**Playtech plc**

("Playtech," or the "Company" or the "Group")

**Results for the six months ended 30 June 2016**

**Strong delivery of strategic objectives; financial strength enables special dividend**

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2016, together with a trading update for the period to 24 August 2016.

**Financial summary**

| | H1 2016 | H1 2015 | Change (reported) | Change (const. currency)[3] |
|---|---|---|---|---|
| **Revenues** | €337.7m | €286.0m | +18% | +24% |
| **Adjusted EBITDA[1]** | €143.8m | €112.9m | +27% | +40% |
| **Adjusted Net Profit[1]/[2]** | €79.5m | €115.0m | -31% | +54% |
| **Reported Net Profit[2]** | €48.8m | €83.9m | -42% | +84% |
| **Adjusted diluted EPS[4]** | 22.9 €c | 36.1 €c | -37% | +40% |
| **Interim dividend per share** | 11.0 €c | 9.6 €c | +15% | NA |

**Group financial highlights**

- Total revenues up 18% vs H1 2015 on a reported basis:
  - 24% revenue growth at constant currency
  - 17% revenue growth excluding acquisitions and at constant currency
- Adjusted EBITDA up 27% on a reported basis and 40% at constant currency
- Adjusted Net Profit and Adjusted EPS materially impacted by foreign exchange movements
  - significant translation impact on sterling cash balances
- Adjusted Net Profit and Adjusted EPS up 54% and 40% respectively on constant currency basis
- Gross cash at period end of €778m (c.€640m after acquisition of BGT)

**Group corporate highlights**

- Continued implementation of the Group's M&A strategy
  - acquisition of Quickspin for €24m announced in May 2016
  - acquisition of 90% of BGT for €138m in July 2016
- Further strengthening of the Board with appointment of Claire Milne after the period end

**Dividend**

- Cognisant of need for efficient balance sheet
  - current high cash balances are consistently augmented by cash from operations
  - able to return capital to shareholders with no impact on M&A capabilities
- 57 €c (or 50p at the current exchange rate) being returned to shareholders
  - interim dividend increased by 15% to 11.0 €c as well as adoption of a progressive dividend policy to provide shareholders with more certainty and consistency of dividend payments
  - special dividend of €150m (46 €c / 40p per share) to be paid on 6 December 2016

**Operational highlights**

Gaming division
- Strong revenue performance with 18% growth at constant currency
  - good contribution from both existing and new licensees
  - strong performance from structured agreements

- Revenues from mobile of 29% in H1 2016 (H1 2015: 20%), with 54% of UK revenues from mobile
- "Locking-in" future growth
  - important new licensees announced in 2016 including PokerStars and SunBets
  - omni-channel agreement, including Sports and Casino, with Fortuna announced today for Czech Republic, Poland and Slovakia with other regulated markets to follow
  - significant contracts renewed, with seven of top 10 licensees now on contracts which have at least three years remaining
- Pipeline of new licensees and new structured agreements remains strong

Financials division

- Revenue of €31.3m in H1 2016 with Adjusted EBITDA of €5.9m
- H1 2016 results reflect full impact of the business transition and improvements made due to regulatory changes
- B2B momentum building with good KPIs in H1 2016 and a good pipeline of B2B business
- Markets now has the right platform for sustainable growth
  - moved from salesperson based approach to automated funnels for customer acquisition
  - further reductions in the cost base from June onwards

**Current trading and outlook**

- Average daily revenue in the Gaming division for the first 55 days of Q3 2016 was up 12% on Q3 2015 (19% at constant currency) and up 3% on Q2 2016 (6% at constant currency)
- Excluding acquisitions, average daily revenue in the Gaming division for the first 55 days of Q3 2016 was up 2% on Q3 2015 (10% at constant currency) and down 6% on Q2 2016 (down 2% at constant currency)
- Improvements made to Markets Limited have resulted in an improved performance in July and August to date
- Management remains confident of strong growth in 2016 and beyond

**Alan Jackson, Chairman of Playtech, commented**:

"Playtech has made significant progress in 2016 as we have delivered on our strategic objectives.

"The Gaming division continues to deliver strong growth, driven by our industry-leading Casino offering. We have "locked-in" future growth with important new licensees signed and significant contracts renewed. Seven of our top 10 licensees are now on contracts which have at least three years remaining and our pipeline of new licensees and structured agreements remains strong. First half results from our Financials division reflect the full-impact of the transitioning of the business and improvements made due to regulatory changes with Markets now having the right platform for sustainable growth.

"We have continued to execute on our M&A strategy with the acquisitions of BGT and Quickspin announced so far in 2016. We are pleased to announce the adoption of a progressive dividend policy, reflecting our confidence in the Group's anticipated growth and cash generation. We are also pleased to announce the return of €150m to shareholders through a special dividend with no impact on our M&A capabilities, enabled by our high cash balances and strong cash generation, whilst maintaining an efficient and flexible balance sheet.

"Given this progress, we remain confident of strong growth in 2016 and beyond."

**– Ends –**

[1] Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions and additional various non-cash charges. A full reconciliation between the actual and adjusted results is provided in Note 4

[2] Attributable to the owners

[3] Constant currency numbers exclude the exchange rate impact on the results by using previous period relevant exchange rate and also exclude the total cost/income of exchange rate differences recognised in the period

[4] Weighted average number of shares used in diluted EPS for the six months ended 30 June 2015 were adjusted reflect the impact of the convertible bonds

**Presentation and live webcast**

A presentation for analysts and investors will be held today at 9:00 am in the offices of UBS, 1 Finsbury Avenue, London, EC2M 2PP.

The presentation will be webcast live and available at:
http://www.investis-live.com/playtech/577a3c6c2a4e360b00a3fd78/md5h

The presentation will also be accessible via a live conference call.

| | |
|---|---|
| Dial in no: | 020 3059 8125 |
| Conference password: | Playtech |

There will also be a replay available for one week.

| | |
|---|---|
| Dial in no: | 0121 260 4861 |
| Conference reference number: | 3738516 # |

An on demand replay will also be available on the Playtech website following the presentation.

**For further information contact:**

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

**Forward looking statements**

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect Playtech's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, Playtech undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

**About Playtech**

Playtech is a market leader in the gambling and financial trading industries. Founded in 1999 and listed on the Main Market of the London Stock Exchange, Playtech has more than 5,000 employees in 13 countries.

Playtech is the gambling industry's leading software and services supplier with more than 130 licensees globally, including many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries, and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

It is the pioneer of omni-channel gambling which, through Playtech ONE, offers operators and their customers, a seamless, anytime, anywhere experience across any product, any channel (online, mobile, retail) and any device using a single account and single wallet. It provides marketing expertise, sophisticated CRM solutions and other services for operators seeking a full turnkey solution.

Playtech’s Financials division, run through subsidiary Markets Limited, is an established and growing online CFDs broker and trading platform provider, operating the brand markets.com. Its B2C focused offering is available in more than 100 countries and in more than 25 languages and is licensed and regulated in the EU and South Africa.

www.playtech.com

## Chairman's statement

In 2016, Playtech has once again made significant progress, delivering on its strategic objectives and "locking-in" future growth.

The Gaming division continues to deliver strong growth, driven by our industry-leading Casino offering, with progress made in all parts of the business. We launched 16 new games in the half, including the highly successful Age of the Gods™ series and signed significant new licensees, including PokerStars, Fortuna and Sun Bets with several new customers signed prior to 2016 expected to launch in the coming months, including Sun Bingo and Marca.es. I am also delighted to announce that there have been several signficant contracts renewed in 2016 with seven of our top 10 licensees on contracts which run for a minimum of three years and our pipeline of new licensees and structured agreements remains strong.

As we announced at the 2015 final results, since we acquired Markets Limited in May last year, the regulatory backdrop under which it operates has become increasingly developed, which we welcome, with tighter restrictions and controls imposed on brokers. The first half results reflect the full-impact of the business transition and improvements made due to these regulatory changes, including the ending of relationships with Introducing Brokers and our binary options business as well as moving from a salesperson based approach to automated funnels for customer acquisition. We are confident that Markets has the right platform for sustainable growth.

We have continued to execute on our M&A strategy with the acquisitions of BGT and Quickspin announced so far in 2016. Playtech continues to focus on M&A to augment organic growth and is currently in discussions for a number of potential acquisitions in the Gaming division and Financials division. Due to the strength of its balance sheet and its continuing cash generation, Playtech is in a position to return capital to shareholders with no impact on its ability to make acquisitions. I am therefore pleased that Playtech will be returning €150 million to shareholders by way of a special dividend as well as increasing our interim dividend by 15% and introducing a progressive dividend policy to provide shareholders with more certainty and consistency of dividend payments.

I was also delighted to able to announce the appointment of Claire Milne as a non-executive independent director after period end. Claire joins the Board as a recognised industry expert in eGaming and technology law and regulation, with 20 years' experience advising gaming and financial services clients as both an in-house and private practice lawyer. In addition, Claire was the Chair of the Isle of Man Gambling Commission and I am sure Playtech will benefit from her depth of expertise.

Given this progress, we remain confident of strong growth in 2016 and beyond.

# Chief Executive's review

**Overview: delivering on our strategic objectives**

I am pleased to say that Playtech has once again delivered on both its operational and strategic objectives.

We have delivered strong growth in our Gaming division with significant new licensees and important renewals securing future growth and our Financials division is now through its period of transition and positioned for sustainable growth.

We have had a busy 2016 for M&A, most notably with the acquisitions of BGT and Quickspin in our Gaming division, both directly in line with our strategy. Our balance sheet strength and continuing substantial cash generation has enabled us to return €150 million through a special dividend, as well as increasing our regular dividend and introducing a progressive dividend policy, without impacting our M&A capabilities.

Our pipeline of opportunities remains strong, both organically and through M&A, which taken together with the future growth already "locked-in" provides us with confidence of strong growth in 2016 and beyond.

