

Playtech plc

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

Results for the six months ended 30 June 2018

Significant strategic and operational progress in regulated markets

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2018, together with a trading update for the period to 21 August 2018.

Financial summary

	H1 2018	H1 2017	Change (reported)	Change (const. currency) ³
Revenue	€436.5m	€421.6m	4%	6%
Adjusted EBITDA ¹	€145.0m	€170.9m	-15%	-13%
Adjusted Net Profit ²	€83.3m	€125.5m	-34%	-38%
Reported Net Profit ²	€112.4m	€89.6m	25%	-4%
Adjusted diluted EPS	23.9 €c	36.2 €c	-34%	-37%
Total dividend per share	12.1 €c	12.1 €c	Flat	NA

Group financial highlights

- Total revenues excluding Asia up 35% vs H1 2017 on a reported basis
- 69% of group revenues were regulated in H1 (H1 2017: 50%)
 - c. 80% regulated revenues FY 2018 at current run rate
- Continued progress on balance sheet efficiency with sale of holding in Ladbrokes-Coral & GVC
- Strong cash generation: net cash from operations up 51% to €222.5 million
- Interim dividend per share sustained at 2017 level

Snaitech acquisition

- Completion of Snaitech acquisition; consolidated from 5 June;
- 100% owned from 3 August
- Delivers cornerstone presence in Europe's largest regulated market by GGR
- Leading brand well placed for regulatory changes
- Integration complete & cost synergy target reaffirmed

Operational highlights

B2B Gaming Division

- Regulated Gaming revenues of 53% (H1 2017: 38%)
- Organic growth in regulated B2B Gaming revenue 16% at constant currency
- Playtech BGT Sports continues to win new clients and deliver growth
 - 27% growth in revenue
 - 8% growth in retail machine footprint globally
- New licensee wins in key markets
 - Gala Leisure Buzz Bingo UK omni-channel deal
 - Casino: Polish National Lottery Totalizator
 - Sports: SAS in Portugal, Sportium in Columbia
- Pipeline strong across key geographies
- GVC negotiations progressing to benefit of both parties

B2C Gaming Division

- Snaitech consolidated from 5 June 2018
- Sun Bingo 28% revenue growth at constant currency

TradeTech Group

- 16% revenue growth to €52.3m and 58% Adjusted EBITDA growth to €25.2m
- Momentum continued in the Financials Division with further improvement in KPIs

Current trading and outlook

- Average daily revenue in the B2B Gaming Division for the first 52 days of Q3 2018 was down 13% on the same period in Q3 2017 (down 14% at constant currency and excluding acquisitions)
- Excluding Asia, average daily revenue in the B2B Gaming Division for the first 52 days of Q3 2018 was up 6% on the same period in Q3 2017 (5% at constant currency and excluding acquisitions)
- Snaitech saw a strong performance at the start of H2 2018 driven by the closing weeks of the World Cup following which the business has continued to trade in line with our expectations
- B2C gaming excluding Snaitech is performing in line with expectations with the Sun Bingo contract continuing to see revenue momentum
- TradeTech's positive momentum reported for the first half of 2018 has continued into the second half, with the B2B division continuing to deliver a strong performance in line with management's strategy

Alan Jackson, Chairman of Playtech, commented:

'Playtech has had an extremely busy first half of the year with important operational progress and new licensee wins in key strategic markets, the UK, Europe and Latin America. This continued progress is resulting in higher quality earnings for Playtech with Group revenue now 69% regulated. Following headwinds in Asia and a full year contribution from the landmark Snaitech acquisition, regulated revenue at current run rate is expected to be c. 80% in 2018.

This progress is marked against the disappointing market conditions in Asia. However, it should be noted the headwinds in the Asian market are not reflective of the core strength of the Playtech model as the regulated segment continues to report organic growth and encouraging momentum.

Looking to the future, the delivery of the Snaitech acquisition in the period has not only delivered geographical diversification of the Group's revenue profile but more importantly delivered a cornerstone presence in the largest, and one of the fastest growing gambling markets in Europe.'

– Ends –

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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, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period income statement, non-cash accrued bond interest and additional various non-cash charges. The directors believe that the adjusted profit, which includes realised fair value changes recognised in the income statement in the period on equity investments disposed of in the period, represents more closely the consistent trading performance of the business. 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 exclude the total cost/income of exchange rate differences recognised in the period

Presentation and live webcast

A presentation for analysts and investors will be held today at 9.00 am in the offices of UBS, 5 Broadgate, London, EC2M 2QS.

The presentation will be webcast live and on demand at the following website: <https://www.investis-live.com/playtech/5b6805482e7c290b000f3cc0/gsk>

The presentation will also be accessible via a live conference call or video link:

Dial-in no for UK: 020 3936 299

Dial-in for all other locations: +44 20 3936 2999

Conference password: 138506

There will also be a replay available for one week:

Dial-in no for the UK: 020 3936 3001

Dial-in for all other locations: + 44 20 3936 3001

Replay code: 273142

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

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a technology leader in the gambling and financial trading industries.

Playtech is the gambling industry's leading technology company delivering business intelligence driven gambling software, services, content and platform technology across the industry's most popular product verticals, including, casino, live casino, sports betting, virtual sports, bingo and poker. It is the pioneer of omni-channel gambling technology through its integrated platform technology, Playtech ONE. Playtech ONE delivers data driven marketing expertise, single wallet functionality, CRM and responsible gambling solutions across one single platform across product verticals and across retail and online.

Playtech's partners with and invests in the leading brands in regulated and newly regulated markets to deliver its data driven gambling technology across the retail and online value chain. Playtech provides its technology on a B2B basis to the industry's leading retail and online operators, land-based casino groups and government sponsored entities such as lotteries. As of June 2018, through the acquisition of Snaitech, Playtech directly owns and operates the leading sports betting and gaming brand in online and retail in Italy, Snai.

Playtech's Financials Division, named TradeTech Group, is a technology leader in the CFD and financial trading industry and operates both on a B2C and B2B basis.

Playtech has in total c.5,800 employees across 17 countries and is headquartered in the Isle of Man.

Chairman's statement

The first half of 2018 has been an extremely busy period for Playtech with important progress in strategic, high growth regulated markets, such as Italy, the UK, Portugal, Poland and Latin America. This is marked against the disappointing downgrade in revenue expectations in the Asian business following an increase in the competitive environment in that market.

In the face of this disappointment the Company's strategy remains unchanged, to continue to improve the quality of earnings, organically and through M&A, by establishing itself as the leading technology company in regulated gambling and financial trading markets. This strategy has seen regulated revenue increase to 69% of Group revenue in the first half of 2018 compared to 50% in the same period in 2017. The strength of Playtech's business model in regulated markets cannot be ignored with growth in B2B revenue from regulated markets growing by 19% at constant currency in the first half of 2018.

Despite the headwinds faced in Asia the business reported a 4% increase in Group revenue, due to a contribution from 5 June 2018 from the acquisition of Snaitech. The landmark acquisition of Snaitech, announced in April, delivered the Board's strategic objective to improve the quality and diversification of Group revenue, whilst delivering exposure to high growth end markets.

Operational progress in regulated markets continued apace in the first half of 2018. The Company extended its agreement in the UK with Gala Leisure to launch a new Omni-channel gaming brand across bingo and casino. In Europe, Playtech secured new agreements in key markets; Poland, with the Polish National Lottery provider Totalizator Sportowy and in Portugal with leading operator SAS's new online sportsbook. In Latin America Playtech continued to execute on its strategic advantage in the region by signing a new agreement with Sportium Colombia to provide its sportsbook technology across the retail and online environments in the new and emerging regulated market.

The progress in the Financial Division TradeTech reported in 2017, achieved through organic progress and delivery of acquisitions TradeTech has experienced a strong start to 2018 with further growth and improvement across key metrics.

Following a period of extensive shareholder engagement in the first half of 2018, I am delighted to report significant progress in the evolution of the Playtech Board. Playtech has grown rapidly since its inception and is now a company with more than 5,800 employees in 17 countries. To meet the changing demands of the Company the Board has also evolved significantly in that time and has played an important role in shepherding the Company through its rapid change. As a global technology leader in dynamic and ever-changing industries, the Board is cognisant of the need to continue to evolve to meet the Company's needs and bring fresh perspective to corporate governance.

Post period end in July, it was announced that Susan Ball would join the Playtech Board. Susan brings a focus on data analytics and digital strategies coupled with experience of the European online gambling space having previously been on the board of Kambi Group plc and before that having served as CFO of Unibet Group plc. Further to the appointment of Susan, it was also announced post period end in August that former Sportech PLC CEO Ian Penrose will join the Board. Ian brings deep sector experience having led a strategic repositioning and business turn around at Sportech PLC and will bring valuable knowledge of the US gambling market having held licenses and led operational initiatives in the region.

Despite the disappointment in Asia, the strength of Playtech's core business is evident and one of the pillars of the Playtech model is its ability to convert its operational performance into strong cash generation and this has allowed Playtech to sustain the dividend at 2017 levels despite the headwinds in H1 2018.

Management believes that the strategic position of the Company in key, high growth regulated markets will lead to further operational progress in the second half of 2018 and into 2019.

Chief Executive Officer's review

Strategy update

Playtech's continued aim in the gambling industry is 'to be the leading and most significant technology company in commercially attractive regulated markets.

This strategy has resulted in consistent growth in regulated revenue for Playtech as the company has taken its focus on cash generation and invested it in achieving organic progress in regulated markets complemented by strategic M&A.

The Company's strategy to continue to achieve this is focused on three strategic areas:

Scale & Distribution: To continue to extend the reach of Playtech ONE (the Playtech eco-system) across channels, products and ultimately new end customers through partnering with and investing in the leading B2C brands. Playtech's scale and distribution network across 140 licensees in retail and online allows it to collect data (non-personal information on player behavior) to power and inform its leading suite of software and services.

Data: Continue to utilise the scale that allows Playtech to collect data across more than 140 licensees globally. Provide intelligent services and insights leading to improved end customer experience (commercial & Responsible Gambling focused), a seamless customer journey, allowing improved cross sell and movement between product verticals, and improve end customer value through data driven campaign manager and intelligent bonus engines.

Innovation: Continue to be a source for innovation in the industry, delivering new content and new ways for end customer to experience content across different channels and product verticals (pioneer of omni-channel technology and integrated content) and continue to produce industry leading and engaging content which will drive player engagement in regulated markets. Playtech's innovation is driven by its scale and use of data.

To create shareholder value and monetise its leadership in technology, Playtech's model is to utilise its technology stack in gambling markets across the B2B to B2C value chain. This allows Playtech to take a market by market approach in the dynamic and disparate gambling industry. Primarily on a revenue share basis, Playtech provides its technology and services to B2C brands for them to operate, as in the UK, or by partnering with government backed entities or media groups to operate its technology on their behalf, as in less developed markets, and in select markets operating its technology directly as an integrated operator, such as the opportunity in Italy with Snaitech.

Regulated markets & future markets

The first half of 2018 has seen regulated revenue increase to 65% of gaming revenue. The increase in regulated revenue is a result of the continued progress the Company has made on the strategic goals outlined above. Playtech has identified key markets in Europe and Latin America which have the potential to increase their online penetration of gaming revenue and where Playtech's regulated markets focused capabilities have an advantage. These markets are the focus for increasing Playtech's scale and distribution through signing new licensees.

