19	19
Marketing	43	41
Development	199	199
Administration	48	44
	<u>                    </u>	<u>                    </u>
	321	315
	<u>                    </u>	<u>                    </u>

Their aggregate remuneration comprised:

Employment costs	2020 £	2019 £
Wages and salaries	25,967,621	24,614,311
Social security costs	2,820,545	2,557,269
Pension costs	1,105,697	1,100,858
	<u>                    </u>	<u>                    </u>
	29,893,863	28,272,438
	<u>                    </u>	<u>                    </u>

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	449,333	331,667
Company pension contributions to defined contribution schemes	7,750	13,625
	<u>457,083</u>	<u>345,292</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above represents the emoluments of the highest paid director.

### 7 Interest receivable

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	3,853	10,028
Interest receivable from group companies	484,954	1,323,959
Total income	<u>488,807</u>	<u>1,333,987</u>

### 8 Interest payable

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	19,971	15,436
Interest on tax liabilities	596,841	-
Interest expense on lease liabilities	1,337,020	1,180,671
	<u>1,953,832</u>	<u>1,196,107</u>

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Income tax expense

	2020 £	2019 £
<b>Corporation tax</b>		
Current year	3,143,956	2,149,001
Adjustments in respect of prior periods	(113,400)	6,552,503
	<u>3,030,556</u>	<u>8,701,504</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(126,808)	(249,819)
	<u>2,903,748</u>	<u>8,951,323</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £	2019 £
Profit before taxation on continued operations	<u>13,462,922</u>	<u>9,159,606</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2019: 19.00%)	<u>2,557,955</u>	<u>1,740,325</u>
<b>Taxation impact of factors affecting tax charge:</b>		
Income not taxable in determining taxable profit	-	(205,010)
Expenses not deductible in determining taxable profit	197,378	382,331
Tax relief on share options	477,078	349,002
Other timing differences	(126,808)	249,819
Uncertain tax provision adjustments	-	6,552,503
Group relief	(201,855)	(117,647)
	<u>345,793</u>	<u>7,210,998</u>
Total adjustments		
	<u>2,903,748</u>	<u>8,951,323</u>

The historic balance sheet tax liabilities were settled in March 2021.

### 10 Dividends

	2020 per share £	2019 per share £	2020 Total £	2019 Total £
Amounts recognised as distributions:				
<b>Ordinary shares</b>				
Interim dividend paid	<u>0.07</u>	<u>0.05</u>	<u>13,566,420</u>	<u>10,000,000</u>

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2020 £	2019 £
In respect of:		
Property, plant and equipment	481,217	1,460,308
Recognised in:		
Administrative expenses	481,217	1,460,308

Impairments relate to a surplus property lease following the relocation to Holborn. Due to the pandemic, the interest in sublet properties has dropped, and the directors have reassessed the carrying value in the year. The impairment equals the full asset value of the property in question.

#### 12 Intangible fixed assets

	Goodwill £	Trademarks £	Total £
<b>Cost</b>			
At 31 December 2019 and 2020	13,986,800	12,930	13,999,730
<b>Amortisation/impairment</b>			
At 31 December 2019	-	12,930	9,430
At 31 December 2020	-	12,930	12,930
<b>Carrying amount</b>			
At 31 December 2020	13,986,800	-	13,986,800
At 31 December 2019	13,986,800	-	13,986,800

The above purchased goodwill is subject to an impairment review at the end of each reporting date.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Property, plant and equipment

	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	Right of use asset	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	6,284,863	1,251,869	4,515,244	24,281,745	36,333,721
Additions	44,635	18,093	856,013	2,330,333	3,249,074
Disposals	-	-	-	(5,802,976)	(5,802,976)
At 31 December 2020	6,329,498	1,269,962	5,371,258	20,809,103	33,779,821
<b>Accumulated depreciation and impairment</b>					
At 1 January 2020	2,912,461	946,578	3,081,900	12,452,802	19,393,741
Charge for the year	509,847	74,088	730,490	2,060,538	3,374,963
Impairment loss	-	-	-	481,217	481,217
Eliminated on disposal	-	-	-	(5,579,589)	(5,579,589)
At 31 December 2020	3,422,308	1,020,666	3,812,390	9,414,967	17,670,331
<b>Carrying amount</b>					
At 31 December 2020	2,907,190	249,296	1,558,868	11,394,136	16,109,490
At 31 December 2019	3,372,402	305,291	1,433,344	11,828,943	16,939,980

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
V S Gaming Limited	England	100	100	Dormant
Ash Gaming Limited	England	100	100	Dormant
Geneity Ltd	England	100	100	Dormant

The registered office of the above subsidiaries is the same as that of the company.

During the year the Company transferred its 100% ownership of VS Technology Limited to Playtech plc for total proceeds of £1,000, generating a profit on disposal of £1,000.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Trade and other receivables

	2020 £	2019 £
Trade receivables	72,566	118,084
Other receivables	731,738	209,025
Deferred tax recoverable (see note 19)	154,752	404,571
Amount due from parent undertaking	-	1,959,718
Amounts due from fellow group undertakings	18,467,269	23,742,450
Prepayments	811,475	858,790
	<u>20,237,800</u>	<u>27,292,638</u>

Balances due from fellow group companies are charged interest at 3.75% (2019: 3.75%) and are repayable on demand. The company has applied a probability-based approach to measuring expected credit losses based on the expected manner of recovery and recovery period. Based on this assessment no credit loss provision was required at 31 December 2019 or 31 December 2020.