**Gaming division**

*Overview*

The Gaming division had a very strong half achieving 18% reported revenue growth at constant currency, with a good contribution from existing and new customers.

*Licensees*

Playtech had a very strong half from an operational perspective, "locking-in" future growth for the business.

Several customers signed prior to 2016 are expected to launch with Playtech in the coming months, including Sun Bingo and Marca.es with further significant new licensees signed in 2016 including PokerStars, Fortuna, MaxBet and Sun Bets.

I am also delighted to announce that there have been several significant contracts renewed in 2016 with seven of our top 10 licensees on contracts which run for a minimum of three years.

We continue to enjoy a very strong relationship with our customers extending our reach to include new games, products and our market leading Playtech ONE omni-channel solution.

On top of all this, our pipeline of new licensees remains strong, driven by newly-regulated and soon-to-be-regulated markets.

*Customer concentration*

Going forwards we will be presenting customer concentration on a different basis to how we have presented it historically which better reflects the reality of the way we operate.

Historically we have presented our largest licensee as a single customer. However, this licensee is actually a licensed distributor for many smaller licensees who sit beneath the distributor. The distributor model is common in Asia and used by different B2B and services providers. Playtech has always used licensed distributors and local companies to establish itself across the region given the importance of understanding the culture and the importance of having the right partner – not just any partner.

The model serves us well as it provides us with access to local gaming specialists who truly understand the culture, the key people and the most relevant potential operators. They ensure that all operators go through a strict due diligence processes and that they maintain all relevant permits and licenses as well as serve them locally by using local personnel who share the same languages and culture.

There are currently 18 operators who sit below the distributor and if these are split-out, the revenues from the top five customers falls from 59% to 39%, with revenues from the top 10 falling from 74% to 57%.

*Regulated markets*

As we mentioned would happen at the 2015 results, regulated revenues as a percentage of total revenues in the half decreased, despite growing in absolute terms, due to strong growth in Asia and a weaker sterling. Looking forward, the percentage of revenues from regulated markets will improve, driven by the continued increase in regulated revenues in general, as well as the go-live of Sun Bingo and the inclusion of the fully regulated revenues from BGT.

Our focus remains on regulated markets which represent the future of our industry. During the period we continued to strengthen our position and extended our reach in regulated markets by supporting the organic growth of our customers in various markets such as the UK, Italy, Spain, Denmark and Finland. Additionally, we established our presence in newly-regulated markets such as Mexico, Bulgaria and Romania working with existing and new local companies.

Given the success of local retail businesses that offer their products and services in an online environment, creating significant operations and in many cases becoming the market leaders, we believe that this trend will continue in most if not all newly-regulated markets. Playtech's market leading position as the largest and leading software provider with its unique omni-channel solution, as well as its ability to equip operators with the skill sets required to operate successfully in an online environment, positions Playtech as the natural partner. Accordingly, Playtech is positioned to continue its success in regulated markets and be the leading supplier of software and services in most if not all commercially viable regulated markets.

The strong momentum that we experienced in recent years is expected to continue as Playtech benefits from the growth of its customers and signs new licensees in regulated markets. In addition, a significant number of countries are well advanced in their legislation processes while other important markets are considering regulating in the coming future.

*Playtech ONE: omni-channel offering*

Omni-channel is a solution based on a holistic approach with consumers at its heart and requires operators to develop an agnostic approach to channels, products and platforms. It is not just an integrated solution connecting products or games delivered to customers. Instead, omni-channel is a comprehensive solution that includes different technological elements that are implemented across retail, web and mobile environments. These elements share the same infrastructure allowing a seamless journey between the different channels, products and platforms and provide operators with a single view across all customer activity with the ability to provide a fully personalised offering based on the data accumulated from the customers' activities across all channels, products and platforms.

Our proven track record of working with various operators in regulated markets clearly shows that there is an overlap in the demographics of retail and online, that traditional retail customers playing online are more valuable; and that the acquisition costs associated with such players are far lower when compared to direct acquisition channels. Accordingly, we believe that an omni-channel solution will inevitably be implemented by most retail businesses that have or intend to launch an online gaming arm.

*Mobile*

Mobile continues to be a key driver of increased player activity with revenues from mobile accounting for 29% of overall software revenues, an increase of 45% on the same period last year.

However, although 29% of our software revenues come from mobile, there is a material difference between the UK and the rest of the world, with mobile accounting for 54% of UK software revenues, but only 18% for the rest of the world. This highlights not only how developed the UK market is, but also the significant opportunity in other parts of the world, particularly Asia, which currently generates only 15% of revenues from mobile.

*Product*

Playtech continues to lead innovation and can deploy unmatched research and development resources, all of which is available to our licensees.

We launched 16 new games in the half, including the innovative and exciting Age of the Gods™ suite, a great addition to our own industry leading game IP. This has been a highly successful launch and has been very popular with licensees. Playtech's scale also allows it to launch branded content and we added to our exciting branded portfolio in the half including Flintstones and Space Invaders. We also invested heavily to ensure that our games will be made available across our omni-channel solution.

The first half of 2016 also saw the launch of a pioneering Virtual product in 2016, including best ever Virtual Tennis and a Virtual Sports Football Acca. Replicating a real-life football accumulator or Acca, the Virtual Sports Football Accumulator 'out of the box' product has been rolled out across 100 UK Coral shops with the potential to deploy it across 1,000 outlets in the next 12 months.

Gaming division performance by vertical

*Casino*

Casino continues to go from strength to strength, up 27% on a constant currency basis, adding €28.1 million to reported revenues, 80% of which came from mobile. This exceptional performance was driven by a mixture of existing and new business, including growth from UK customers such as Ladbrokes, Sky and BGO, with a particularly strong performance from both Live and Asia, where we have added new customers as well as improved our commercial terms.

*Services*

Services grew 8% on a constant currency basis, reflecting the continued transition from .com to regulated revenue streams, strengthened through the white label offering, resulting in a higher proportion of regulated revenues for this vertical. At the end of the first half of the year, we have made significant efficiencies to the services division cost base, changing the operational structure to localised operations in jurisdictions where we service our customers, resulting in a reduction of over 150 employees predominantly in Israel. This will result in approximately €9 million of savings on an annualised basis, although investment in the business means that this will not simply drop through to the bottom line.

We are also making significant progress in certain markets such as Mexico and Spain, where we have established a broader relationship as part of structured agreements with local companies. Given the success Playtech enjoyed in previous years and the successful launch of new partners in key markets, we believe that the Services division will continue to see strong growth in the coming years.

*Bingo*

Despite high levels of activity at the operator level, Bingo saw a 5% decline at constant currency primarily due to increased bonusing from operators, which is part of a cross-selling strategy driving further revenues into other verticals, predominantly casino. Despite several one-offs impacting the vertical, revenues are expected to increase in H2 2016 with the go-live of Sun Bingo and Fabulous Bingo towards the end of Q3 2016.

*Sport*

Sport grew 15% at constant currency with a good contribution from several UK operators as well as Caliente. As previously disclosed, revenues from Sports are expected to decline in H2 2016 due to the loss of three Mobenga contracts with UK licensees who are implementing their own front end solutions, which will be more than compensated by revenues from BGT, which will be included from H2 onwards.

*Land-based*

Land-based grew by 7% at constant currency. The half saw revenues from new customer Elite Gaming of Denmark, with further roll-outs and opportunities in the pipeline. New terminals supplied to RAY provided additional growth; however, revenue growth was tempered by the one-off sale of terminals to AB Leisure in H1 2015 which did not recur in H1 2016.

*Poker*

The online Poker market remains challenging with revenues down 15% in the half at constant currency. Playtech remains dedicated to the poker product, as it is an important vertical in the operators' offering. During the period we deployed our new mobile native offering across a number of customers in our client base, and launched Win2day, an Austrian operator which is scheduled to share liquidity with the Finnish monopoly, RAY. Following the French Senate's approval of liquidity sharing between EU and EEA countries we expect to see similar liquidity pools emerge in Poker.

**Financials division**

As we announced at the 2015 final results, since we acquired Markets Limited in May last year, the regulatory backdrop under which it operates has become increasingly developed, with tighter restrictions and controls imposed on brokers.

The first half results reflect the full-impact of the business transition and improvements made due to these regulatory changes, including the cessation of relationships with Introducing Brokers and binary options business as well as moving from a salesperson based approach to automated funnels for customer acquisition.

We are now confident that Markets has the right platform for sustainable growth, which is evidenced by an improved performance in July and August to date. The second half of the year will also benefit from further reductions in the cost base made in June, with headcount reduced by a third since the acquisition in April 2015. Finally, Markets has a good pipeline of B2B business which will augment B2C growth over time.

**M&A**

We have been pleased with Group's M&A activity to date in 2016, having spent €170 million on acquisitions including Quickspin, announced in the first half of the year; and BGT, announced after the period end.

*Quickspin*

In May Playtech announced the acquisition of Quickspin, a fast-growing Swedish games studio that develops and supplies high-quality video slots to operators, both in online real money gambling as well as in the social gaming market.

Headquartered in Stockholm, Quickspin's portfolio currently consists of over 20 games which the company provides to over 40 customers, including many international tier one operators. Quickspin generated revenue and Adjusted EBITDA of €6.0 million and €2.1 million respectively in the financial year ending 31 December 2015 and is forecast to grow significantly over the coming years, with a number of new customers recently secured and with a strong pipeline of both new customers and new games.

The acquisition provides Playtech with a proven virtual slot machine games portfolio, strengthening its position as the leading content provider in the industry, as well as providing greater penetration in the Nordic region. In addition to Quickspin's existing customer base, Playtech plans to cascade Quickspin's content through its existing distribution channels across all verticals.

Playtech will pay a maximum consideration of 6x Quickspin's EBITDA in 2018, subject to a cap of €50 million. The maximum consideration of €50 million comprises an initial payment of €24 million for 100% of the shares of Quickspin on a cash-free / debt-free basis with the remaining maximum consideration of €26 million payable on an earn-out basis by reference to Quickspin's EBITDA in 2017 and 2018.