Southern Europe and Eastern Europe represent significant growth opportunities where Playtech is utilising its offering in regulated markets to build strategic positions. The landmark acquisition of Snaitech, announced in April, establishes a cornerstone strategic presence in one of Europe's fastest growing and largest regulated gambling markets. By utilising its proven omni-channel technology industry leading regulated market software, management believe there is a significant opportunity to leverage the strength of the Snai brand in Italy, growing its digital presence and driving cross-sell between retail and online in a fragmented and underdeveloped online market.

In Europe, Playtech secured new agreements in key markets with leading strategically important licensees in Poland and Portugal. In Poland, Playtech was selected by Totalizator Sportowy, the Polish National Lottery provider to launch its first online Casino offering and in Portugal the Sports division won a landmark agreement to power the country's leading operator the country's largest betting and gaming operator SAS's new online sportsbook, with Casino to follow in 2019.

The UK, alongside Italy, is a key market for Playtech, where the strength of Playtech ONE provides it with a strategic advantage and a cornerstone presence in the market. The Company's extended agreement with Gala Leisure to launch a new Omni-channel gaming brand across bingo and casino confirms Playtech's market

leading position as the technology partner of choice in the UK. Playtech has become a strategic partner to Gala Leisure and will launch a full omni-channel solution in the coming months, including best of breed retail solutions fully integrated with industry leading digital content and solutions.

Looking towards 2019, licensing regimes are expected to be introduced in major European countries including the Netherlands, Sweden, Switzerland and some commentators expect significant steps forward in Germany. Playtech already has an agreement in place with national operator Holland Casino in the Netherlands and remains in discussions with potential customers in others.

Latin America remains a key growth territory for online gaming. Mexico is now one of Playtech's top five regulated markets by player jurisdiction (since FY 2017). This is following the growth of licensee Caliente which in the first half of 2018 extended its relationship with Playtech by integrating the Playtech BGT Sports sportsbook into the existing Playtech Casino offering. Also in the region, and again driven by progress in Sports, Playtech launched an integrated sportsbook across retail and online environments for Sportium. The strength of operations in Latin America positions Playtech well, with the potential significant markets of Peru and Brazil currently reviewing regulations and representing significant opportunities.

Recent regulatory changes in the US represent a significant opportunity for the Group and Playtech is currently in the process of applying for a license in the State of New Jersey. Playtech is currently actively pursuing opportunities across the US and has strategic optionality within its technology stack in order to pursue joint ventures, partnerships and B2B deals with land-based casino groups, media groups and existing international clients.

Update on GVC negotiations

In recent months Playtech and GVC have initiated discussions to extend its existing relationship. Negotiations are underway and both parties will update the market in due course. Playtech believes that given the competitive landscape and expected regulatory changes to the retail and online market in the UK, there is significant potential for both parties to find a way to work closely together. Both parties believe there is a mutually beneficial path forward which would allow GVC to realise attractive synergies whilst allowing it to access Playtech products and content, particularly outside of the UK in attractive markets where Playtech does not currently provide any products or content to GVC brands.

While there can be no certainty at this point in any outcome, Playtech believes that the conversations present both groups with a significant opportunity that should benefit all parties.

Asia

The period saw increased competition in China from new market entrants resulting in downgrades to revenue expectations announced to the market in June. Activity in Malaysia, highlighted as a headwind due to a change in market conditions, still remains significantly lower than its previous full year 2016 run rate.

Playtech has been operating in Asia for more than ten years and in that time has developed a market leading offering in the region. Initially Playtech entered the Asian market through its live casino offering and in recent years, in line with the trends seen globally, slots content has become increasingly popular.

In Asia Playtech functions out of a base in the Philippines and is licensed as a B2B service provider under the Philippine regulator, PAGCOR. Playtech works directly with large global B2C operators, that it works with in other jurisdictions, but the majority of activity in Asia is conducted through a third party distributor in order to access the fragmented market.

The increase in new market entrants in China saw the development of a highly competitive pricing environment. Although increased competition is set to remain in the region, management does not believe the current pricing environment is sustainable in its current form. Accordingly, Playtech has taken the decision to not to change its pricing levels in Asia and instead has focused its response on underlining the premium position of its content offering in the region. Playtech has launched multiple new games, focused on branded games content and increased the support given to partners in the region for them to offer another key Playtech strength, progressive jackpots. In addition to this Playtech has also participated in promotions and provided incentive schemes to sub

licensees to support their efforts promoting Playtech content. This plan will be extended in the coming months to provide more incentives to promote Playtech content.

The challenges faced in the period in China are unique to that region and there is no risk of contagion into the regulated part of the business. The fragmented and underdeveloped nature of the market in Asia means that Playtech adopts a B2B content only model, providing Casino games on a standalone basis without the data driven services or back-end tools of Playtech's IMS platform.

As a result there are less barriers to entry in the Chinese market as operators in the region are not reliant on the mission critical platform software and services that are core to the Playtech model in more developed markets such as regulated and regulating markets. Moreover in addition to the cost of taxes in regulated markets, companies are required to integrate software and back end tools into regulator's monitoring systems and maintain a compliant regulatory framework across multiple and varied regulatory regimes and markets, as mirrored in Playtech's strategic approach outlined above.

The content only model is mirrored in the structure of commercial agreements in the region. Due to the highly fragmented nature of the market in Asia, which relies on multiple distributors to reach the many smaller operator websites, Playtech operates through a third party distributor to reach content aggregators, sub-licensees and operator websites. This is outside of the Playtech 'core model' and these websites can take content from many sources or content providers without breaking any exclusivity agreements. This makes the relationships less sticky compared to Playtech's licensee relationships in more developed markets.

Playtech continues to monitor developments in Asia closely and, at its current run rate, still see commercial benefits to operating in the region. Part of Playtech's model has been to utilise the high levels of cash generation in high margin markets, such as Asia, to execute its strategy outlined above, to continue to increase the scale and distribution of Playtech's platform, and in turn the data driven capabilities which make Playtech the leading technology specialist in regulated markets.

Playtech's IMS platform

Playtech's Information Management Service (IMS) platform is one of the industry's most powerful player management systems powering the industry's pioneering omni-channel technology. Playtech is committed to continuing to expand the data driven capabilities of Playtech's IMS to retain its position as the leading technology provider in the gambling industry.

The first half of 2018 saw Playtech introduce 'Smart Limits' to the data driven services within the Playtech BI (Business Intelligence) tools available on its platform. The industry standard in gaming is to have rigid predetermined game value limits. Playtech's BI has introduced a system that derives the optimal limits for the specific player, on a specific game, from multiple data parameters and inputs, including player history, current balance, bonuses active et al. This is a further innovation in Playtech's ability to deliver a fully bespoke customer journey, across channels and product verticals driven by the powerful data captured across the Playtech ONE eco-system.

In H1 2018 Playtech launched its new player engagement platform as the next phase of IMS development. The new engagement platform will allow B2C brands to respond to user data in real-time with in-game live messaging and across multiple offline channels. This project was completed in conjunction with the new UK Competition and Markets Authority requirements around bonus communication and continues Playtech's commitment to deliver technology in line with and ahead of regulation.

An important part of the new engagement platform has been the ongoing integration of the industry's leading Responsible Gambling technology provided by Betbuddy. Playtech acquired the data analytics and AI driven company in the second half of 2017 and in H1 this year completed the integration of BetBuddy into IMS. The integration of Betbuddy has formed a central part of the launch of the engagement platform's new in-game messaging capabilities and from Q3 2018 BetBuddy risk ratings and data analytics will allow B2C brands to respond to user behavior and communicate in real time with end customers, creating a safer and more efficient customer journey.

Gaming Division performance

Gaming B2B

Casino

The 25% decline in Casino revenue was driven by the decline in changing dynamics of the Asian casino market in the period and the tough like for like comparatives with H1 2017 which included a higher contribution from Malaysian and, as announced at the time, an unusually active period in the rest of Asia.

There exists good momentum in the Casino business outside of Asia with Casino revenue excluding Asia growing 6% in H1 2018 on like-for-like basis at constant currency .

The contribution of new business increased by 37% in H1 2018 as the new licensee pipeline returned to its previous strong run rate. The first half of 2018 saw a contribution from new Casino agreements with Casino Barcelona and Veikkaus in Finland.

Operational momentum continued in H1 2018 as the Casino vertical saw 32 new games launched in the half, including the Sporting Legends progressive jackpot suite across the Frankie Dettori, Ronnie O'Sullivan and Football Stars games, designed to foster sportsbook cross-sell during the football World Cup. New content launches and especially integrated content across product verticals, such as the World Cup designed content, are important evidence of the constant innovation of products and content required to deliver engaging and relevant content in regulated markets.

Further progress driven by innovation was evident through GPAS (Playtech's Gaming Platform as a Service) in H1. The period saw Playtech sign 15 existing licensees to use GPAS, with those not live in H1 launching in Q3 2018. GPAS has been developed with the aim of continuing to evolve the way that gaming content is designed and created, ultimately extending the use of Playtech's technology across the industry and increasing the scale and reach of Playtech's platform. GPAS technology and proprietary math engine allows third parties (operators, content providers and developers) to use a simple drag and drop user interface to build high quality HTML5 games or submit their own existing content for distribution across Playtech's global network on any channel. GPAS technology is developed using Playtech ONE's omni-channel approach and can be seamlessly developed for retail and online. Traditionally converting popular online games into retail games was expensive and inefficient involving two sets of technology and two sets of developers, providing those using Playtech technology with an advantage in retail driven, regulated markets.

Following the completion of the migration to the new market leading Live Casino facility in Riga in 2017, Playtech has been able to continue to drive product innovation in Live with new concepts, games and features. Driven by the powerful Playtech IMS player management platform and data-driven business intelligence technology, Playtech Live Casino is fully integrated into the Playtech platform and Casino offering. The period saw Ladbrokes Coral launch a dedicated sports area for the World Cup with an integrated bet slip. This was in addition to seasonal experiences such as Cheltenham roulette, Chinese New Year, Disco areas and further World Cup experiences.

The move to the new facility has continued to foster an increase in the number of dedicated tables and new Live licensees. In the period, Playtech launched new additional dedicated tables with Sisal, Sports Interaction, Mansion and Casino.com. Moreover, the first half of 2018 saw Betfred partner with Playtech Live to deliver a bespoke dedicated area for roulette and blackjack.

Playtech BGT Sports (PBS)

Sport revenue saw the largest increase in revenue across all the reporting lines in B2B Gaming with a 27% increase in revenue to €46.7m in H1 2018, and 29% increase at constant currency. The creation of PBS was an important strategic milestone for Playtech in 2017 and sports will be one of the fastest growing verticals for Playtech over the coming years.

The increase in revenue in the first half of 2018 was driven by organic growth across the retail operations of the division and in particular through the continued roll out and contribution from OPAP. There was also growth in online revenue following the contribution from new online agreements such as Magic betting announced in 2017. In retail, over the past 12 months, the Company has increased its bet entry points by 48% with now almost 40,000 tills and terminals live globally. In the UK and Ireland PBS now has the largest retail distribution network operating more than 20,000 bet entry points.

In the first half of 2018 Playtech deepened its relationship with OPAP as it continued the rollout of SSBTs and over the counter (OTC) points of sale across OPAP's c. 12,000 bet entry points across Greece. PBS announced it was rolling out the extensive pre-match and in-play betting module of the OTC sportsbetting offering across all OPAPs 4,500 locations and across the wider Greek market.