### 16 Trade and other payables

	Current 2020 £	2019 £
Trade payables	522,123	544,259
Amount due to parent undertaking	5,583,856	-
Amounts due to fellow group undertakings	351,568	11,769,909
Accruals	2,312,160	2,384,310
Social security and other taxation	3,437,346	1,318,039
Other payables	297,775	170,863
	<u>12,504,828</u>	<u>16,187,380</u>

Amounts due to fellow group undertakings are interest-free and repayable on demand.

### 17 Non-current liabilities and provisions

	Non-current 2020 £	2019 £
Property dilapidations	850,000	850,000
Rent deposits	533,130	533,130
	<u>1,383,130</u>	<u>1,383,130</u>

Property dilapidations relate to the estimated cost to repair leased properties on exit as required under the lease agreements.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 18 Lease liabilities - Maturity analysis

The lease summary below refers to offices at:-

- 71 High Holborn, London, WC1V 6EA
- 80 Hammersmith Road, Hammersmith, London, W14 8UD
- 2nd Floor Waterfront House, Wherry Quay, Ipswich, Suffolk, IP4 1AS
- Flats at 31 Southampton Row, London, WC1B 5HJ

There is also a sublet under an operating lease, of part of the 1st floor at 71 High Holborn. A reconciliation of movement in the right of use asset is included in note 13. Total sublet income in the year was £885,000 (2019 - £366,573).

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current liabilities	3,110,436	2,285,209
Non-current liabilities	13,412,377	14,143,038
	<u>16,522,813</u>	<u>16,428,247</u>

A reconciliation of movement in the lease liability in the year is as follows:

	£	£
Opening liability	16,428,247	21,515,333
Lease modification adjustment	-	(1,565,998)
Additions	2,330,333	-
Interest	1,337,020	1,245,623
Payments	(3,572,788)	(4,766,711)
	<u>16,522,813</u>	<u>16,428,247</u>



# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current reporting period. Deferred tax relates to timing differences on accruals and employment benefits.

	ACAs £	Provisions £	Total £
Deferred tax asset at 1 January 2020	(6,336)	161,088	154,752
<b>Deferred tax movements in current year</b>			
Timing differences recognised in the income statement	126,808	-	126,808
Deferred tax asset at 31 December 2020	120,472	161,088	281,560
Movements in the prior reporting period were as follows:			
	£	£	£
Deferred tax asset at 1 January 2019	159,661	244,910	404,571
<b>Deferred tax movements in current year</b>			
Timing differences recognised in the income statement	(165,997)	(83,822)	(249,819)
Deferred tax asset at 31 December 2019	(6,336)	161,088	154,752

### 20 Retirement benefit schemes

#### Defined contribution schemes

The total costs charged to income in respect of defined contribution plans is £1,105,697 (2019 - £1,100,858). At the year-end, a pension balance of £182,034 (2019: £170,888) was owed by the company.

### 21 Share-based payment transactions

The ultimate parent company operates a Company Share Option Plan ("CSOP") for certain employees of the Company. Options granted under the Plan vest on the first day on which they become exercisable which is three years after grant date. Further details on the terms of this scheme are discussed in more detail in the Group annual report.

# GAMING TECHNOLOGY SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 Share-based payment transactions

(Continued)

	Number of share options	
	2020	2019
Outstanding at 1 January 2020	1,356,542	730,331
Granted	989,858	710,455
Forfeit	(53,982)	(67,644)
Exercised	(21,545)	(16,600)
Outstanding at 31 December 2020	<u>2,270,873</u>	<u>1,356,542</u>

The exercise price of options outstanding at the end of the year was £Nil (2019 - £0.03) and their weighted average contractual life was 3 years (2019 - 3 years). None (2019 - None) of the options outstanding at the end of the year had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) and weighted average fair value of each option granted during the year was £Nil (2019 - £4.30) and £2.63 (2019 - £4.88 respectively).

The Company granted 989,858 (2019 - 703,429) Nil-cost awards in the year.

Total expenses of £2,565,802 relating to equity settled share based payment transactions, were recognised in the year (2019 - £1,897,516), with a corresponding entry in equity as a capital contribution.

### 22 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
200,000,000 Ordinary shares of 5p each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued and fully paid</b>		
45,000,093 Ordinary shares of 5p each	<u>2,250,005</u>	<u>2,250,005</u>

### 23 Events after the reporting date

There were no post balance sheet events.

### 24 Controlling party

The immediate parent company is Technology Trading (IOM) Limited, a company incorporated in the Isle of Man. The ultimate parent company is Playtech PLC, a company incorporated in the Isle of Man. Playtech PLC is listed on the London Stock Exchange and copies of its consolidated financial statements may be obtained from the group's website ([www.playtech.com](http://www.playtech.com)). The smallest and largest group in which the company's results are consolidated is that headed by Playtech PLC.