The founders of the business, Daniel Lindberg (CEO), Joachim Timmermans (CPO) and Mats Westerlund (CCO), who are all industry veterans and highly regarded in the online gambling market, will remain with the business for at least three years from completion.

*BGT*

Last month, Playtech announced the acquisition of Best Gaming Technology GmbH (“BGT”) for €138 million. The consideration was paid from Playtech's existing cash resources.

Headquartered in Vienna, BGT was founded in 2005 and is the leading provider of sports betting software and solutions for gaming and sports betting operators. Its customer base includes some of the most well established bookmakers in the UK and Spain, such as Betfred, Codere, Coral, Ladbrokes, Paddy Power Betfair and William Hill.

BGT’s main product is its proprietary software for self-service betting terminals (“SSBTs”). Its offering combines class-leading technology with a digital terminal that transforms the traditional over-the-counter experience, at times generating more than double the volumes of other SSBT providers. Other products include ePOS and till systems for betting operators and an omni-channel web / mobile betting platform. In addition to supplying many of the most profitable bookmakers in the UK, the acquisition will enable Playtech to achieve greater penetration into the Spanish and Italian markets, with several significant potential new customers in the pipeline.

SSBTs and ePOS systems that digitise retail betting businesses form one of the fastest growing areas for betting companies and one of the most important elements of a true omni-channel offering. BGT’s product portfolio will enhance the Playtech ONE omni-channel offering, which enables players to enjoy a seamless, anywhere-anytime gaming experience across any product, channel and device, all using a single account and wallet.

BGT’s business model is based on a revenue share of the gross win margin from each SSBT. At the end of FY2015, BGT provided approximately 24,000 SSBTs with its betting software to licensed operators with this number forecast to increase significantly over the coming years, driven primarily by the roll-out of new SSBTs, compact terminals and tablets as bet entry devices as well as by increased usage of existing SSBTs.

Playtech acquired 90% of the issued share capital of BGT with the remaining 10% retained by Dr. Armin Sageder, BGT’s founder and CEO, who will remain with BGT for at least three years from completion. Playtech has a call option to purchase the remaining 10% of BGT at a valuation of 6x BGT’s 2019 EBITDA, subject to maximum consideration of €55 million for the 10% holding, with Dr. Sageder having certain put options over his 10% holding at the same valuation. Dr. Sageder may also be entitled to an additional payment of €5 million subject to the achievement of certain operational milestones.

In FY2015, BGT generated revenues of €41.6 million, with all of these revenues coming from regulated markets; and over three quarters of revenues coming from the SSBT software segment. BGT generated Adjusted EBITDA of €12.9 million in FY2015 and €12.5 million of Adjusted EBITDA in the first six months of 2016. In 2015, BGT generated profit before tax of €6.0 million and had gross assets of €35.9 million as at the year end.

Playtech acquired BGT on a forecast 2016 EBITDA multiple of less than 7x, a highly attractive multiple for an asset of this quality, which has a track record of significant growth and which is expected to continue to achieve significant growth going forwards in both revenues and profit, including margin expansion. The acquisition is expected to generate high single-digit earnings accretion for Playtech in the first full year of ownership.

**Current trading and outlook**

Average daily revenue in the Gaming division for the first 55 days of Q3 2016 was up 12% on Q3 2015 (19% at constant currency) and up 3% on Q2 2016 (6% at constant currency). Excluding acquisitions, average daily revenue in the Gaming division for the first 55 days of Q3 2016 was up 2% on Q3 2015 (10% at constant currency) and down 6% on Q2 2016 (down 2% at constant currency). The lower run-rate in Q3 to date is as management expected and is predominantly as a result of the loss of the three Mobenga contracts (as previously announced).

Improvements made to Markets Limited, together with volatility in the markets, has resulted in an improved performance in July and August to date.

Playtech continues to focus on M&A to augment organic growth and its M&A pipeline remains healthy.

Given the progress we have made to date in 2016, delivering on our strategic objectives, we remain confident of strong growth in 2016 and beyond.

## Chief Financial Officer's review

### Presentation of results

The directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, and additional various non-cash charges.

The directors believe therefore that Adjusted EBITDA and Adjusted Net Profit, more accurately represent the trading performance of the business and are the key performance metrics used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 4 of the financial statements below.

Given the significant fluctuations in exchange rates in the period, the underlying results are presented in respect of the above measures after excluding acquisitions and on a constant currency basis in order to best represent the trading performance and results of the Group.

### Overview

Playtech once again delivered a strong financial performance in the first half of 2016 with total reported revenues and Adjusted EBITDA, up 18% and 27% respectively when compared to the same period in 2015.

Due to significant macro-economic events, the first half of 2016 experienced significant fluctuations in currency exchange rates, mainly in sterling, affecting the financial results for that period across all key metrics. This has specifically impacted the Adjusted Net Profit line item, with a decrease of 31% when compared to the first half of 2015. On constant currency basis, revenues, Adjusted EBITDA and Adjusted Net Profit, increased by 24%, 40% and 54% respectively. When further excluding the effect of acquisitions, reflecting the underlying performance of the business, revenues, Adjusted EBITDA and Adjusted Net Profit increased by 17%, 36% and 49% respectively.

Total regulated revenues for the Gaming division remained broadly similar to that of last year, at 39% compared to 40% in the comparable period. We expect this to increase significantly as a proportion of total revenues when taking into consideration the additional revenue projected from the newly-secured business win of Sun Bingo and Fabulous Bingo, together with the recent acquisition of BGT, all contributing fully regulated revenue streams to our top line.

Adjusted EBITDA was up 27% in the period compared to an 18% increase in revenues, reflecting an improved Adjusted EBITDA margin of 42.6% (44.4% at constant currency) compared to 39.5% in the first half of 2015. This is a result of tight cost control to create sustainable efficiencies across all areas of the business; improved commercial terms in Asia, which increased revenues with no additional cost; and an improvement in the white-label margin from -16% in H1 2015 to almost break even in H1 2016. Further cost efficiencies were made at the end of H1 2016 through the reduction of employee numbers in PTTS, the Financials division and other parts of the business, which will positively affect margin in the second half of 2016 and beyond. The Gaming division's Adjusted EBITDA margin improved to 45.0% compared to 40.7% in the comparable period, with further margin expansion expected ahead.

Playtech remains highly cash generative and once again delivered strong operating cashflows of €99.5 million, representing high conversion from Adjusted EBITDA. When excluding cash movements, which are not reflected in Adjusted EBITDA, such as movements in jackpot liabilities, customer security deposits and changes in client equity, cash from operating activities represented a 78% conversion to Adjusted EBITDA, an increase to that of last year.

Playtech has a very strong balance sheet with cash and cash equivalents of €778 million at the end of the period. Available-for-sale investments were €234 million, resulting in over €1 billion in available resources, of which €138 million was used for the acquisition of BGT in July this year.

**Revenue**

Total revenue increased by 18% to €337.7 million (H1 2015: €286.0 million) and by 24% on a constant currency basis, with underlying growth of 17% (after excluding acquisitions at constant currency).

Gaming revenues by vertical

| | H1 2016 €m | H1 2015 €m | Change |
|---|---|---|---|
| Casino | 177.0 | 148.8 | 19% |
| Services | 76.5 | 73.9 | 3% |
| Sport | 17.7 | 16.1 | 10% |
| Land-based | 15.5 | 15.1 | 3% |
| Bingo | 9.0 | 10.1 | -11% |
| Poker | 5.0 | 6.0 | -16% |
| Other | 5.7 | 5.4 | 9% |
| **Gaming division** | **306.4** | **275.4** | **11%** |
| **Financials division** | **31.3** | **10.6** | **194%** |
| **Total revenue** | **337.7** | **286.0** | **18%** |

Casino continues to be the biggest product vertical and strongest contributor to growth, adding €28.1 million of revenues in the period, taking Casino revenues to €177.0 million. Casino growth was 27% at constant currency and 26% when excluding acquisitions. This growth was mainly driven by mobile casino revenues, which more than doubled over H1 2015 and contributed 80% of total Casino revenue growth, as mobile penetration increased to 24% from 14% in H1 2015. Both total casino growth and mobile casino growth were driven by continued growth in Asia, which more than tripled its mobile penetration compared to H1 2015; and the UK's top operators, including Ladbrokes, GalaCoral and Sky, where mobile casino reached a 50% penetration. The growth in Casino is principally from core casino, e.g. slots and roulette, with Playtech Live casino and Playtech Open Platform also seeing good growth.

Services revenues increased by 3% in H1 2016, reaching €76.5 million, and by 8% on a constant currency basis, with growth derived from both operational services, revenues from structured agreements, such as Caliente and Marca, and supporting Playtech's white-label operations.

Sport revenues increased in H1 2016 by 10% over H1 2015 to €17.7 million and by 15% on a constant currency basis. The growth was split between core online sports and mobile sport offering, which enjoyed growth from Ladbrokes and Caliente, compensating for the expected decrease in revenues following the loss of three Mobenga contracts with UK licensees, which will have a greater effect in the second half of 2016.

Land-based revenues increased by 3% on a reported basis and 7% at constant currency, driven mainly by growth from IGS and a one-off sale income from Elite gaming, which should start producing recurring revenues at the end of Q3.

Bingo reported revenues decreased by 11% and by 5% on a constant currency basis. Although KPIs of all major licensees, such as active players per week and bets per week are at an all-time high, operators have been aggressively bonusing in a very competitive market aiming to increase market share to balance the impact of POC tax. Bingo remains the lowest CPA real money channel, which promotes heavy bonusing, aiming to attract players and then cross-sell to Casino and other product verticals with a view to maximising player value.

Poker reported revenues have decreased by 16% compared to H1 2015, as the entire market continues to be challenging. Playtech remains dedicated to the Poker product, as it is an important vertical in the operators' offering.