In the first half of 2018 PBS delivered a landmark agreement to supply Sociedade de Apostas Sociais (SAS), Portugal's largest gaming and betting operators with its new sportsbook offering and IMS platform. SAS's major shareholder is Santa Casa da Misericórdia de Lisboa, Portugal's national lottery provider. The PBS online sportsbook went live with SAS in June 2018 following an accelerated project to go live ahead of the FIFA World Cup 2018, in its first month of trading SAS acquired 20,000 new registered first time depositors. Also, in Europe PBS continued the roll-out started in Spain with Codere Andalusia and now has more than 1,000 terminals in the region.

In the key target market of Latin America, PBS continues to develop its strategic position. In the first half of the year PBS signed an agreement to supply an integrated retail and digital sportsbook to Sportium Colombia through the provision of SSBTs, OTC services and online sportsbook. The PBS offering has been approved by the Colombian regulator as fully compliant. Columbia first announced its plan to regulate online gambling in 2016 with the first licenses issued in 2017. Also, in Latin America Playtech deepened its relationship with key licensee Caliente in Mexico. Playtech has worked with Caliente since 2014 in online casino and since the integration of PBS has rolled out its digital sportsbook in 2017 and now in 2018 has integrated retail SSBTs into the offering with the first SSBTs placed in Caliente casinos.

PBS continues to develop new pioneering content and technology to drive incremental revenue for its licensees and continue to drive innovation in the sportsbetting vertical. Following the integration of PBS with the Playtech IMS platform PBS is able to offer an omni-channel sports product across retail and online that is unique to the industry. 'Track my SSBT Bet' and 'Cash out' functionality is now available across all operators globally, either through integration with the operators own app or through the PBS 'Bet Tracker' product. Moreover, in time for the FIFA World Cup, PBS launched its new 'Match Acca' product across retail and digital sportsbook. The 'Match Acca' product allows end customers to combine multiple markets within the same event to create an accumulator bet with one single price, which was not previously possible due to the related contingencies of events. For example, during Manchester United vs. Watford, a customer can bet on a 2:2 Correct Score, United to score first, Deeney to score first and Under 10.5 Corners.

Services

The transition of focus from unregulated markets to regulated markets has been the most pronounced in the Services revenue line with the previously reported decline in revenue continuing in the first half 2018. Revenue decreased a further 18% on a reported basis compared to H1 2017.

Progress in regulated Services revenue was seen in the period with a 12% increase in new business, as the focus on regulated activity in Spain, Mexico, Columbia and Portugal. Regulated Services revenue also saw an increase from increased Live services for Betfred and Ladbrokes.

Bingo

The Bingo vertical saw a marginal decline in reported revenue of 2% but at constant currency saw no change as revenues remained flat against H1 2017 numbers. This follows high growth in Bingo revenue experienced in 2017 which translated into four year highs of player numbers in Playtech's Bingo vertical.

Operationally there has been significant progress in Bingo with the migration to HTML5, from Flash, now 98% complete, dramatically improving the mobile performance of Bingo games and ultimately improving the end customer experience. Mobile devices now account for 62% of Bingo revenue and the completion of the HTML5 migration is a key milestone for the product vertical. In addition, there was further strategic progress with Italian Bingo content in preparation for the PBAD3 regulation changes. The changes in Italian regulation updates laws originally design to govern the retail environment and will allow for a broader range of online games, prizes and will now be controlled more by the operators rather than the regulator. Given the focus on Italy as a key growth market for existing licensees, this was a key operational achievement and positions Playtech well for further progress in Italian Bingo.

In June 2018 Playtech announced it signed a multi-year long term agreement to become the exclusive UK bingo and casino platform for Gala Leisure's new Buzz Bingo brand. Through Playtech ONE the agreement will see Buzz Bingo customers accessing Omni-channel content through a single account and wallet across Electronic Bingo Terminals (EBTs) in Gala Leisure's retail Bingo halls, online and mobile.

Poker

Poker remains an important part of the complete Playtech ONE product offering and Playtech continues to offer the largest open and 'tappable' poker network in the industry. Although the wider online Poker market remains challenging Playtech's poker vertical grew by a modest 3% at constant currency compared to H1 2017, this follows a return to growth for the vertical reported at the full year results in 2017.

Other

Other revenues grew 21% at constant currency to €12.8m in H1 2018. The majority of revenue under the 'Other' reporting line is derived from Playtech's retail Casino software IGS, the land-based Casino management system. The reported revenue increase was mainly driven by the new agreement to supply Casino management systems across 100 Olympic Entertainment Group Casinos in five countries signed in February 2018.

B2C Gaming

Snaitech

The acquisition of Snaitech, completed on 5 June 2018, will create Italy's first fully integrated gaming company across retail and online and provides Playtech with a cornerstone presence in one of its key target markets. Playtech will utilise its omni-channel technology stack to capture the online growth opportunity in one of the largest gambling markets in the world where online market penetration was still as low as 7% of Gross Gaming Revenue in 2017. The Snaitech acquisition was a key strategic achievement in H1 2018 delivering a significant increase to Playtech's scale and distribution capabilities in a high growth regulated market.

Regulation in the gambling industry remains one of the key market dynamics shaping the development and growth of the industry. Playtech announced the acquisition of Snaitech in April and at that time it was widely anticipated that the political parties that formed the current coalition government in Italy would form part of any future government. Playtech has significant experience of driving growth in the highly regulated UK market and Snaitech has considerable understanding and experience of working with the regulator in Italy. Management believes that the combination of the Playtech and Snaitech businesses can realise shareholder value and execute on the significant opportunity for online growth in the current market dynamics.

In particular as part of the recent Decreto Dignita (Dignity Decree) parliament gave final approval in August, post period end, for an advertising ban for all forms of gambling which will be fully active in July 2019. Part of the rationale for the acquisition of Snaitech was the strength of its retail network and resonance of the Snai brand. Management believe that the ban on advertising will facilitate market consolidation in the fragmented online market with companies with a retail brand and presence set to benefit and gain online market share. Moreover there is further potential regulation in the pipeline in Italy that could potentially play to Playtech's strengths. ID cards for all gambling are being potentially planned for 2020 in Italy, omni-channel retail and online account cards are an important part of Playtech's offering and Playtech's capabilities in Responsible Gambling and regulatory reporting software benefits Playtech and its partners in all regulated markets.

Playtech completed the acquisition of outstanding equity of Snaitech S.p.A on 3 August 2018, post period end, and Snaitech successfully de-listed from Borsa Italiana, as Snaitech became a wholly-owned subsidiary of Playtech. Snaitech's results are included in Playtech's consolidated financial statements from 5 June 2018, the date of completion of the acquisition.

On 3 August 2018 Snaitech reported its interim results for the 6 months ending 30 June 2018. Total Group revenue increased by 1.5% to €444.1 million driven by increase of wagers in online betting and online games, lower Sports betting payout and the positive impact on revenues from lower VLT payouts. Playtech consolidated €61.3 million revenue and €11.8 million EBITDA from Snaitech's H1 2018 performance.

White-label: Sun Bingo update

Although the Sun Bingo white-label contract continues to be loss making, this is due to the structure of the agreement rather than the recent performance of the business. As reported, the contract had a challenging start and revenue started from a much lower base than reflected in the economics of the agreement, however since then the performance of the business has been encouraging and in H1 2018 Playtech recorded a 25% increase in Sun Bingo revenue at constant currency.

Negotiations with News UK to amend the current agreement regarding Sun Bingo continue to progress. Playtech believes that the new agreement currently under negotiation will benefit both parties by incentivising Playtech to continue to grow the Sun Bingo business and deliver a positive ROI. Negotiations are taking longer than previously indicated following News UK's review of its strategic options regarding the Sun Bets business. While there is no certainty at this point in any outcome, following the strong performance of the Sun Bingo business and its future potential Playtech believes there is an opportunity for both businesses to reach a mutually beneficial agreement.

Casual and other

Under the B2C line Casual gaming decreased 40% at constant currency compared to H1 2017 as management decided to reduce the marketing spend on the previously high profile Narcos casual game in order to focus the marketing and development of a wider portfolio of games.

TradeTech Group – Playtech's financial division

TradeTech Group enjoyed strong growth in the first half of 2018, driven by organic growth and further acceleration delivered by acquisitions. The division delivered both significant revenue and Adjusted EBITDA growth of 37% and 72% respectively on a reported basis, as well as strong growth in both line items on a proforma basis after including ACM's results in the first half of 2017, with 22% and 56% respectively.

As can be seen from the results, TradeTech has also continued to deliver margin improvement due to both economies of scale and further efficiencies and cost reductions made in the business.

Regulation in the financial trading sector

TradeTech is pleased to report that, in addition to its CySEC and FCA licenses, it also now owns a local license in South African, regulated by the FSB, and an Australian license regulated by ASIC, establishing the foundation for expansion in these jurisdictions with its Markets.com B2C business.

During the period, the European Securities and Markets Authority, ESMA, issued measures to restrict the marketing, distribution and sale of CFDs to retail clients taking effect from 1 August 2018. TradeTech's B2C business is fully compliant with these measures in line with regulations and the business is well positioned in the market for future growth. Management believe that TradeTech, has significant experience, governance procedures and balance sheet to continue to support regulation and remain both commercial and compliant.

Markets.com performance

The B2C business which operates the Markets.com brand, enjoyed significant top line growth of 34% to \$28.1 million. In addition, the business saw a significant increase in volumes of 52% to \$132.3 billion as increased customer trading was facilitated through our proprietary technology and trading tools.

During the first half, as preparation for the new measures issued by ESMA, management decided to take a prudent approach to marketing spend on new customer acquisition. Management has taken the view that the incoming regulation may potentially impact the 'customer life time value' and 'accordingly cost per acquisition' metrics across the market. This resulted in slower growth in number of new customers in the period. However it was encouraging to see the business enjoy significant growth in activity from existing customers of 32%.

TradeTech Group B2B results

In the B2B business segment, the first half of 2018 also saw significant growth on a reported and proforma basis. With total revenue up 39% and 15%, and volumes up 109% and 55% on a proforma basis, This brought the business close to reaching the \$1 trillion level in trading volume from B2B customers in the 6 months of

2018. These results show a healthy revenue growth trajectory following the increase in volume from customers from the three sub-segments of our B2B offering.

TradeTech management believe these results demonstrate the execution of Playtech's B2B strategy to become the provider of choice to brokers in the financial trading industry. The CFH and TradeTech Alpha acquisitions complimented the existing frontend and backend technology and enabled TradeTech to deliver an end to end solution for brokers, delivering a full suite of products from unique trading platform and CRM systems, to liquidity control, risk management, real time risk applications and more. TradeTech's strategy is to continue to establish its capabilities across the entire value chain in the financial trading sector.

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, additional consideration payable for put/call options, one off employee related costs, finance costs and contingent consideration movement on acquisitions, unrealise changes in fair value of equity investments recognised in the period, deferred tax on acquisitions, non-cash accrued interest and additional various non-cash charges.

The Directors believe therefore that Adjusted EBITDA and Adjusted Net Profit, which includes realised fair value changes recognised in the income statement in the period on equity instruments disposed of in the period, 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 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 to best represent the trading performance and results of the Group.

Overview

Total reported revenue increased by 4% and Adjusted EBITDA decreased by 15%. Reported Adjusted Net Profit decreased by 34% predominantly due to the decrease in revenue from Asia. On a constant currency basis, revenue increased by 6%, Adjusted EBITDA decreased by 13% and Adjusted Net Profit decreased by 38%.