Revenues in Financials division

Playtech completed the acquisition of Markets Limited on 8 May 2015 and accordingly has consolidated the financial performance from this date into Group results.

As presented in the 2015 final results, since we acquired Markets Limited, the regulatory backdrop under which it operates has become increasingly developed, with tighter restrictions and controls imposed on brokers across all aspects of the business.

Revenues for the first half of 2016 totalled €31.3 million compared to €10.6 million for the two months in H1 2015 since its acquisition in May 2015, and compared to €43.2 million for the full six months of H1 2015. Results in H1 2015 were positively affected by significant volatility throughout the majority of the period and specifically strong in Q1 2015, compared to a less volatile period in the first half of 2016, with significantly quieter months from the beginning of March to mid-June up until the market volatility around Brexit.

<u>CFDs - Actives</u>

| | **H1 2016 €m** | **H1 2015 €m** | **Change** |
|---|---|---|---|
| B2C Direct – Markets.com | 15.7 | 17.6 | -11% |
| B2C indirect and other | - | 18.4 | -100% |
| B2B CFDs | 13.0 | 5.8 | 124% |
| Total | 28.7 | 41.8 | -31% |

<u>CFDs – First time depositors</u>

| | **H1 2016 €m** | **H1 2015 €m** | **Change** |
|---|---|---|---|
| B2C Direct – Markets.com | 5.4 | 9.9 | -45% |
| B2C indirect and other | - | 12.3 | -100% |
| B2B CFDs | 7.7 | 4.8 | 60% |
| Total | 13.1 | 27.0 | -51% |

The first half results reflect the full-impact of the business transition and improvements made due to the regulatory changes, including the cessation of relationships with Introducing Brokers; moving away from binary options; fundamental changes in onboarding processes; financial promotions as well as the transition made from a salesperson based approach to automated funnels for customer acquisition and retention initiatives.

Active customers trading on the core markets.com site of 15.7k were 11% down on H1 15, with first time depositors (“FTDs”) of 5.4k down by 45%. FTDs from Markets.com’s mobile application represented 42% of total FTDs, an increase of 19 percentage points from H1 2015 which reflects the successful move towards automated sales funnel.

Whilst revenues from the B2C business reduced on the back of the business improvements, the B2B business grew significantly, with active customers of 13.0k, more than doubling since over H1 2015) and FTDs of 7.7k (60% increase from H1 2015).

We are now confident that Markets has the right platform for sustainable growth, which is beginning to show positive signs, as evidenced by an improved performance in July and August to date. The second half of the year will also benefit from further reductions in the cost base made in June with headcount now reduced by a third since the acquisition in April 2015. Finally, Markets gained traction as a B2B provider given its unique technology and offering, and has a good pipeline of B2B business which will augment B2C growth over time.

**Adjusted EBITDA & Adjusted EBITDA margin**

| | H1 2016 €'000 | H1 2015 €'000 |
|---|---|---|
| **EBITDA** | **137,277** | **107,346** |
| Employee stock option expenses | 5,371 | 1,323 |
| Professional expenses on acquisitions | 1,156 | 4,263 |
| **Adjusted EBITDA** | **143,804** | **112,932** |
| **Adjusted EBITDA margin** | **42.6%** | **39.5%** |
| **Adjusted EBITDA on a constant currency basis** | **157,592** | **112,932** |
| **Adjusted EBITDA margin on a constant currency basis** | **44.4%** | **39.5%** |
| EBITDA related to acquisitions at constant currency | (4,498) | (312) |
| **Underlying Adjusted EBITDA** | **153,094** | **112,620** |
| **Underlying Adjusted EBITDA margin** | **47.6%** | **41.1%** |

There is a significant margin expansion in H1 2016 as Adjusted EBITDA margin increased from 39.5% in H1 2015 to 42.6% in H1 2016 and 44.4% on a constant currency basis. When excluding the effect of acquisitions, the margin increased to 47.6%, as revenues had an incremental growth over the cost basis which had a moderate increase, as a result of cost efficiency steps which took place at the second half of 2015 and during the first half of 2016, with the effect expected to continue at the second half of 2016, mainly in the employee related costs and cost of service. Margin also benefitted from improved commercial terms in Asia which increased revenues with no additional cost and due to an improvement in the white-label margin.

Adjusted EBITDA for Markets Limited was €5.9 million, against a pro forma adjusted EBITDA of €12.2 million in H1 2015. The reduction in EBITDA compared to the prior period was a direct result of the reduced revenue arising from lower volatility in H1 2016 when compared to H1 2015, together with the consequences of the business enhancements in building a solid foundation for future growth. Subsequent to 30 June 2016, Markets Limited made further reductions to its cost base through restructuring its staff cost base in line with the objectives of the revised automation of the sales funnel.

**Cost of operations**

| | H1 2016 €'000 | | H1 2015 €'000 | |
|---|---|---|---|---|
| Adjusted operating expenses | 193,926 | | 173,098 | |
| Less revenue-driven costs | 25,697 | | 25,501 | |
| **Adjusted operating expenses excluding revenue-driven costs** | **168,229** | | **147,597** | |
| | | | | |
| Employee-related costs | 96,034 | 57% | 84,000 | 57% |
| Cost of service | 23,793 | 14% | 25,497 | 17% |
| Admin and office costs | 16,935 | 10% | 13,773 | 9% |
| Other costs | 12,245 | 8% | 11,062 | 8% |
| Marketing White-label/Financial B2C | 12,128 | 7% | 6,548 | 4% |
| Travel, exhibition and marketing costs | 7,094 | 4% | 6,717 | 5% |
| **Adjusted operating expenses excluding revenue-driven costs** | **168,229** | | **147,597** | |

Adjusted operating expenses increased by 12%, from €173.1 million to €193.9 million in H1 2016 and by 14% on a constant currency basis.

Revenue-driven costs comprise mainly direct marketing costs related both to the Gaming services division and the Financials division, fees paid to sales agents and license fees paid to third parties, including games developers, IP owners and branded content, which are typically calculated as a share of the licensee revenues generated. Revenue-driven costs as a proportion of total revenue decreased from 9% in H1 2015 to 8% in H1 2016 due to lower online affiliate marketing costs and a higher growth in revenues not correlated to direct driven costs.

Employee-related costs increased by 14%, and by 7% once excluding acquisitions. Compared to the first half of 2015 headcount grew by an average of 400 employees, while the total employee numbers at the end of the period grew by only 225 employees, compared to the end of H1 2015, following a cost reduction plan that was executed towards the end of the period. The full impact of the cost reduction will be reflected in upcoming periods. Capitalised development costs increased by 1%, to 15% of total employee related costs, with a total of €16.9 million (first six months of 2015: €14.1 million), reflecting 24% and 23% out of development employee related costs in the first six months of 2016 and 2015 respectively. The increase in the capitalisation rate is mainly due to the development of the CFD trading platform and the development of the Sportsbook system, together with new games and platform capabilities in development.

Cost of service comprises dedicated development teams cost, charged back to licensees, hosting and software license cost. The decrease is mostly as a result of last year's expiration of a licensing agreement for certain real money and social games IP.

Admin and office costs as a proportion of adjusted non-revenue-related costs of operation remained at the same level as in 2015, with a 24% increase from the first six months of 2015 and 14% increase excluding acquisition.

Marketing and white-label / financial B2C costs increased by 86% from the first six months of 2015. This was mainly due to the acquisition of Markets with full cost in H1 2016 compared to partial cost in the comparable period. Excluding acquisitions, the marketing costs remained at the same level as in the first six months of 2015.

**Finance income, financial cost and tax**

Adjusted net finance cost was €35.6 million in H1 2016 compared to an adjusted net finance income in H1 2015 of €26.8 million primarily as a result of foreign exchange movements on sterling cash balances. Interest on the credit facility was mitigated by an increased dividend from the available for sale investment in Ladbrokes and Plus500.

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's trading subsidiaries are registered either in the Isle of Man, British Virgin Islands, Alderney, Gibraltar or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries (normally related to the Group's development centres) are located in other jurisdictions and operate on a cost plus basis, and are taxed on their residual profits. The tax charge in H1 2016 was €2.4 million (H1 2015: €1.7 million).

**Adjusted profit and Adjusted EPS**

| | **H1 2016 €'000** | **H1 2015 €'000** |
|---|---:|---:|
| Profit attributable to owners of the parent | 48,772 | 83,917 |
| Amortisation on acquisitions | 19,733 | 19,805 |
| Employee stock option expenses | 5,371 | 1,323 |
| Non-cash accrued bond interest | 4,869 | 4,638 |
| Professional costs on acquisitions | 1,156 | 4,263 |
| Movement in deferred and contingent consideration | (390) | 1,025 |
| **Adjusted profit attributable to owners of the parent** | **79,511** | **114,971** |
| **Adjusted basic EPS (in Euro cents)** | **25.0** | **39.6** |
| **Adjusted diluted EPS (in Euro cents)** | **22.9** | **36.1** |
| Constant currency impact | 55,565 | (27,097) |
| **Adjusted profit for the year attributable to owners of parent on constant currency** | **135,076** | **87,874** |
| Adjusted Net Profit on constant currency related to acquisitions | (239) | 2,511 |
| **Underlying adjusted profit for the year - attributable to owners of the parent** | **134,837** | **90,385** |

Adjusted profit decreased by 31%, significantly impacted by fluctuations in currency exchange rates, mainly in sterling, resulting in unrealised exchange rate loses. On a constant currency basis, Adjusted Net Profit increased by 54% compared to H1 2015. Adjusted diluted EPS was down 37%, while Adjusted diluted EPS on a constant currency basis was up 40%, despite an increase in shares from the placing in June 2015. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue at H1 2016 of 350.3 million which includes the shares underlying the convertible bond issued in November 2014.

Total amortisation in the period was €35.2 million (H1 2015: €33.5 million), a marginal 5% increase generated mainly by new acquisitions.

### Cashflow

Playtech continues to be highly cash generative and once again delivered strong operating cashflows of €99.5 million.

### Cash conversion

| | **H1 2016 €'000** | **H1 2015 €'000** |
|---|---|---|
| **Adjusted EBITDA** | **143,804** | **112,932** |
| Net cash provided by operating activities | **99,469** | **95,475** |
| Cash conversion | 69% | 85% |
| Decrease /(Increase) in Progressive, operators' jackpots, security deposits | 3,149 | (9,015) |
| Decrease /(Increase) in Client equity | 10,093 | (8,288) |
| Adjusted net cash provided by operating activities | **112,711** | **78,172** |
| Adjusted Cash conversion | 78% | 69% |

Operating cash conversion improved from 69% to 78% from Adjusted EBITDA when adjusted for jackpots, security deposits and client equity. This adjustment is necessary as the timing of cash inflows and outflows for jackpots, security deposits and client equity only hits operating cashflow for technical accounting reasons and does not reflect quality of revenues and cash collection.

The 78% cash conversion reflects the growth in the receivables, which is affected by significant collection post cut of date and further complimented by the growth of the business. If adjusted for timing of collection, cash conversion would be close to 100%.

Net cash outflows from investing activities totalled €75.1 million in the period. €40.2 million of this related to acquisitions including Quickspin. Cash outflows from financing activities included €60.8 million of dividend payments.

### Balance sheet and financing

As at 30 June 2016, cash and cash equivalents amounted to €777.6 million, a decrease of €80.3 million compared to the end of 2015, following the €60.8 million dividend paid during the period, total acquisitions of €40.2 million and the exchange rate losses of €43.3 million. Playtech acquired BGT after the period end for an initial amount of €138 million.

Progressive, operators' jackpots and security deposits decreased by €3.1 million to €60.2 million and client funds decreased by €10.1 million to €33.7 million, from the end of 2015. Cash and cash equivalents net of cash held on behalf of client funds, progressive jackpot and security deposit is €683.7 million

Total available-for-sale investments were €234.4 million, a slight decrease from the end of 2015, mostly comprising holdings in Plus500 and in Ladbrokes, with net appreciation in the value of €14.5 million offset by exchange rate movements of €16.3 million.

Contingent and deferred consideration liability increased to €168.4 million, mainly due to the earn-out on Markets and Quickspin acquisitions.

**Dividend**

Playtech is cognisant of need for an efficient balance sheet with high cash balances consistently augmented by cash from operations.

A total of 57 €c (or 50p at the current exchange rate) is being returned to shareholders through an increase in the interim dividend as well as through a one-off special dividend. In addition, the Board has introduced a progressive dividend policy to provide shareholders with more certainty and consistency of dividend payments and reflecting the Group's confidence in the growth and prospects of the business.

There is no impact on Playtech's M&A strategy and the pipeline remains healthy with ongoing active discussions.

Dividend policy

To provide greater certainty and consistency of dividend payments, the Board has adopted a progressive dividend policy.

The progressive dividend policy will allow the Board to reflect its confidence in the growth and cash generation of the business without being tied to a firm percentage payout as one-off items can impact results, such as the impact from foreign exchange which we saw in H1 2016.

Playtech's intention is to grow dividends from the current level in line with the underlying performance of the business on a smoothed basis and to continue to pay the dividend split approximately one-third as an interim dividend and two-thirds as a final dividend.

2016 interim dividend

In respect of H1 2016, the Board has declared an interim dividend of 11.0 €cents, an increase of 15% over the 2015 interim dividend of 9.6 €cents per share.

For those shareholders wishing to receive their dividends in sterling the last date for currency elections is 30 September 2016.

Timetable:

| | |
|---|---|
| Ex-dividend date: | 22 September 2016 |
| Record date for dividend: | 23 September 2016 |
| Currency election date: | 30 September 2016 |
| Payment date: | 25 October 2016 |

Special dividend

Playtech is pleased to announce a special dividend of €150 million, representing 46 €cents, to be paid as below, with no impact on its M&A capabilities.

For those shareholders wishing to receive their dividends in sterling the last date for currency elections is 11 November 2016.

Timetable

| | |
|---|---|
| Ex-dividend date: | 3 November 2016 |
| Record date for dividend: | 4 November 2016 |
| Currency election date: | 11 November 2016 |
| Payment date: | 6 December 2016 |

## Principal risks and uncertainties

The key risks, which will be discussed further including how they are being addressed in Playtech's 2015 Annual Report (which is available in the investor relations section of the corporate website), are:

*Risks relating to both the Gaming division and Financials division*

- **Regulation – licensing requirements**
  The Group holds a number of licences for its activities from regulators. Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.

- **Regulation – changing landscape**
  Group revenues could be impacted by changes in regulations, or failure to obtain any necessary licences.

- **Regulation – local requirements**
  New licensing regimes may impose conditions, such as the requirement to locate significant technical infrastructure within the relevant territory or establish and maintain real-time data interfaces with the regulator that present operational challenges, or may prohibit the ability of licensees to offer the full range of the Group's products.

- **Taxation**
  Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Adverse changes to tax rules may increase the Group's underlying effective tax rate and reduce profits available for distribution.

- **Economic Environment**
  Any downturn in consumer discretionary and macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues would fall.

- **Cash Management**
  Playtech has significant cash balances, which may be used to acquire other businesses. Such acquisitions may not deliver the expected synergies and/or benefits and may destroy shareholder value. The Group holds material cash balances in currencies other than its functional currency. As such, foreign exchange exposures could impact on the Group's financial position.

- **Key Employees**
  The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees along with the attraction and integration of new talent cannot be guaranteed.

- **Business Continuity & IT security**
  The risk of impairment to our operations for example through Cyber and distributed denial of service (DDoS) attacks, technology failure or terrorist attack continues to be one that the Group considers to be significant. Failure in our systems could significantly affect the services offered to our licensees.

*Additional risks relating to the Gaming division*

- **Competitive landscape**
  The gambling industry is extremely competitive and so is the related software and services industry that supports it. Failure to compete effectively may result in the loss of licensees and also the inability to attract new licensees.

*Additional risks relating to the Financials division*

- **Market exposure**
  The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.

- **Regulatory – capital adequacy**
  The requirement to maintain adequate regulatory capital may affect the Group’s ability to conduct its business and may reduce profitability.

- **Trading volume**
  Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability.

## Directors’ responsibility statement

We confirm to the best of our knowledge that this unaudited consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors of Playtech plc are as listed in the Group's Annual Report and Accounts for the year ended 31 December 2015, and a list of current directors is maintained on Playtech's website at www.playtech.com.

By order of the Board,

**Mor Weizer**
Chief Executive Officer
25 August 2016

**Ron Hoffman**
Chief Financial Officer
25 August 2016

## INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated statement of cash flows and the related notes.

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

### Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

### Our responsibility

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

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

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
London, United Kingdom
24 August 2016

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

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Six months ended 30 June 2016 Actual €'000 | Six months ended 30 June 2016 Adjusted €'000 | Six months ended 30 June 2015 Actual €'000 | Six months ended 30 June 2015 Adjusted €'000 |
|---|---|---|---|---|---|
| Revenue | 3 | 337,730 | 337,730 | 286,030 | 286,030 |
| Distribution costs before depreciation and amortisation | | (171,008) | (169,337) | (154,736) | (153,495) |
| Administrative expenses before depreciation and amortisation | | (29,445) | (24,589) | (23,948) | (19,603) |
| **EBITDA** | | **137,277** | **143,804** | **107,346** | **112,932** |
| Depreciation and amortisation | | (44,235) | (24,502) | (39,655) | (19,850) |
| Finance income | 5 | 9,689 | 9,689 | 28,577 | 28,577 |
| Finance cost - movement in deferred and contingent consideration | | 390 | - | (1,025) | - |
| Finance cost - other | | (50,133) | (45,264) | (6,435) | (1,797) |
| **Total financing cost** | **5** | **(49,743)** | **(45,264)** | **(7,460)** | **(1,797)** |
| Share of profit from joint ventures | | 81 | 81 | 134 | 134 |
| Share of loss from associates | | (1,720) | (1,720) | (3,141) | (3,141) |
| **Profit before taxation** | | **51,349** | **82,088** | **85,801** | **116,855** |
| Tax expenses | | (2,368) | (2,368) | (1,661) | (1,661) |
| **Profit for the period** | | **48,981** | **79,720** | **84,140** | **115,194** |
| **Other comprehensive income for the period:** | | | | | |
| *Items that have been classified to profit or loss:* | | | | | |
| Change in fair value of available for sale equity instruments | 8 | (1,778) | (1,778) | 13,570 | 13,570 |
| Exchange gains arising on translation of foreign operations | | (5,746) | (5,746) | (2,702) | (2,702) |
| *Total items that will be classified to profit or loss* | | (7,524) | (7,524) | 10,868 | 10,868 |
| **Total comprehensive income for the period** | | **41,457** | **72,196** | **95,008** | **126,062** |
| **Profit for the period attributable to:** | | | | | |
| Owners of the parent | | 48,772 | 79,511 | 83,917 | 114,971 |

| | | | | | |
|---|---|---|---|---|---|
| Non-controlling interest | | 209 | 209 | 223 | 223 |
| | | **48,981** | **79,720** | **84,140** | **115,194** |
| **Earnings per share for profit attributable to the owners of the parent during the period:** | | | | | |
| Basic (cents) | 6 | 15.3 | 25.0 | 28.9 | 39.6 |
| Diluted (cents) | 6 | 15.3 | 22.9 | 27.8 | 36.1 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 40,984 | 71,723 | 94,785 | 125,839 |
| Non-controlling interest | | 473 | 473 | 223 | 223 |
| | | **41,457** | **72,196** | **95,008** | **126,062** |