On 5 June 2018 Playtech completed the acquisition of 70.6% of Snaitech. Playtech also acquired, prior to 5 June and to the period end, 10.8% of Snaitech's issued share capital through market purchases. As of 30 June 2018, Playtech held 81.4% of the issued share capital of Snaitech. Snaitech's balance sheet and income statement are included in Playtech's results from the date of the completion of the acquisition, 5 June 2018. On the 26th of July the company completed the acquisition of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3rd August 2018 the company completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italiana.

Playtech continues to be highly cash generative, with net cash from operations up 51% to €222.5 million compared to €147.3 million in H1 2017. The increase in cash includes a €35.4 million contribution from Snaitech following the return of its 'guarantee deposit' from the Italian regulator ADM. The guarantee deposit to the regulator is part of the Concession scheme and is returned once minimum service levels are achieved. When excluding the net cash from operations generated by Snaitech, the net cash from operations is €168.9 million representing a 101% 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.

Playtech continues to operate a strong balance sheet with cash and cash equivalents of €936.6 million or Adjusted Gross cash of €663.3 million (31 December 2017: €386.8 million¹) net of cash held on behalf of client

¹ Following the completion of the Alpha acquisition, and transition of the customers from ACM to TradeTech Alpha, certain trading balances and client money protections were transferred in January 2018. As a consequence, additional client funds

funds, progressive jackpot and security deposits. Equity investments of €209.8 million decreased from €381.3 million as at 31 December 2017 due to sale of Ladbrokes-Coral\GVC stake during the period, offset by the increase in fair value of the Plus 500 holding.

Revenue

Total revenue increased by 4% to €436.5 million (H1 2017: €421.6 million) and by 6% on a constant currency basis, with underlying revenue, after excluding acquisitions at constant currency, decreasing by 12%.

	H1 2018 €m	H1 2017 €m	Change	Constant Currency Change
Casino	169.3	224.8	-25%	-23%
Sport	46.7	36.9	27%	29%
Services	39.8	48.6	-18%	-16%
Bingo	12.7	13.0	-2%	0%
Poker	4.7	4.7	2%	3%
Other	12.6	10.5	20%	21%
Gaming B2B	285.8	338.5	-16%	-14%
Snai	61.3	-	100%	100%
Sun Bingo	14.6	11.7	25%	28%
Casual & Other B2C	22.5	26.3	-15%	-12%
Gaming B2C	98.4	38.0	159%	161%
Gaming division	384.2	376.5	2%	4%
Financials division	52.3	45.1	16%	24%
Total revenue	436.5	421.6	4%	6%

Gaming B2B

Casino decreased by 25% in H1 2018, by 23% on a constant currency basis. The decrease in Casino is due to a 41% decrease in revenues from Asia, compared to H1 2017. The decrease in Asia was offset by a 9% increase in regulated revenues, which represent 39% from total casino revenues in H1 2018. Mobile casino revenue continues to increase, growing by 23% over H1 2017. Total mobile penetration in H1 2018 is 60% compared to 37% in H1 2017, mainly driven by growth in mobile revenues and penetration in Asia and non-UK Europe.

Sport revenue increased in H1 2018 by 29% on a constant currency basis and by 27% on a reported basis. The increase is mainly generated by 24% increase in retail sports revenues, mainly deriving from the OPAP agreement, revenues generated in Mexico, Belgium and the UK. Mobile revenues enjoyed an increase of more than 30%, mainly from the UK and Mexico.

Services revenue decreased by 16% on a constant currency basis, whilst decreasing by 18% on a reported basis. The decrease in revenue is mainly due to revenues generated in .com markets, predominately from marketing services. Revenues from regulated markets grew by 14%, led by a 30% increase in live services revenues and from an almost 70% increase in revenues from the structured agreements with Caliente and Marca over H1 2017.

Bingo revenue was flat on a constant currency basis and by decreased 2% on a reported basis.

Poker reported revenue has increased by 2% compared to H1 2017 and by 3% on a constant currency basis. The increase in revenue continues to be driven by growth in regulated markets and in H1 2018 regulated revenues were 68% of total poker revenues, compared to 60% in H1 2017.

Other revenue grew by 20% mainly due to increase in revenues from the IGS casino management system and revenues from Betbuddy and Beehive. Underlying revenue, excluding acquisitions and on a constant currency basis, grew by 17% compared to H1 2017.

Gaming B2C

are recognised in H1-18 which, at FY-17, were eligible counterparty balances (within accounts payable) and not subject to client money rules.

Snaitech

Snaitech was consolidated from 5 June 2018 and as at 30 June 2018 Playtech held 81%. On 26 July, Playtech acquired a further 15% and acquired the remainder on 3 August to now own 100%, on which date Snaitech was also delisted.

For the half, total Snaitech revenues increased by 1.5% to €444 million. Revenue was positively impacted by the increase of wagers from Online Betting and Online Games, lower Sports Betting payout and the positive impact on revenues from lower VLT payout which was partially offset by the increase of PREU tax rate on AWP's and VLTs as well as the decrease of wagers from Gaming Machines. In line with Snaitech's strategy, growth in adjusted EBITDA was significantly ahead of growth in revenues driven by the growth in Online, the lower payout on Sports Betting and the final portion of synergies arising from the merger with the Cogemat group.

Sun bingo

Sun Bingo revenue increased significantly by 25% and by 28% on a constant currency basis. The increase is reflective of the continued focus on targeted and data driven marketing.

Casual & Other B2C

The Casual & Other B2C revenues have decreased by 15% and by 44% excluding acquisitions. The decrease is mainly due to a decrease in casual revenues following an expected decline in revenues from the 'Narcos' game as marketing efforts shifted to focus on new casual games.

TradeTech Group

H1 2018 revenue in the TradeTech Group was €52.3, up 16% versus H1 2017. The functional currency of the TradeTech Group is US Dollars and, looking at revenue on a USD basis, the H1-2018 growth was 37%; reflecting growth in both the B2B and B2C verticals driven through higher volume of trading.

Adjusted EBITDA & Adjusted EBITDA margin

	H1 2018	H1 2017
	€m	€m
EBITDA	120.4	164.5
Employee stock option expenses	5.9	5.2
Professional expenses on acquisitions	16.8	0.8
Additional consideration payable for Put/Call options	1.2	-
Cost of business reorganisation	0.7	0.4
Adjusted EBITDA	145.0	170.9
Adjusted EBITDA margin	33.2%	40.5%
Adjusted EBITDA on a constant currency basis	148.8	170.9
Adjusted EBITDA margin on a constant currency basis	33.2%	40.5%
EBITDA related to acquisitions at constant currency	(13.4)	(0.9)
Underlying Adjusted EBITDA	135.4	170.0
Underlying Adjusted EBITDA margin	36.7%	40.5%

Snaitech, which was consolidated from 5 June 2018, contributed €11.8 million to the Group's adjusted EBITDA. The underlying adjusted EBITDA decreased by 20% compared to H1 2017, predominantly due to the decrease in revenues from Asia and is also the reason for the decrease in the underlying adjusted EBITDA margin.

Adjusted EBITDA for the TradeTech Group was €25.2 million, compared to €16.0 million in H1 2017. The year-on-year improvement in adjusted EBITDA is a consequence of increased trading volumes, contributions from acquisitions and retaining a robust and efficient underlying cost base to support the revenue growth.

Cost of operations

	H1 2018	H1 2017
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	€m	€m	
Research and development	38.0	43.7	-13%
Operations	82.4	81.3	1%
Administrative	33.8	36.9	-8%
Sales and marketing	11.3	9.9	15%
Total B2B Gaming	165.5	171.8	-4%
Snai	49.5	-	100%
Sun Bingo	24.9	26.0	-4%
Casual & Other B2C	24.5	23.7	3%
B2C Gaming	98.9	49.7	99%
Financials division	27.0	29.1	-7%
Total Group	291.5	250.7	16%

Gaming B2B

Research and development (“R&D”) cost include, among others, employee related costs, dedicated teams direct expenses and proportional office cost. Expensed R&D costs decreased by 13% in H1 2018 to €38 million due to an increase in capitalised development costs, as a result of extensive investment in Playtech’s platform, innovation and the Playtech One solution in Sport. Capitalised development costs were 35% of total Gaming B2B R&D costs in the period, compared to 25% in the comparable period. Gross R&D costs were down by 1% in H1 2018, compared to H1 2017, mainly due to a decrease in office and rent costs of 14%, while employee related costs were up by only 2%.

The Operations cost line includes employee related costs and their direct expenses, operational marketing cost, hosting, license fees paid to third parties, branded content, terminal hardware cost & maintenance, feeds, chat moderators and proportional office cost. Operations costs increased slightly by 1% from €81.3 million to €82.4 million in H1 2018 and were flat when excluding new acquisitions. The main difference within the Operations costs was the increase in terminals hardware (IGS), which is in line with the increase in related revenues. This was offset by the decrease in fees paid to brand owners and reseller fees, related to Marvel licensing and in addition a decrease in office costs.

Administrative cost decreased by 8% mainly due to decrease in employee related cost, office costs and other professional services cost, set off by an increase in compliance costs.

Sales and marketing cost mainly include employee related cost, their direct expenses, marketing and exhibition costs. Sales and marketing cost increased by 15% to €11.3 million. The increase is mainly due to employee related cost and an increase in exhibition costs.

Gaming B2C

The increase in B2C is due to the acquisition of Snaitech with 100% of Snaitech results consolidated since 5 June 2018.

Sun Bingo cost has decreased mainly due higher minimum guaranty paid to News in 2017, and lower employee related costs, which was set off by higher gaming tax which is in line with the increase in revenues.

Casual & Other B2C cost has increased mainly due to acquisitions. Excluding acquisitions, operational costs in the Casual & Other B2C Gaming decreased by 14% mainly due to a decrease in revenue driven cost, in line with the decrease in revenues.

TradeTech Group

Cost of operations in the Financials division decreased by €2.1 million in H1 2018. However, on a USD basis the adjusted cost base increased by 17.5% due to the inclusion of ACM during H1 2018. Excluding the ACM expenditure, like for like adjusted costs in USD for the TradeTech Group were relatively flat year on year.

Depreciation, amortisation, finance income, financial cost and tax

Depreciation increased in H1 2018 by 26% to €16.4 million. Excluding acquisitions, depreciation increased by 14%.

Amortisation cost, excluding amortisation of intangibles on acquisition, has increased by 19% to €19.4 million, in line with the increase in capitalised development cost.

Adjusted net finance cost was €2.1 million in the period compared to a €12.4 million cost in H1 2017. The decrease in cost is predominantly due to foreign exchange rate losses, in the period, of €0.1 million, compared to a €13.0 million loss in H1 2017, together with higher dividends from the equity investment from Ladbrokes of €5.9 million (H1 2017: €3.0 million) and netted off by higher interest cost deriving from the debt raised to finance the acquisition of Snaitech and the debt held by Snaitech.

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 main trading subsidiaries are registered either in the Isle of Man, Alderney or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries, related to the Group's development centers are located in other jurisdictions and operate on a cost-plus basis, and are taxed on their residual profits. The adjusted tax charge in H1 2018 was €9.3 million (H1 2017: €5.0 million). The increase is mainly due to acquired companies registered for taxation in higher tax jurisdictions as well profits being recognised in higher taxing territories increasing Playtech's effective tax rate.