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, change in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest, provision against irrecoverable cash and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 4.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| | Additional paid in capital | Available for sale reserve | Retained earnings | Employee benefit trust | Convertible bond option reserve | Foreign exchange reserve | Total attributable to equity holders of parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Balance at 1 Jan 2016 | 638,209 | 1,964 | 592,051 | (27,495) | 45,392 | 3,266 | 1,253,387 | 7,308 | 1,260,695 |
| **Changes in equity for the period** | | | | | | | | | |
| Total comprehensive income for the period | - | (3,012) | 48,772 | - | - | (4,776) | 40,984 | 473 | 41,457 |
| Dividend paid | - | - | (60,811) | - | - | - | (60,811) | - | (60,811) |
| Exercise of options | | - | (214) | 324 | - | - | 110 | 5 | 115 |
| Employee stock option scheme | - | - | 5,288 | - | - | - | 5,288 | 83 | 5,371 |
| Acquisition of minority interest | - | - | (6,702) | - | - | - | (6,702) | (1,356) | (8,058) |
| Minority interest acquired on business combination | - | - | - | - | - | - | - | 329 | 329 |
| **Balance at 30 June 2016** | **638,209** | **(1,048)** | **578,384** | **(27,171)** | **45,392** | **(1,510)** | **1,232,256** | **6,842** | **1,239,098** |
| Balance at 1 Jan 2015 | 324,774 | 804 | 537,692 | (36,154) | 45,392 | - | 872,508 | 675 | 873,183 |
| **Changes in equity for the period** | | | | | | | | | |
| Total comprehensive income for the period | - | 13,570 | 83,917 | - | - | (2,702) | 94,785 | 223 | 95,008 |
| Dividend paid | - | - | (51,124) | - | - | - | (51,124) | - | (51,124) |
| Issue of share capital (net of issue cost) | 313,074 | - | - | - | - | - | 313,074 | - | 313,074 |

| | Additional paid in capital | Available for sale reserve | Retained earnings | Employee benefit trust | Convertible bond option reserve | Foreign exchange reserve | Total attributable to equity holders of parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Exercise of options | 394 | - | (3,862) | 7,775 | - | - | 4,307 | - | 4,307 |
| Employee stock option scheme | - | - | 1,323 | - | - | - | 1,323 | - | 1,323 |
| Acquisition of minority interest | - | - | - | - | - | - | - | 9,299 | 9,299 |
| **Balance at 30 June 2015** | **638,242** | **14,374** | **567,946** | **(28,379)** | **45,392** | **(2,702)** | **1,234,873** | **10,197** | **1,245,070** |

## UNAUDITED CONSOLIDATED BALANCE SHEET

| | Note | At 30 June 2016 €'000 | At 30 June 2015 €'000 | At 31 December 2015 €'000 (Audited) |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | 52,965 | 43,458 | 51,337 |
| Intangible assets | | 807,213 | 862,975 | 750,872 |
| Investments in equity accounted associates & joint ventures | | 47,455 | 45,460 | 51,778 |
| Available for sale investments | 8 | 234,388 | 121,369 | 237,100 |
| Other non-current assets | | 24,452 | 16,399 | 20,830 |
| | | **1,166,473** | **1,089,661** | **1,111,917** |
| **CURRENT ASSETS** | | | | |
| Trade receivables | | 98,540 | 66,468 | 74,632 |
| Other receivables | | 30,037 | 37,208 | 27,806 |
| Cash and cash equivalents | | 777,576 | 780,254 | 857,898 |
| | | **906,153** | **883,930** | **960,336** |
| **TOTAL ASSETS** | | **2,072,626** | **1,973,591** | **2,072,253** |
| **EQUITY** | | | | |
| Additional paid in capital | | 638,209 | 638,242 | 638,209 |
| Available-for-sale reserve | | (1,048) | 14,374 | 1,964 |
| Employee Benefit Trust | | (27,171) | (28,379) | (27,495) |
| Convertible bonds option reserve | | 45,392 | 45,392 | 45,392 |
| Foreign exchange reserve | | (1,510) | (2,702) | 3,266 |
| Retained earnings | | 578,384 | 567,946 | 592,051 |
| **Equity attributable to equity holders of the parent** | | **1,232,256** | **1,234,873** | **1,253,387** |
| Non-controlling interest | | 6,842 | 10,197 | 7,308 |
| **TOTAL EQUITY** | | **1,239,098** | **1,245,070** | **1,260,695** |
| **NON CURRENT LIABILITIES** | | | | |
| Loans and borrowings | | 200,000 | - | 200,000 |
| Convertible bonds | | 261,298 | 251,679 | 256,429 |

| | Note | At 30 June 2016 €'000 | At 30 June 2015 €'000 | At 31 December 2015 €'000 (Audited) |
|---|---|---|---|---|
| Deferred revenues | | 4,630 | 7,936 | 3,235 |
| Deferred tax liability | | 19,606 | 21,745 | 14,049 |
| Progressive, operators' jackpots and security deposits | | - | 15,000 | - |
| Contingent consideration | 9 | 164,361 | 238,636 | 141,347 |
| Other non-current liabilities | | 1,029 | 1,147 | 1,175 |
| | | **650,924** | **536,143** | **616,235** |
| **CURRENT LIABILITIES** | | | | |
| Trade payables | | 14,428 | 16,921 | 17,411 |
| Progressive operators' jackpots, security deposits | | 60,191 | 51,383 | 63,340 |
| Client funds | | 33,668 | 56,751 | 43,761 |
| Tax liabilities | | 7,080 | 4,874 | 5,910 |
| Deferred revenues | | 3,880 | 3,969 | 4,355 |
| Contingent consideration | 9 | 4,008 | 5,437 | 4,491 |
| Other payables | | 59,349 | 53,043 | 56,055 |
| | | **182,604** | **192,378** | **195,323** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,072,626** | **1,973,591** | **2,072,253** |

The financial statements were approved by the Board and authorised for issue on 24 August 2016.

| | |
|---|---|
| **Mor Weizer** | **Ron Hoffman** |
| **Chief Executive Officer** | **Chief Financial Officer** |

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June 2016 | Six months ended 30 June 2015 |
|---|---|---|
| | **€'000** | **€'000** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit after tax | 48,981 | 84,140 |
| Adjustments to reconcile net income to net cash provided by operating activities (see below) | 54,885 | 14,102 |
| Income taxes paid | (4,397) | (2,767) |
| **Net cash provided by operating activities** | **99,469** | **95,475** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Long-term deposits and loan advances | (3,622) | 20 |
| Acquisition of property, plant and equipment | (10,524) | (10,860) |
| Return on investment in joint ventures | 748 | 1,374 |
| Acquisition of intangible assets | (12,321) | (1,919) |
| Acquisition of subsidiaries, net of cash acquired | (40,158) | (176,739) |
| Capitalised development costs | (17,693) | (14,991) |
| Investment in equity-accounted associates | (500) | (15,581) |
| Investment in available-for-sale investments | - | (83,580) |
| Return on available for sale investment | 8,919 | 911 |
| Proceeds from sale of property, plant and equipment | 60 | 443 |
| **Net cash used in investing activities** | **(75,091)** | **(300,922)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid to the holders of the parent | (60,811) | (51,124) |
| Issue of share capital, net of issue costs | - | 313,074 |

| | Six months ended 30 June 2016 €'000 | Six months ended 30 June 2015 €'000 |
|---|---|---|
| Interest payable on loans and bank borrowings | (1,437) | - |
| Exercise of options | 115 | 4,307 |
| **Net cash from/(used in) financing activities** | **(62,133)** | **266,257** |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(37,755)** | **60,810** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 857,898 | 692,347 |
| **Exchange gains/(losses) on cash and cash equivalents** | (42,567) | 27,097 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **777,576** | **780,254** |

| | Six months ended 30 June 2016 €'000 | Six months ended 30 June 2015 €'000 |
|---|---|---|
| **ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| **Income and expenses not affecting operating cash flows:** | | |
| Depreciation | 9,037 | 6,202 |
| Amortisation | 35,198 | 33,453 |
| Share of profit in joint ventures | (81) | (134) |
| Share of loss in associates | 1,720 | 3,141 |
| Interest expenses on convertible bonds | 4,869 | 4,639 |
| Interest paid on loans and bank borrowings | 1,437 | - |
| Income tax expense | 2,368 | 1,661 |
| Employee stock option plan expenses | 5,371 | 1,323 |
| Movement in deferred and contingent consideration | (390) | 1,025 |
| Exchange gains/(losses) on cash and cash equivalents | 42,567 | (27,097) |
| Return on available for sale investments | (8,919) | (911) |
| Other | 84 | 434 |

| | Six months ended 30 June 2016 | Six months ended 30 June 2015 |
|---|---|---|
| | €'000 | €'000 |
| **Changes in operating assets and liabilities:** | | |
| Increase in trade receivables | (22,962) | (18,615) |
| Increase in other receivables | (3,794) | (12,767) |
| Decrease in trade payables | (3,409) | (3,269) |
| Increase/(decrease) in progressive, operators jackpot and security deposits | (3,149) | 5,326 |
| Increase/(decrease) in client funds | (10,093) | 11,978 |
| Increase in other payables | 4,528 | 5,648 |
| Decrease in deferred revenues | 503 | 2,065 |
| | **54,885** | **14,102** |

**Acquisition of subsidiaries, net of cash acquired**

| | Note | Six months ended 30 June 2016 | Six months ended 30 June 2015 |
|---|---|---|---|
| | | €'000 | €'000 |
| **Acquisitions in the period** | | | |
| A. Acquisition of Quickspin AB | 10a | 23,926 | - |
| C. Other acquisitions | 10b | 8,420 | - |
| **Acquisitions in previous years** | | | |
| A. Acquisition of Yoyo Games Limited | 11a | 1,372 | 14,204 |
| B. Acquisition of TradeFX | 11b | - | 159,042 |
| C. Other acquisitions | 11c | 6,440 | 3,493 |
| | | **40,158** | **176,739** |

**NOTE 1 – GENERAL**

A. Playtech plc (the 'Company') is a company domiciled in the Isle of Man.

Playtech and its subsidiaries ('the Group') develop unified software platforms for the online and land based gambling industry, targeting online and land based operators. The Group is also an online Contracts For Differences ('CFD') and trading platform provider.

Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based kiosk networks, land based terminal and fixed-odds games – are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single powerful management interface.

B. The interim financial statements as at 30 June 2016 and 30 June 2015 and the six months then ended, respectively, have been reviewed by the Group's external auditors.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These consolidated financial statements have been prepared in accordance with IAS 34,

"Interim Financial Reporting", as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report.

The same accounting policies, presentation and methods of computation are followed in these consolidated financial statements as were applied in the Group's latest annual audited financial statements.

*New standards, interpretations and amendments effective from 1 January 2016*

There are no new standards, interpretations or amendments which are effective for periods beginning on or before 1 January 2016 which have a material effect on the Group's financial information.

The directors are still considering the potential impact of IFRS 15: Revenue from contracts with customers, IFRS 16: Leases and IFRS 9: Financial Instruments, but do not expect that this or any other new standards, interpretations and amendments which are effective for periods beginning after 1 January 2016 to have a material effect on the Group's future financial information.

The comparative financial information for period ended 31 December 2015 included within this report does not constitute the full statutory accounts for that period. The Independent Auditors' Report on the Annual Report for the year ended 31 December 2015 was unqualified, and did not draw attention to any matters by way of emphasis.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

*Significant judgements and estimates*

There has been no change in the nature of the critical accounting estimates and judgements as set out in Note 3 to the Group's audited financial statements for the year ended 31 December 2015.

**NOTE 3 – SEGMENT INFORMATION**

The Group's reportable segments are strategic business units that offer different products and services.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer.

The operating segments identified are:

- Gaming: including Casino, Services, Sport, Bingo, Poker and Land-based
- Financial: including CFD

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 4). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the segments as of 30 June 2015. The Group also did not disclose the profit measures of the financial segment, because the amounts are were not material.

**Six months ended 30 June 2016**

| | Casino | Services | Sport | Bingo | Land-based | Poker | Other | Total Gaming | Total Financial | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Total revenue | 176,952 | 76,475 | 17,702 | 8,970 | 15,500 | 5,043 | 5,810 | 306,452 | 31,278 | 337,730 |
| Adjusted EBITDA | | | | | | | | 137,919 | 5,885 | 143,804 |
| Adjusted net profit | | | | | | | | 66,629 | 13,091 | 79,720 |
| Total assets | | | | | | | | 1,862,183 | 210,443 | 2,072,626 |
| Total liabilities | | | | | | | | 669,207 | 164,321 | 833,528 |

**Six months ended 30 June 2015**

| | Casino | Services | Sport | Bingo | Land-based | Poker | Other | Total Gaming | Total Financial | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Total revenue | 148,845 | 73,934 | 16,089 | 10,131 | 15,055 | 6,018 | 5,309 | 275,382 | 10,648 | 286,030 |
| Total assets | | | | | | | | 1,780,558 | 193,033 | 1,973,591 |
| Total liabilities | | | | | | | | 553,544 | 174,977 | 728,521 |

## NOTE 4 – ADJUSTED ITEMS

The following tables give a full reconciliation between adjusted and actual results:

| | Six months ended 30 June 2016 €'000 | Six months ended 30 June 2015 €'000 |
|---|---|---|
| Distribution costs before depreciation and amortisation | 171,008 | 154,736 |
| Employee stock option expenses | (1,671) | (1,241) |
| Adjusted distribution costs before depreciation and amortisation | 169,337 | 153,495 |
| Administrative expenses before depreciation and amortisation | 29,445 | 23,948 |
| Employee stock option expenses | (3,700) | (82) |
| Professional fees on acquisitions | (1,156) | (4,263) |
| Total adjusted items | (4,856) | (4,345) |
| Adjusted administrative expenses before depreciation and amortisation | 24,589 | 19,603 |
| Depreciation – distribution costs | 8,015 | 5,300 |
| Depreciation – administrative costs | 1,022 | 902 |
| Amortisation – distribution costs | 35,198 | 33,453 |
| Total depreciation and amortisation | 44,235 | 39,655 |
| Amortisation of intangibles on acquisitions – distribution costs | (19,733) | (19,805) |
| Adjusted depreciation and amortisation | 24,502 | 19,850 |
| EBITDA | 137,277 | 107,346 |
| Employee stock option expenses | 5,371 | 1,323 |
| Professional expenses on acquisitions | 1,156 | 4,263 |
| Adjusted EBITDA | 143,804 | 112,932 |
| Constant currency impact | 13,788 | - |
| Adjusted EBITDA on constant currency basis | 157,592 | 112,932 |
| EBITDA related to acquisitions on constant currency basis | (4,498) | (312) |
| Underlying adjusted EBITDA | 153,094 | 112,620 |
| | | |
| Profit for the period- attributable to owners of parent | 48,772 | 83,917 |
| Amortisation of intangibles on acquisitions | 19,733 | 19,805 |
| Employee stock option expenses | 5,371 | 1,323 |

| | Six months ended 30 June 2016 €'000 | Six months ended 30 June 2015 €'000 |
|---|---|---|
| Professional expenses on acquisitions | 1,156 | 4,263 |
| Non-cash accrued bond interest | 4,869 | 4,638 |
| Movement in deferred and contingent consideration | (390) | 1,025 |
| Adjusted profit for the period - attributable to owners of the parent | 79,511 | 114,971 |
| Constant currency impact | 55,565 | (27,097) |
| Adjusted profit for the period - attributable to owners of the parent on constant currency basis | 135,076 | 87,874 |
| Adjusted net loss/(profit) related to acquisitions on constant currency basis | (239) | 2,511 |
| Underlying adjusted profit for the period - attributable to owners of the parent on constant currency basis | 134,837 | 90,385 |

**NOTE 5 – FINANCING INCOME AND COSTS**

| | Six months ended 30 June 2016 €'000 | Six months ended 30 June 2015 €'000 |
|---|---|---|
| ***A. Finance income*** | | |
| Interest received | 770 | 568 |
| Dividends received from available-for-sale investments | 8,919 | 911 |
| Exchange differences | - | 27,098 |
| | 9,689 | 28,577 |
| ***B. Finance cost*** | | |
| Finance cost – movement in contingent consideration | 390 | (1,025) |
| Interest expenses on convertible bonds | (5,612) | (5,381) |
| Bank charges and interest paid | (1,954) | (1,054) |
| Exchange differences | (42,567) | - |
| | (49,743) | (7,460) |
| **Net financing income** | **(40,054)** | **21,117** |

## NOTE 6 – EARNINGS PER SHARE

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax, is listed below. In addition, adjusted earnings per share have been disclosed as the directors believe that the adjusted profit represents more closely the underlying trading performance of the business. The adjusted items are included in Note 4.

| | Six months ended | Six months ended | Six months ended | Six months ended |
|---|---|---|---|---|
| | | 30 June 2016 | | 30 June 2015 |
| | Actual | Adjusted | Actual* | Adjusted* |
| | €'000 | €'000 | €'000 | €'000 |
| Profit for the year attributable to owners of the parent | 48,772 | 79,511 | 83,917 | 114,971 |
| Add interest on convertible bond | n/a | 743 | 5,374 | 736 |
| Earnings used in diluted EPS | 48,772 | 80,254 | 89,291 | 115,707 |
| Basic (cents) | 15.3 | 25.0 | 28.9 | 39.6 |
| Diluted (cents) | 15.3 | 22.9 | 27.8 | 36.1 |

| | Six months ended | Six months ended | Six months ended | Six months ended |
|---|---|---|---|---|
| | | 30 June 2016 | | 30 June 2015 |
| | Actual | Adjusted | Actual* | Adjusted* |
| | Number | Number | Number | Number |
| *Denominator – basic* | | | | |
| Weighted average number of equity shares | 318,495,749 | 318,495,749 | 290,618,011 | 290,618,011 |
| *Denominator – diluted* | | | | |
| Weighted average number of equity shares | 318,495,749 | 318,495,749 | 290,618,011 | 290,618,011 |
| Weighted average number of option shares | 1,064,964 | 1,064,964 | 342,283 | 342,283 |
| Weighted average number of convertible bonds | - | 30,737,705 | 29,784,290 | 29,784,290 |
| Weighted average number of shares | 319,560,713 | 350,298,418 | 320,744,584 | 320,744,584 |

* Earning used in diluted EPS and the weighted average number of shares used in diluted EPS for the six months ended 30 June 2015 were adjusted to reflect the impact of the convertible bonds.

## NOTE 7 – SHAREHOLDERS' EQUITY

### A. Share Capital

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

| | Number of Shares | |
|---|---|---|
| | **30 June 2016** | **30 June 2015** |
| Authorised | N/A* | N/A* |
| Issued and paid up | 322,624,603 | 322,622,617 |

* The Group has no authorised share capital but is authorized under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

### B. Employee Benefit trust

During 2013 the Group established an Employee benefit trust by acquiring 5,517,241 shares for a total of €48.5 million. During the period 36,062 shares were sold with a cost of €0.3 million (Six months to 30 June 2015: 769,816 shares with a cost of €7.8 million), and as of 30 June 2016, a balance of 3,244,027 (2015: 3,366,022) shares remains in the trust with a cost of €27.2 million (2015: €28.4 million).

### C. Share options exercised

During the period nil (Six months to 30 June 2015: 80,000) share options were exercised.

### D. Distribution of Dividend

In May and June 2016, the Group distributed €60,810,670 as a final dividend for the year ended 31 December 2015.