Adjusted profit and Adjusted EPS

	H1 2018 €m	H1 2017 €m
Profit for the year- attributable to owners of parent	112.4	89.6
Amortisation of intangibles on acquisitions	24.9	25.3
Employee stock option expenses	5.9	5.2
Professional expenses on acquisitions	16.8	0.8
Cost of business reorganisation	0.7	0.4
Finance costs on acquisitions	5.1	-
Fair value change of the bond loans	(0.9)	-
Fair value change of equity instruments	(87.4)	-
Non-cash accrued bond interest	5.3	5.1
Additional consideration payable for Put/Call options	1.2	-
Deferred tax on acquisition	(3.0)	(2.6)
Movement in deferred and contingent consideration	2.3	1.7
Adjusted profit for the year - attributable to owners of the parent	83.3	125.5
Adjusted basic EPS (in Euro cents)	26.4	39.9
Adjusted diluted EPS (in Euro cents)	23.9	36.2
Constant currency impact	(2.9)	13.0
Adjusted profit for the year attributable to owners of parent on constant currency	86.2	138.5
Adjusted Net Profit on constant currency related to acquisitions	(7.0)	(0.5)
Underlying adjusted profit for the year - attributable to owners of the parent	79.2	137.9

Adjusted diluted EPS decreased by 34% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisition was 37% below H1 2017. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue during H1 2018 of 351.9 million.

Cashflow

Playtech continues to be highly cash generative and once again delivered strong operating cash flows of €222.5 million and €168.9 million, when excluding Snaitech.

Cash conversion

	Excluding Snai		
	H1 2018 €m	H1 2018 €m	H1 2017 €m
Adjusted EBITDA	145.0	133.2	170.9
Net cash provided by operating activities	222.5	168.9	147.3
Cash conversion	153%	127%	86%
Increase in Progressive, operators' jackpots, security deposits	(9.4)	(9.4)	(11.0)
Increase in Client deposits and Client equity	(28.6)	(25.5)	(0.8)
Adjusted net cash provided by operating activities	184.5	134.0	135.5
Adjusted Cash conversion	127%	101%	79%

Operating cash conversion from Adjusted EBITDA, when excluding Snaitech, is higher from the conversion level in H1 2017 when adjusted for jackpots, security deposits and client equity. Since the timing of cash inflows and outflows for jackpots, security deposits and client equity only impacts the reported operating cashflow and not EBITDA, adjusting these cash fluctuations is essential to truly reflect the quality of revenue and cash collection. The increase in the conversion is mainly attributed to the decrease in trade receivables days sales outstanding.

Net cash used in investing activities totalled €17.4 million in the period, of which €385.6 million (H1 2017: €36.2 million) relates to acquisitions, mainly of Snaitech, which were netted off by €157.7 million of the cash acquired and €259.8 million from proceeds on sale and dividends of the equity investment in Ladbrokes-Coral/GVC. Cash outflows from financing activities included €327.1 million of proceeds from bank borrowing, netted of by €100 million of repaying drawn revolving credit facility, with the remaining drawn outstanding balance as of June 30 of €100 million repaid on 15 August 2018. €75.9 million (H1 2017: €68.4 million) of dividends was paid in the period.

Balance sheet and financing

As at 30 June 2018, cash and cash equivalents amounted to €936.6 million (31 December 2017: €584.0 million), with cash net of client funds, progressive jackpot and security deposit, being €663.2 million (31 December 2017: €386.8 million*).

Total equity investments were €209.8 million, a 76% increase compared to the end of 2017, after excluding the holdings in Ladbroke-Coral/GVC, which were sold in April and June 2018.

As of 30 June 2018, the company has a loan balance of €425 million, split between the main credit facilities of the Group:

- (i) revolving credit facility up to €250 million available until April 2021 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date, the credit facility drawn amounting to EUR 100 million and during August 2018, the Group repaid the remaining €100 million.
- (ii) Bridge facility up to €1,040 million until April 2020. At the reporting date, the credit facility drawn amounting to EUR 327 million. Interest payable on the loan is based on a margin on Euro Libor rates. Following the completion of the acquisition of 100% of Snaitech on August 1, the outstanding balance of the bridge facility is €412.3 million.

Through the acquisition of Snaitech, the Group obtained bond loans. The bonds issued on 7 November 2016, with a fixed rate tranche of €320 million (6.375% coupon, maturity 2021) and a floating rate tranche of €250 million (three months Euribor floored at 0% plus a spread of 6%, maturity 2021). Following the acquisition by Playtech the change of control clause within the bonds requires the issuer to offer a repayment opportunity and as such the debt is shown as current at the reporting date, and recognised at fair value, as required by IFRS 3 business combinations.

Snaitech has posted a Notice of Change of Control and Offer to Purchase the Senior Secured Floating Rates on the 3 August 2018 with the offer expiring on the 30th August 2018. Playtech will withdraw funds from its available bridge loan for any amount purchased. Contingent consideration and redemption liability increased to €180.4 million and comprise of:

Acquisition	Contingent consideration and redemption liability as of 30.6.18	Maximum payable earnout	Payment date
ACM Group	€73.0 million	€124.1 million	€5.0 million Q4 2018 €5.6 million Q1 2019 €64.8 million Q1 2020
Playtech BGT Sports Ltd	€31.2 million	€60.0 million	Q2 2020
Consolidated Financial Holdings	€23.4 million	€62.6 million	Q3 2019
Destres	€16.0 million	€17.5 million	€2.5 million Q3 2018 €15.0 million Q2 2021
Quicksipin AB	€14.0 million	€14.3 million	Q1 2019
ECM Systems Holdings Ltd	€1.2 million	€1.2 million	Q1 2020
Bet Buddy	€2.6 million	€2.7 million	€0.5 million Q1 2018 €0.8 million Q4 2019 €1.4 million Q4 2020
GenWeb	€2.4 million	€2.4 million	Q4 2019
Eyecon Limited*	€1.3 million	£25.0 million	Q4 2020
Other	€15.3 million	€21.0 million	

*Post period end the earn out agreement with Eyecon Limited was extended to end of June 2021, with a minimum consideration of €5 million payable and no change to the maximum earnout.

Dividend

The Board adopted a progressive dividend policy which allows the Board to reflect its confidence in the growth and cash generation of the business without being tied to a fixed percentage pay-out and therefore decided to keep the interim dividend at the same level of €12.1 cents per share (H1 2017: €12.1 cents)

For those shareholders wishing to receive their dividends in Sterling the last date for currency elections is Friday 28 September 2018.

Dividend timetable:

Ex-dividend date:	Thursday 20 September 2018
Record date for dividend:	Friday 21 September 2018
Currency election date:	Friday 28 September 2018
Payment date:	Tuesday 23 October 2018

Principal risks and uncertainties

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 – Local requirements**
New licensing regimes may impose conditions. For example, introduction of a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and 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 and changes may increase the Group's underlying effective tax rate and reduce profits available for distribution. If a member of the Group is found to be, or to have been, tax resident in any jurisdiction other than that in which it is incorporated or domiciled or to have a taxable permanent establishment elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the amount of tax payable by the Group. In addition, the multi-location set up of the Group may give rise to transfer pricing risk, mitigated by the fact that the key intra-group transactions are documented and take place on an arm's length basis unless local legislation stipulates different requirements.
- **Economic Environment**
 A downturn in consumer discretionary spend or 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 – Acquisitions**
 Playtech have 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.
- **Cash Management – Cash Balances**
 Foreign exchange volatility could impact 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.
- **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. System failure could significantly affect the services offered to our licensees.
- **Regulatory – Data Protection**
 The requirements of the new EU General Data Protection Regulations (GDPR) came into force in May 2018. This places onerous responsibilities on data controllers and processors who have users in the EU regardless of where the data is held or processed.
- **Regulatory – Preventing Financial Crime**
 New regulations requiring companies to take action in preventing financial crime are being developed. These include a new Anti-Money Laundering (AML) directive came force in June 2017 and calls for improved Anti-Bribery and Corruption (ABC) regulations.
- **Intellectual Property Rights**
 The Group's primary commercial activity is as a licensor of gambling software. The Group predominantly owns the intellectual property (IP) rights in that gambling software, including the IMS which is key to maintaining our competitive advantage. Any claim that the Group doesn't own its IP (by a licensee or a third party), or any copying of the Group's IP by a third party, could have a significant effect on revenues. In addition, the Group licenses intellectual property from third parties, including creation of very successful branded games. Any loss of such IP rights could lead to a decline in casino revenues.
- **Business Continuity Planning**
 Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.

Additional risks relating to the Gaming division

- **Regulatory – Responsible Gambling**

Responsible gambling is a material concern to society as well as a regulatory priority. Licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers. Recent trends have seen an additional regulatory focus on treating customers fairly and conducting marketing and advertising in a responsible manner.

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;

- The Group and Company financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

A list of current directors is maintained on Playtech's website, www.playtech.com

By order of the Board,

Mor Weizer
Chief Executive Officer
22 August 2018

Andrew Smith
Chief Financial Officer
22 August 2018

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 2018 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 Guidance 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 Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

BDO LLP
Chartered Accountants
London
22 August 2018

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 2018		Six months ended 30 June 2017	
		Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Revenue	3	436,486	436,486	421,580	421,580
Distribution costs before depreciation and amortisation		(245,965)	(244,078)	(210,438)	(208,289)
Administrative expenses before depreciation and amortisation		(70,139)	(47,416)	(46,594)	(42,367)
EBITDA		120,382	144,992	164,548	170,924
Depreciation and amortisation		(60,645)	(35,770)	(54,688)	(29,347)
Finance income	5	6,215	6,215	3,305	3,305
Finance cost	5	(20,110)	(8,303)	(22,466)	(15,721)
Share of profit from joint ventures		212	212	263	263
Share of (loss)/profit from associates		(1,302)	(1,302)	389	389
Unrealised fair value changes on equity investments	9	87,368	-	-	-
Realised fair value changes on equity investments disposed	9	(7,896)	(7,896)	-	-
Profit before taxation		124,224	98,148	91,351	129,813
Tax expenses		(6,265)	(9,332)	(2,322)	(4,950)
Profit for the period		117,959	88,816	89,029	124,863
Other comprehensive income for the period:					
<i>Items that may be classified to profit or loss:</i>					
Equity instruments – net change in fair value		-	-	15,563	15,563
Exchange gains/(losses) arising on translation of foreign operations		11,180	11,180	(32,436)	(32,436)
<i>Total items that may be classified to profit or loss</i>		11,180	11,180	(16,873)	(16,873)
Total comprehensive income for the period		129,139	99,996	72,156	107,990
Profit for the period attributable to:					
Owners of the parent		112,426	83,284	89,647	125,481
Non-controlling interest		5,533	5,533	(618)	(618)
		117,959	88,817	89,029	124,863
Total comprehensive income attributable to:					
Owners of the parent		124,642	95,500	74,159	109,993
Non-controlling interest		4,497	4,497	(2,003)	(2,003)
		129,139	99,997	72,156	107,990
Earnings per share for profit attributable to the owners of the parent during the period:					
Basic (cents)	6	35.7	26.4	28.5	39.9
Diluted (cents)	6	33.7	23.9	27.3	36.2

* 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, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period, non-cash accrued bond interest and additional various non-cash charges. The directors believe that the adjusted profit, which includes realised fair value changes recognised in the income statement in the period on equity investments disposed of in the period, 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

	Addition al paid in capital	Equity investment reserve	Retained earnings	Employee benefit trust	Convert ible bond option reserve	Call/Put options reserve	Foreign exchang e reserve	Total attributable to equity holders of parent	Non- controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 Jan 2018	627,764	103,217	649,537	(21,644)	45,392	(31,293)	(28,700)	1,344,273	14,179	1,358,452
Changes in equity for the period										
Total comprehensi ve income for the period	-	-	112,426	-	-	-	12,216	124,642	4,497	129,139
Transfer on adoption of IFRS 9	-	(103,217)	103,217	-	-	-	-	-	-	-
Dividend paid	-	-	(75,929)	-	-	-	-	(75,929)	-	(75,929)
Exercise of options	-	-	(2,921)	2,505	-	-	-	(416)	-	(416)
Employee stock option scheme	-	-	5,798	-	-	-	-	5,798	88	5,886
Acquisition of non- controlling interest	-	-	(3,528)	-	-	-	-	(3,528)	(5,437)	(8,965)
Non- controlling interest acquired on business combination	-	-	-	-	-	-	-	-	29,832	29,832
Balance at 30 June 2018	627,764	-	788,600	(19,139)	45,392	(31,293)	(16,484)	1,394,840	43,156	1,437,996

Balance at 1 Jan 2017	627,764	(51,057)	498,864	(25,417)	45,392	(34,341)	16,800	1,078,005	21,714	1,099,719
Changes in equity for the period										
Total comprehensive income for the period	-	14,405	89,647	-	-	-	(29,893)	74,159	(2,003)	72,156
Dividend paid	-	-	(68,404)	-	-	-	-	(68,404)	-	(68,404)
Exercise of options	-	-	(810)	1,599	-	-	-	789	-	789
Employee stock option scheme	-	-	5,103	-	-	-	-	5,103	38	5,141
Acquisition of non-controlling interest	-	-	(498)	-	-	-	-	(498)	(586)	(1,084)
Non-controlling interest acquired on business combination	-	-	-	-	-	(252)	-	(252)	105	(147)
Balance at 30 June 2017	627,764	(36,652)	523,902	(23,818)	45,392	(34,593)	(13,093)	1,088,902	19,268	1,108,170

UNAUDITED CONSOLIDATED BALANCE SHEET

		At 30 June 2018	At 30 June 2017	At 31 December 2017
	Note	€'000	€'000	€'000 (Audited)
NON-CURRENT ASSETS				
Property, plant and equipment		402,781	78,075	80,016
Intangible assets	8	1,655,779	993,254	1,051,232
Investments in equity accounted associates and joint ventures		39,160	38,836	37,216
Equity investments	9	209,838	241,759	381,346
Other non-current assets		25,704	29,299	19,993
		2,333,262	1,381,223	1,569,803
CURRENT ASSETS				
Trade receivables		185,140	99,003	107,165
Other receivables		144,966	78,438	93,322
Cash and cash equivalents		936,572	536,434	583,957
		1,266,678	713,875	784,444
TOTAL ASSETS		3,599,940	2,095,098	2,354,247
EQUITY				
Additional paid in capital		627,764	627,764	627,764
Equity investment reserve		-	(36,652)	103,217
Employee Benefit Trust		(19,139)	(23,818)	(21,644)
Convertible bonds option reserve		45,392	45,392	45,392
Put/Call options reserve		(31,293)	(34,593)	(31,293)
Foreign exchange reserve		(16,484)	(13,093)	(28,700)
Retained earnings		788,600	523,902	649,537
Equity attributable to equity holders of the parent		1,394,840	1,088,902	1,344,273
Non-controlling interest		43,156	19,268	14,179
TOTAL EQUITY		1,437,996	1,108,170	1,358,452
NON-CURRENT LIABILITIES				
Loans and borrowings	10	424,593	-	-
Convertible bonds		281,743	271,286	276,638
Deferred revenues		5,997	4,104	2,457
Deferred tax liability		76,479	36,798	31,283
Contingent consideration and redemption liability	12	135,373	50,498	137,080
Other non-current liabilities		10,425	1,829	474
		934,610	364,515	447,932
CURRENT LIABILITIES				
Loans and borrowings		569	200,000	200,000
Bond loans	11	588,236	-	-
Trade payables		64,262	21,634	61,969
Progressive operators' jackpots, security deposits		93,812	57,788	62,675
Client deposits		75,842	74,120	71,628
Client funds		103,662	28,858	37,074
Tax liabilities		120,525	9,972	24,713
Deferred revenues		1,364	10,047	5,414
Contingent consideration	12	44,977	154,505	20,592
Provisions		13,110	-	-
Other payables		120,975	65,489	63,798
		1,227,334	622,413	547,863
TOTAL EQUITY AND LIABILITIES		3,599,940	2,095,098	2,354,247

The financial statements were approved by the Board and authorised for issue on 22 August 2018.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	117,959	89,029
Adjustments to reconcile net income to net cash provided by operating activities (see below)	111,366	62,254
Income taxes paid	(6,790)	(3,962)
Net cash provided by operating activities	222,535	147,321
CASH FLOWS FROM INVESTING ACTIVITIES		
Long-term deposits and loan advances	(952)	(2,427)
Acquisition of property, plant and equipment	(21,779)	(18,387)
Return on investment in joint ventures	704	644
Acquisition of intangible assets	(94)	(55)
Acquisition of subsidiaries	(338,766)	(36,240)
Cash of subsidiaries on acquisition	157,730	326
Capitalised development costs	(25,978)	(18,872)
Investment in equity-accounted associates	(1,830)	(622)
Return on equity investments	5,858	2,976
Proceeds from the sale of equity investments	253,899	-
Acquisition of equity instruments	(37,890)	-
Proceeds from sale of property, plant and equipment	654	41
Acquisition of non-controlling interest	(8,955)	(1,084)
Net cash used in investing activities	(17,399)	(73,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(75,929)	(68,404)
Interest payable on loans and bank borrowings	(3,146)	(1,408)
Exercise of options	(416)	767
Proceeds from loans and borrowings	327,069	-
Repayment of loans and borrowings	(100,000)	-
Net cash from/(used in) financing activities	147,578	(69,045)
INCREASE IN CASH AND CASH EQUIVALENTS	352,714	4,576
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	583,957	544,843
Exchange loss on cash and cash equivalents	(99)	(12,985)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	936,572	536,434

	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	16,379	13,030
Amortisation	44,266	41,658
Share of profit in joint ventures	(212)	(263)
Share of loss/(profit) in associates	1,302	(389)
Loss on disposal of equity investments	7,896	-
Interest expenses on convertible bonds	5,279	5,056

Interest on bond loans	2,909	-
Income tax expense	6,265	2,322
Employee stock option plan expenses	5,886	5,211
Movement in deferred and contingent consideration	2,311	1,689
Exchange loss on cash and cash equivalents	99	12,985
Return on available for sale investments	(5,858)	(2,976)
Other	8	(31)
Fair value change of equity instruments	(87,368)	-
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	16,892	(23,991)
Decrease/(Increase) in other receivables	32,890	(4,370)
Increase/(Decrease) in trade payables	8,960	(6,622)
Increase in progressive, operators jackpot and security deposits	9,394	11,029
Increase in client funds	28,650	761
Increase in other payables	17,121	990
(Decrease)/Increase in deferred revenues	(1,703)	6,165
	111,366	62,254

	Note	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
Acquisitions in the period			
A. Acquisition of Easydock Investments Limited	13a	12,000	-
B. Acquisition of Studio 88 PTY Limited	13b	3,435	-
C. Acquisition of Destres GmbH	13c	14,380	-
D. Acquisition of Snaitech SpA	13d	291,175	-
E. Other acquisitions	13e	8,214	-
Acquisitions in previous years			
A. Acquisition of Eyecon Limited	14a	-	27,735
B. Acquisition of ECM Systems Holdings Ltd		-	3,061
C. Acquisition of Patelle Limited		-	2,016
D. Acquisition of Consolidated Financial Holdings AB		-	336
E. Acquisition of Quickspin AB		9,105	-
F. Other acquisitions		457	3,092
		338,766	36,240

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. 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. As of June 2018, through the acquisition of Snaitech, Playtech directly owns and operates the leading sports betting and gaming brand in online and retail in Italy, Snai.

The Group's financial trading division, has four primary business models, being:

- B2C retail Contracts for difference ("CFD"), through www.markets.com where the group acts as the execution venue and the market-maker on a variety of instruments which fall under the general categories of Foreign exchanges, Commodities, Equities and indices;

- B2B clearing and execution services for other retail brokers and professional clients, through CFH, where the group acts as a matched-principal liquidity provider and straight through processes ("STPs") the trades to prime brokers and clearing houses such as BNP, Jeffries, UBS, Citi etc;

- B2B clearing and execution for other retail brokers, where the group acts as the execution venue and market-maker; and

- B2B technology and risk management services, where the group provides platform, CRM, reporting and risk-management technology to the retail broker market.

Where the Group acts at the execution venue, or provides execution services, these activities are undertaken in entities regulated by the UK's Financial Conduct Authority ("FCA"), the Cyprus Securities and Exchange Commission ("CySEC"), and the South African Financial Services Board ("FSB").

B. The interim financial statements as at 30 June 2018 and 30 June 2017 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 2017 Annual Report.

New standards, interpretations and amendments effective from 1 January 2018

Playtech plc has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2017 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2018, and will be adopted in the 2018 annual financial statements. New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

The adoption of IFRS 15 has not materially impacted the group's results for the period and is not expected to cause a material impact to the full year results. Details of the impact IFRS 9 has had are given below. Except for the adoption of IFRS 16, which will be adopted in 2019, other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement, and has had a significant effect on the Group in the following areas:

Equity investments classified as available for sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement have been classified as being at Fair Value through Profit and Loss, unless an irrevocable election is made on the equity investment under IFRS 9. All fair value gains in respect of those assets are recognised in the income statement and accumulated in retained earnings. Any balance in the equity investment reserve relating to investments now treated as FVTPL on transition have been moved to retained earnings. Previously, under IAS 39, impairments of such assets were recognised in profit or loss, and gains and losses accumulated in reserves were recycled to profit or loss on disposal. The impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The group has chosen not to restate comparatives on adoption of IFRS 9 and, therefore, both of these changes have been processed at the date of initial application (i.e. 1 January 2018), and presented in the statement of changes in equity for the 6 months to 30 June 2018. The change to an expected credit losses model as required under IFRS 9 has had an immaterial impact on the group.

IFRS 16 Leases

Adoption of IFRS 16 will result in the group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current

accounting requirements the group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The Board is still considering if it will apply the modified retrospective or the restatement approach in IFRS 16.

At 30 June 2018 operating lease commitments amounted to €126.7 million (31 December 2017 €97.3 million). The effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately €65.0- €70.0 million being recognised on 1 January 2018, with a net book value as at 30 June 2018 of approximately €75.0- €80.0, following the acquisition of the Snaitech group.

However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in the actual liability recognised being higher than this. Instead of recognising an operating expense for its operating lease payments, the group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. This would increase reported EBITDA by an amount which would approximate to its current operating lease cost, which for the period ended 30 June 2018 was approximately €4.7 million.

Other than as noted, the directors do not expect that any other new standards, interpretations and amendments which are effective for periods beginning after 1 January 2018 to have a material effect on the Group's future financial information

The comparative financial information for period ended 31 December 2017 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 2017 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 2017.

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 B2B: including Casino, Services, Sport, Bingo, Poker and Other
- Gaming B2C: Snaitech, Sun Bingo and Casual & other B2C
- Financial: including B2C and B2B 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 2018.