## NOTE 8 – AVAILABLE-FOR-SALE INVESTMENTS

| | 30 June 2016 | 30 June 2015 |
|---|---|---|
| | €'000 | €'000 |
| Investment in available-for-sale investments at 1 January | 237,100 | 24,219 |
| Additions | - | 83,580 |
| Unrealised valuation movement recognised in equity | (1,778) | 13,570 |
| Translation | (934) | - |
| Investment in available-for-sale investments at 30 June | 234,388 | 121,369 |

The fair value of quoted investments is based on published market prices.

| | 30 June 2016 | 30 June 2015 |
|---|---|---|
| | €'000 | €'000 |
| Available-for-sale financial assets include the following: | | |
| Quoted: | | |
| Equity securities- UK | 222,859 | 112,091 |
| Equity securities- Asia | 11,529 | 9,278 |
| | 234,388 | 121,369 |

As of the date of the approval of the financial reports by the Board the fair value of the equity securities quoted in Asia decreased significantly. This is not an adjustable post balance sheet event and therefore it was not taken into account in the fair value stated above.

**NOTE 9 –CONTINGENT CONSIDERATION**

| | Six months ended<br>30 June 2016 | Six months ended<br>30 June 2015 |
|---|---|---|
| **Non-Current contingent consideration consists:** | | |
| Acquisition of TradeFX Group | 138,664 | 233,955 |
| Acquisition of Quickspin AB | 24,104 | - |
| Other acquisitions | 1,593 | 4,681 |
| | 164,361 | 238,636 |
| **Current contingent consideration consists:** | | |
| Acquisition of Yoyo Games Limited | 455 | 2,163 |
| Other acquisitions | 3,553 | 3,274 |
| | 4,008 | 5,437 |

**NOTE 10 – ACQUISITIONS DURING THE PERIOD**

**A. Acquisition of Quickspin AB**

On 24 May 2016, the Group acquired 100% of the shares of Quickspin AB (“Quickspin”). Quickspin is a Swedish games studio that develops and supplies high quality video slots to operators, both in online real money gambling as well as in the social gaming market.

The Group paid total cash consideration of €24.5 million (SEK 228.4 million) and additional consideration capped at €26.0 million (SEK 242.9 million) in cash will be payable subject to achieving target EBITDA.

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

| | Fair value on acquisition €'000 |
|---|---|
| Property, plant and equipment | 123 |
| Intangible assets | 29,595 |
| Trade and other receivables | 1,249 |
| Cash and cash equivalent | 535 |
| Trade payables | (935) |
| Deferred tax liability | (6,659) |
| Net identified assets | 23,908 |
| Goodwill | 24,788 |
| Fair value of consideration | 48,696 |

| | €'000 |
|---|---|
| Cash consideration | 24,461 |
| Non-current contingent consideration | 26,019 |
| Finance cost arising on discounting of contingent consideration | (1,784) |
| Fair value of consideration | 48,696 |
| Cash purchased | (535) |
| Net cash payable | 48,161 |

Adjustments to fair value include the following:

| | Amount €'000 | Amortisation % |
|---|---|---|
| Customer relationship | 20,448 | 6.7 |
| IP Technology | 6,020 | 20 |
| Brand | 3,127 | 16.7 |

The main factor leading to the recognition of goodwill is the time to market benefit, large pipeline of operators, revenue stream from new games and mew licensees and assembled work force with vast experience in the virtual slot machines games. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Quickspin.

The key assumptions used by management to determine the value in use of the Customer relationship and Brand within Quickspin are as follows:

- The relief from royalty approach.
- The royalty rate was based on a third party market participant assumption for the use of the Customer relationship and Brand.
- The discount rate assumed is equivalent to the WACC for the Customer relationship and Brand.
- The growth rates and attrition rates were based on market analysis.

The key assumptions used by management to determine the value in use of the IP Technology within Quickspin are as follows:

- The with and without model, taking into account the time and additional expenses required to recreate the IP Technology and the level of lost cash flows in the period.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed Quickspin contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

**B. Other acquisitions**

During the period, the Group acquired the shares of various companies for a total consideration of €12.3 million. One of these subsidiaries was acquired in steps, with previous consideration of €2.4 million paid to acquire the previously recognized associate. There was no fair value movement required on conversion to a subsidiary.

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

| | **Fair value on acquisition** |
|---|---|
| | **€000** |
| Property, plant and equipment | 69 |
| Intangible assets | 1,141 |
| Trade and other receivables | 271 |
| Cash and cash equivalent | 1,406 |
| Trade and other payables | (530) |
| Deferred tax liability | (94) |
| Net identified assets | 2,263 |
| Goodwill | 10,328 |
| Non-controlling interest | (329) |
| Total fair value of consideration | 12,262 |

| | €’000 |
|---|---|
| Cash consideration | 9,826 |
| Conversion of previously recognized associate | 2,436 |
| Fair value of consideration | 12,262 |
| Cash purchased | (1,406) |
| Net cash payable | 10,856 |

Adjustments to fair value include the following:

| | Amount €’000 | Amortisation % |
|---|---|---|
| Customer relationship | 526 | 10 |
| IP Technology | 615 | 33.33 |

The main factor leading to the recognition of goodwill is the unique workforce and time to market benefit. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

The key assumptions used by management to determine the value in use of the IP Technology within these acquisitions are as follows:

- The income approach, in particular, the multi period excess earnings method.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed other acquisitions contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group’s revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

## NOTE 11 – ACQUISITIONS IN PREVIOUS PERIOD

### A. Acquisition of Yoyo Games Limited

On 13 February 2015, the Group acquired 100% of the shares of Yoyo Games Limited (“Yoyo”). Yoyo is the home of Game Maker: Studio™ ("GMS"), a mobile driven cross-platform casual game development technology that enables developers to create games using a single programming code and then publish them to run natively across most common platforms.

The Group paid total cash consideration of €14.4 million ($16.4 million) and additional consideration capped at €2.2 million ($2.5 million) in cash will be payable subject to achieving target EBITDA.

**B. Acquisition of TradeFX Limited (subsequently renamed Markets Limited)**

On 8 May 2015, the Group acquired 95.05% of the shares of TradeFX Limited (“TradeFX”), 91.1% on fully diluted basis. The sellers included a company related to the significant shareholder.

TradeFX is online CFDs and binary options broker and trading platform provider, The TradeFX operates two B2C businesses, the first providing customers with a platform for CFDs trading and the second offering a proprietary platform for the trading of binary options, both across multiple channels. In addition, the TradeFX Group provides a turnkey offering, including a white label solution, for B2B clients, in return for a revenue share.

The Group paid total cash consideration of €208 million, and additional consideration capped at €250 million in cash will be payable subject to achieving target EBITDA.

Following the acquisition of Markets Limited (formerly TradeFX Limited) on 7 May 2015, the Group recognised the provisional fair value of certain intangible assets (including goodwill) in the interim accounts at 30 June 2015. Subsequently, additional information became available which impacted the provisional fair values recognised on the acquisition date and, in accordance with IFRS3, the Group has taken the additional information into account in computing the final fair value of the related assets recognised in 30 December 2015 financial statements.

**C. Other acquisitions**

During the comparative period the Group acquired the shares of various companies for a total initial consideration of €3.5 million and additional consideration capped at €4.9 million in cash will be payable subject to the achievement of certain operational targets.

**NOTE 12 – RELATED PARTIES AND SHAREHOLDERS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party’s making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

Skywind Holdings Limited (“Skywind”), SafeCharge Limited, Crossrider Technologies Ltd (“Crossrider”), Royalfield Limited, Easydock Investments Ltd. (Easydock), Selfmade Holdings, Glispa GmbH ("Glispa"), Anise Development Limited, Anise Residential Limited (together “Anise”) and Telesphere Services Ltd (note 11b) are related by virtue of a common significant shareholder.

International Terminal Leasing (“ITL”) is a joint venture and the structured agreements are associates of the Group by virtue of the Group’s significant influence over those arrangements.

The following transactions arose with related parties:

| | Six months ended<br>30 June 2016 | Six months ended<br>30 June 2015 |
|---|---|---|
| | €'000 | €'000 |
| **Revenue including income from associate** | | |
| Skywind | 987 | 542 |
| Structured agreements | 22,992 | 15,509 |
| **Share of profit in joint venture** | 81 | 134 |
| **Share of loss in associates** | (1,720) | (3,141) |
| **Operating expenses** | | |
| SafeCharge Limited | 3,121 | 2,817 |
| Crossrider | 1,308 | 1,200 |
| Structured agreement | 625 | 1,238 |
| Anise | 539 | 177 |
| Skywind, net of capitalised cost | 132 | 2,998 |
| Glispa | 15 | - |
| Selfmade Holdings | 10 | 13 |
| Royalfield Limited | 4 | (67) |
| Easydock | 1 | 119 |

Revenue from related parties, connected via the significant shareholder, was made at an arm's length basis at the Group's usual royalty rate. Operating expenses and interest were charged on an arm's length basis at market price.

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares from Brickington Trading Limited ("Brickington"), the Company's largest shareholder, for a total consideration of €48.5 million.

On 30 June 2016, Brickington held 33.61% (30 June 2015: 33.61%) of Playtech plc shares.

Mr. Teddy Sagi, the ultimate beneficiary of a trust that owns Brickington, provides advisory services to the Group for a total annual consideration of €1.

Hillary Stewart-Jones has resigned from the board of directors on 31 December 2015, therefore the interest of the loan advanced to Niceidea was removed from the comparable period.

## NOTE 13 – CONTINGENT LIABILITIES

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Group.

## NOTE 14- POST BALANCE SHEET EVENTS

### Acquisition of Best Gaming Technology GmbH

On 13 July 2016, the Group acquired 90% of the shares of Best Gaming Technology GmbH ("BGT") for a total consideration €138.0 million in cash.

BGT is a sports betting software and solution provider. Its main product is self-service betting terminals. Other products include ePOS and till systems for betting operators and an omni-channel web/mobile betting platform.

The Group has a call option to purchase the remaining 10% of BGT for additional consideration payable in cash subject to achieving target EBITDA with a minimum consideration of €55.0 million.

As of the approval date of the financial statements by the board, the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired and accordingly these disclosures are not provided in the financial statement.