Six months ended 30 June 2018

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total B2B €'000	Snai €'000	Sun Bingo €'000	Casual and other B2C €'000	Total B2C €'000	Total Gaming €'000	Total Financial €'000	Consolidated €'000	
							285,762	61,302	14,601	22,551	98,454	384,216	52,270	436,486	
Total revenue	169,302	39,758	46,663	12,664	4,747	12,628									
Adjusted EBITDA							120,243				(489)	119,754	25,238	144,992	
Adjusted net profit							67,930				(7,665)	60,265	28,551	88,816	
Total assets							1,351,201				1,287,763	2,638,964	960,976	3,599,940	
Total liabilities							637,965				1,236,425	1,874,390	287,554	2,161,944	

Six months ended 30 June 2017

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total B2B €'000	Snai €'000	Sun Bingo €'000	Casual and other B2C €'000	Total B2C €'000	Total Gaming €'000	Total Financial €'000	Consolidated €'000	
								-	11,653	26,413	38,066	376,424	45,056	421,580	
Total revenue	224,770	48,626	36,856	12,954	4,672	10,580	338,458								
Adjusted EBITDA							166,614				(11,664)	154,950	15,974	170,924	
Adjusted net profit							127,412				(11,859)	115,553	9,310	124,863	
Total assets							1,735,889				33,509	1,769,398	325,700	2,095,098	
Total liabilities							647,606				8,284	655,890	331,038	986,928	

NOTE 4 – ADJUSTED ITEMS

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

	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
Revenue	436,486	421,580
Constant currency impact	11,099	-
Revenue on constant currency basis	447,585	421,580
Revenue related on acquisitions on a constant currency basis	(78,684)	(2,211)
Underlying revenue	368,901	419,369
Distribution costs before depreciation and amortisation	245,965	210,438
Employee stock option expenses	(1,887)	(2,149)
Adjusted distribution costs before depreciation and amortisation	244,078	208,289
Administrative expenses before depreciation and amortisation	70,139	46,594
Employee stock option expenses	(3,999)	(3,061)
Professional fees on acquisitions	(16,776)	(786)
Cost of fundamental business reorganisation	(733)	(380)
Additional consideration payable to put/call option	(1,215)	-
Total adjusted items	(22,723)	(4,227)
Adjusted administrative expenses before depreciation and amortisation	47,416	42,367
Depreciation – distribution costs	14,026	9,034
Depreciation – administrative costs	2,353	3,996
Amortisation – distribution costs	44,266	41,658
Total depreciation and amortisation	60,645	54,688
Amortisation of intangibles on acquisitions – distribution costs	(24,875)	(25,341)
Adjusted depreciation and amortisation	35,770	29,347
EBITDA	120,382	164,548
Employee stock option expenses	5,886	5,210
Professional expenses on acquisitions	16,776	786
Cost of fundamental business reorganization	733	380
Additional consideration payable for put/call option	1,215	-
Adjusted EBITDA	144,992	170,924
Constant currency impact	3,791	-
Adjusted EBITDA on constant currency basis	148,783	170,924
EBITDA related to acquisitions on constant currency basis	(13,367)	-
Underlying adjusted EBITDA	135,416	170,924
Profit for the period- attributable to owners of parent	112,426	89,647
Amortisation of intangibles on acquisitions	24,875	25,341
Employee stock option expenses	5,886	5,210
Professional expenses on acquisitions	16,776	786
Cost of fundamental business reorganization	733	380
Additional consideration payable for put/call option	1,215	-
Finance costs on acquisitions	5,130	-
Fair value change of equity instruments	(87,368)	-
Fair value change of bond loans	(913)	-
Non-cash accrued bond interest	5,279	5,056
Movement in deferred and contingent consideration	2,312	1,689
Deferred tax on acquisition	(3,067)	(2,628)
Adjusted profit for the period - attributable to owners of the parent	83,284	125,481
Constant currency impact	2,859	12,984

Adjusted profit for the period - attributable to owners of the parent on constant currency basis	86,143	138,465
Adjusted net profit related to acquisitions on constant currency basis	(6,931)	(518)
Underlying adjusted profit for the period - attributable to owners of the parent on constant currency basis	79,212	137,947

NOTE 5 – FINANCING INCOME AND COSTS

	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
A. Finance income		
Interest received	357	329
Dividends received from equity investments	5,858	2,976
	6,215	3,305
B. Finance cost		
Finance cost – movement in contingent consideration	(2,311)	(1,689)
Notional interest on convertible bonds	(5,279)	(5,056)
Nominal interest on convertible bonds	(742)	(742)
Interest on bond loan	(1,996)	-
Bank charges and interest paid	(9,683)	(1,994)
Exchange differences	(99)	(12,985)
	(20,110)	(22,466)
Net financing cost	(13,895)	(19,161)

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 30 June 2018 Actual €'000	Six months ended 30 June 2018 Adjusted €'000	Six months ended 30 June 2017 Actual €'000	Six months ended 30 June 2017 Adjusted €'000
Profit for the year attributable to owners of the parent	112,426	83,284	89,647	125,481
Add interest on convertible bond	6,021	742	5,798	742
Earnings used in diluted EPS	118,447	84,026	95,445	126,223
Basic (cents)	35.7	26.4	28.5	39.9
Diluted (cents)	33.7	23.9	27.3	36.2
	Six months ended 30 June 2018 Actual Number	Six months ended 30 June 2018 Adjusted Number	Six months ended 30 June 2017 Actual Number	Six months ended 30 June 2017 Adjusted Number
<i>Denominator – basic</i>				
Weighted average number of equity shares	314,985,136	314,985,136	314,392,086	314,392,086
<i>Denominator – diluted</i>				

Weighted average number of equity shares	314,985,136	314,985,136	314,392,086	314,392,086
Weighted average number of option shares	2,435,648	2,435,648	1,614,569	1,614,569
Weighted average number of convertible bonds	34,440,772	34,440,772	33,157,683	33,157,683
Weighted average number of shares	351,861,556	351,861,556	349,164,338	349,164,338

NOTE 7 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	Number of Shares	
	30 June 2018	30 June 2017
Authorised	N/A*	N/A*
Issued and paid up	317,344,603	317,344,603

* 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 293,947 shares were used in settlement of share options, with a cost of €2.5 million (Six months to 30 June 2017: 190,950 shares with a cost of €1.6 million), and as of 30 June 2018, a balance of 2,291,616 (2017: 3,035,673) shares remains in the trust with a cost of €19.1 million (2017: €23.8 million).

C. Share options exercised

During the period 306,594 (Six months to 30 June 2017: 193,120) share options were exercised.

D. Distribution of Dividend

In June 2018, the Group distributed €75,929,085 as a final dividend for the year ended 31 December 2017 (2017: €68,404,085).

NOTE 8 – INTANGIBLE ASSETS

	30 June 2018	30 June 2017
	€'000	€'000
NBV of intangible assets at 1 January	1,051,232	1,014,635
Additions	26,072	21,036
Disposals	-	(43)
Additions through business combinations	613,171	32,472
Amortisation charge for the period	(44,266)	(41,708)
Foreign exchange movements	9,570	(33,138)
NBV of intangible assets at 30 June	1,655,779	993,254

Additions through business combinations in the period includes €262 million of goodwill.

NOTE 9– EQUITY INVESTMENTS

Investments previously held as available for sale investments under IAS 39 have been reclassified to equity investments held at fair value through profit and loss (FVTPL) on transition to IFRS 9 on 1 January 2018.

	30 June 2018	30 June 2017
	€'000	€'000

Investment in equity investments at 1 January	381,346	230,280
Additions during the period	37,890	-
Reclassification on acquisition of Snaitech	(37,890)	-
Proceeds from the disposal during the period	(253,899)	-
Unrealised fair value change recognised in the income statement in the period	87,368	15,563
Realised fair value changes on disposal recognised in the income statement in the period	(7,896)	-
Translation gain	2,919	(4,084)
Investment in equity investments at 30 June	<u>209,838</u>	<u>241,759</u>

As part of the takeover of Ladbrokes Coral plc ("Ladbrokes") by GVC Holdings plc ("GVC"), the Group exchange its shares in Ladbrokes for €205m of GVC shares and cash consideration of €32m. The Group subsequently sold these GVC shares for net proceeds of €222 million.

As a result of these transactions, during the period, the Group realised a loss on disposal of €8m being the net of the fair value movements from 1 January 2018 to the date of disposal. The total cumulative profit on disposal when compared to original cost (taking into account gains recognised through other comprehensive income in previous periods) amounts to €42m.

Additions during the period relate to purchase of shares in Snaitech prior taking the control on 5 June. Upon taking control, these shares formed part of the cost of investment (see note 13d).

The fair value of quoted investments is based on published market prices (level one).

	30 June 2018 €'000	30 June 2017 €'000
Equity investments include the following:		
Quoted:		
Equity securities- UK	207,792	237,168
Equity securities- Asia	<u>2,046</u>	<u>4,589</u>
	<u>209,838</u>	<u>241,757</u>

NOTE 10 – LOANS AND BORROWINGS

The loan balance as of 30 June 2018 is €428 million. The main credit facilities of the Group are the following: (i) revolving credit facility up to €250 million available until April 2021 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date, the credit facility drawn amounting to EUR100 million. During August 2018, the Group repaid the remaining €100 million (ii) Bridge facility up to €1,040 million until April 2020. At the reporting date, the credit facility drawn amounts to EUR 327 million. Interest payable on the loan is based on a margin on Euro Libor rates. Credit facility fees of €3.1m have been offset against the principal balance, with €3.1m (2017 - €nil) recognised in the statement of comprehensive income in the period.

NOTE 11 – BOND LOANS

Through the acquisition of Snaitech, the Group obtained bond loans. This debt was recognised at acquisition on the fair value based on the market prices of the loan notes. The bonds were issued on 7 November 2016, with a fixed rate tranche of €320 million (6.375% coupon, maturity 2021) and a floating rate tranche of €250 million (three months Euribor floored at 0% plus a spread of 6%, maturity 2021). Following the acquisition by Playtech the change of control clause within the bonds requires the issuer to offer a repayment opportunity and as such the debt is shown as current at the reporting date, and is recognised at fair value as required in IFRS 3 business combinations. Snaitech has posted a Notice of Change of Control and Offer to Purchase the Senior Secured Floating Rates on the 3rd of August 2018 with the offer expiring on the 30th August 2018. Playtech will withdraw funds from its available bridge loan to settle any amount purchased.

NOTE 12 –CONTINGENT CONSIDERATION

	Six months ended 30 June 2018	Six months ended 30 June 2017

Non-Current contingent consideration consists:

Acquisition of Quickspin AB	-	14,722
Acquisition of Eyecon Limited	1,349	1,296
Acquisition of ACM Group	62,504	-
Acquisition of Studio 88 PTY Limited	2,132	-
Acquisition of Destres GmbH	13,474	-
Other acquisitions	4,827	148
	<u>84,286</u>	<u>16,166</u>

Non-Current redemption liability consists:

Acquisition of Consolidated Financial Holdings	23,371	16,022
Acquisition of Playtech BGT Sports Limited	26,234	16,890
Acquisition of ECM Systems Holdings Limited	1,211	1,162
Other acquisition	271	258
	<u>51,087</u>	<u>34,332</u>

Total Non-Current contingent consideration and redemption liability

	<u>135,373</u>	<u>50,498</u>
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Current contingent consideration consists:

Acquisition of TradeFX Group	-	139,597
Acquisition of Quickspin AB	14,026	9,485
Acquisition of Playtech BGT Sports Limited	5,000	4,875
Acquisition of ACM Group	10,539	-
Acquisition of Studio 88 PTY Limited	2,874	-
Acquisition of Destres GmbH	2,478	-
Acquisition of Easydock Investments Limited	7,716	-
Other acquisitions	2,344	548
	<u>44,977</u>	<u>154,505</u>

NOTE 13 – ACQUISITIONS DURING THE PERIOD**A. Acquisition of Easydock Investments Limited**

On 1 March 2018, the Group acquired 100% of the shares of Easydock Investments Limited (“Easydock”), a provider of marketing services to online gaming operators.

The Group paid total cash consideration of €12 million and maximum additional consideration capped at €10 million in cash will be payable in 2019 if the performance of the business in the period from acquisition date until 31 December 2018 meets or exceeds Group’s expectations.

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

	Fair value on acquisition
	€'000
Intangible assets	10,520
Trade and other receivables	707
Cash and cash equivalent	173
Trade payables and other payables	(798)
Net identified assets	<u>10,602</u>
Goodwill	<u>8,987</u>
Fair value of consideration	<u>19,589</u>
	€'000
Cash consideration	12,000
Current contingent consideration	8,000
Finance cost arising on discounting of contingent consideration	(411)
Fair value of consideration	<u>19,589</u>
Cash purchased	173

Net cash payable	19,416
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Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Customer relationships	10,520	6.67%

The main factor leading to the recognition of goodwill with respect to Easydock acquisition is customer relationships that does not meet either the contractual-legal or the separable criterion of the accounting standards and, therefore, would not be recognised as a separate intangible asset from the goodwill and cost synergies. The acquisition forms part of the Services CGU and in accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Easydock.

The key assumptions used by management to determine the value in use of the Customer relationships within Easydock are as follows:

- The MPEEM income approach.
- The discount rate assumed is equivalent to the WACC for the Customer relationship.
- No growth rate and attrition rates was assumed

Management has not disclosed Easydock 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 2018 been disclosed, because the amounts are not material.

B. Acquisition of Studio 88 PTY Limited

On 26 March 2018, the Group acquired 100% of the shares of Studio 88 PTY Limited ("S88") which creates content and online games.

The Group paid total cash consideration of €3.4 million (US\$ 4.2 million) and maximum additional consideration capped at €7.3 million (US\$9 million) in cash will be payable in 2019, 2020 and 2021 based on launch date of the games and royalty income from the subject games

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	15
Intangible assets	3,623
Cash and cash equivalent	62
Deferred tax liability	(593)
Trade payables and other payables	(1,660)
Net identified assets	1,447
Goodwill	6,978
Fair value of consideration	8,425
	€'000
Cash consideration	3,435
Non-current contingent consideration	2,435
Current contingent consideration	3,003
Finance cost arising on discounting of contingent consideration	(448)
Fair value of consideration	8,425
Cash purchased	62
Net cash payable	8,363

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
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IP Technology

3,623

16.7

The main factor leading to the recognition of goodwill is the future games to be developed by the R&D team, assembled work force with vast experience and strong records and cost synergies. The acquisition forms part of the Casino CGU and in accordance with IAS36, the Group will regularly monitor the carrying value of its interest in S88.

The key assumptions used by management to determine the value in use of the IP Technology within S88 are as follows:

- The MPEEM income approach.
- The discount rate assumed is equivalent to the WACC for the IP Technology.

Management has not disclosed S88 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 2018 been disclosed, because the amounts are not material.

C. Acquisition of Destres GmbH

On 1 April 2018, the Group acquired 100% of the shares of Destres GmbH ("Destres") which operates betting shops in Austria.

The Group paid total cash consideration of €14.4 million and maximum additional consideration capped at €25 million in cash will be payable based on a multiple of the 2020 Adjusted 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	1,502
Intangible assets	173
Trade and other receivables	646
Cash and cash equivalent	2,538
Loans and borrowings	(280)
Deferred tax liability	(43)
Trade payables and other payables	(1,520)
Tax liabilities	(248)
Net identified assets	2,768
Goodwill	27,424
Fair value of consideration	30,192
	€'000
Cash consideration	14,380
Current contingent consideration	17,478
Finance cost arising on discounting of contingent consideration	(1,666)
Fair value of consideration	30,192
Cash purchased	2,538
Net cash payable	27,654

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Betting licences	173	14

The main factor leading to the recognition of goodwill is high synergies, existing customer base and further strategic aspects. The business will form a new CGU in the B2C segment of the Group and in accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Destres.

Management has not disclosed Destres 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 2018 been disclosed, because the amounts are not material.

D. Acquisition of Snaitech SpA

On 5 June 2018, the Group acquired 70.6% of the shares of Snaitech S.p.A. ("Snaitech"), the leading operator on the Italian retail betting market and one of the main players on the gaming machines market. Up to 5 June 2018, the Group has also separately acquired approximately 9% of Snaitech's issued share capital through market purchases. As at 30 June 2018 the Group held 81.4% of the issued share capital of Snaitech. On the 26th of July, the Group has completed the acquisitions of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3rd of August, the Group has completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italia.

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 equipment	316,499
Intangible assets	336,000
Investment in equity accounted associates & joint venture	1,908
Other non-current assets	4,658
Total non-current assets	659,065
Trade receivables (net of provisions of €50 million)	94,834
Other receivables	86,306
Cash and cash equivalent	154,947
Total current assets	336,087
Loans and borrowings	(493)
Bond loan	(588,955)
Deferred tax liability	(46,642)
Other non-current liabilities	(10,242)
Total non-current liabilities	(646,332)
Loans and borrowings	(483)
Trade payables	(17,609)
Progressive operators' jackpots, security deposits	(21,742)
Client funds	(15,308)
Tax liabilities	(94,673)
Deferred revenues	(1,192)
Contingent consideration	(1,230)
Provisions	(13,278)
Other payables	(35,422)
Total current liabilities	(200,937)
Non-controlling interest	(29,832)
Net identified assets	118,051
Goodwill	211,014
Fair value of consideration	329,065
	€'000
Cash consideration	291,175
Fair value of equity holding previously held	37,890
Fair value of consideration	329,065
Cash purchased	154,947
Net cash payable	174,118

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
Concession rights	114,000	11%
Customer Relationship - Gaming Machines	43,000	11%
Customer Relationship - Retail Betting	163,000	11%
Customer Relationship - Online	14,000	25%
Property, plant and equipment	187,000	-

The main factor leading to the recognition of goodwill is goodwill of previously acquired companies by Snaitech, the revenue stream from assembled work force with vast experience and strong records, and other future revenue and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Snaitech.

The fair value of the property, plant and equipment acquired was determined by an external, independent property valuer having appropriate professional qualification and recent experience in the location and nature of the property being valued. The methodologies used to determine the fair value were value in use and market value.

The key assumptions used by management to determine the value in use of the Concession within Snaitech are as follows:

- The Greenfield method.
- The discount rate assumed is equivalent to the WACC for the Concession.
- 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 Customer relationships within Snaitech are as follows:

- The Excess Earnings method.
- The discount rate assumed is equivalent to the WACC for the Customer relationship.
- The growth rates and attrition rates were based on market analysis.

Non-controlling interest have been recognised based on the non-controlling proportionate share in the recognised amounts of the net assets of Snaitech.

For one month since the acquisition, Snaitech contributed revenue of €61 million and a profit of €6 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that the consolidated revenue would have been €444 million and the consolidated profit for the year would have been €17 million. In determining these amounts, management has assumed that the fair value adjustments determined provisionally, that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2018. Acquisition related costs include in the income statement within administrative expenses total €11 million.

E. Other acquisitions

During the period, the Group acquired 100% of the shares of a license holding entity established to gain and hold sports betting permits. The Group paid total cash consideration of €1 million and additional consideration will be payable based on 2019 and 2021 EBITDA multiple. Also, the Group signed an Asset Purchase Agreement to which the Group acquired 100% of the company's asset for a total consideration of €7.3 million.

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

	Fair value on acquisition
	€000
Net identified assets	949
Goodwill	7,480
Total fair value of consideration	8,429
	€'000
Cash consideration	8,214
Non-current contingent consideration	250
Finance cost arising on discounting of contingent consideration	(35)

Fair value of consideration	8,429
Cash purchased	10
Net cash payable	8,419

The main factor leading to the recognition of goodwill is assembled workforce, with vast experience and strong record and other future revenue and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

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 2018 been disclosed, because the amounts are not material.

NOTE 14 – ACQUISITIONS IN PREVIOUS PERIOD

A. Acquisition of Eyecon Limited

On 7 February 2017, the Group acquired 100% of the shares of Eyecon Limited and Eyecon PTY (together "Eyecon"), an Australian supplier of online gaming slots software.

The Group paid total cash consideration of €27.7 million (GBP 23.7 million) and additional consideration capped at €29.0 million (GBP 25.0 million) in cash will be payable based on an EBITDA multiple less initial consideration paid, and is payable in 2020. Post period end the earnout agreement with Eyecon Limited was extended to end of June 2021, with a minimum consideration of €5 million payable and no change to the maximum earnout.

B. Other acquisitions

During the prior period, the Group acquired a further 45% of the shares of a games studio in steps for a consideration of €1.2 million with previous consideration of €0.8 million paid to acquire the previously recognized 35% interest in associate. A fair value movement was required on conversion to a subsidiary of €0.1 million.

NOTE 15 – 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.

On 27 June 2017, Brickington Trading Limited ("Brickington") decreased its holding from 21.93% to 6.3% (30 June 2017: 6.3%) of Playtech plc shares and the relationship agreement terminated. From this date Brickington no longer meets the definition of a related party. Accordingly, the following companies are not accounted as related parties from the same date:

Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Glispa GmbH ("Glispa"), Anise Development Limited and Anise Residential Limited (together "Anise").

The joint ventures 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 30 June 2018	Six months ended 30 June 2017
	€'000	€'000
Revenue including income from associate		
Skywind	-	720
Structured agreements	12,337	8,970
Share of profit in joint ventures	212	263

Share of (loss)/profit in associates	(1,601)	389
Operating expenses		
SafeCharge Limited	-	3,612
Crossrider	-	1,314
Anise	-	518
Skywind, net of capitalised cost	-	334
Glispa	-	165
Interest income		
Structured agreements	77	49

NOTE 16 – 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.

The Snaitech Group is involved in proceedings before civil and administrative courts, and other legal actions related to the regular course of business. On the basis of the information currently available, and taking into the existing provisions for risks, the Company considers that such proceedings and actions will not result in any material adverse effects upon the Financial Statements. All the provisions were subject to a review and estimate by the Board of directors based on the information available at the date of preparation of these financial statements and supported by updated legal opinions from independent professionals. These provisions are believed, as a whole, to be adequate to the risks and charges that the Company is reasonably expected to effectively address.

The Company is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary further to future developments in the proceedings underway. The Company monitors the status of the disputes underway and consults with its legal advisors and experts on legal and tax-related matters

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

NOTE 17 – EVENTS AFTER THE REPORTING DATE

On the 26th of July, the Group has completed the acquisitions of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3rd of August, the Group has completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italia.

On the 15th of August 2018, the Group repaid the revolving credit facility amounting to €100 million.

The earnout agreement with Eyecon Limited was extended to end of June 2021, with a minimum consideration of €5 million payable and no change to the maximum earnout.