

Playtech plc

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

Results for the six months ended 30 June 2019

Core B2B Gambling and Snaitech driving Playtech; Guidance range reaffirmed; €25m buyback launched

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2019, together with a trading update for the period to 20 August 2019.

Financial summary^{1,2}

	H1 2019	H1 2018	Change (reported)	Change (const. currency) ⁴
Revenue	€736.1m	€436.5m	69%	68%
Adjusted EBITDA ²	€190.6m	€145.0m	31%	31%
Adjusted Net Profit ³	€70.7m	€83.3m	-15%	-13%
Reported Net Profit ³	€16.8m	€112.4m	-85%	-84%
Adjusted diluted EPS	20.5 €c	23.9 €c	-14%	-12%
Reported diluted EPS	5.5 €c	33.7 €c	-84%	-82%
Total dividend per share ⁵	6.1 €c	12.1 €c	-50%	-50%
Total shareholder return ⁶	€43.9m	€38.1m	15%	15%

Group highlights

- Core B2B Gambling⁷ revenue growth of 9% in regulated markets versus H1 2018
- Revenue growth and strong cost control drives Core B2B Gambling margin of 29% (H1 2018: 19%, H1 2018 restated to include impact of IFRS 16: 24%)
- Snaitech is the Group's standout performer in H1 with 26% growth in adjusted EBITDA (from €59.3 million in H1 2018 after excluding gambling tax headwinds and 2018 World Cup impact, to €74.7 million in H1 2019)
- Total shareholder returns increased 15% vs. H1 2018 including €25 million share buyback and interim dividend declared of 6.1 €c per share
- Land sale agreed in Italy for €55 million, pending approvals; €5 million received in July 2019
- €350 million bond raised in H1 2019 securing long term financing requirements

Divisional highlights

- B2B Gambling Division
 - Very strong momentum with over 10 brands added through July 2019
 - Expanded business with existing customers including beginning rollout across GVC network, launch of Playtech customers in Sweden on Day 1 of market regulating
 - Core B2B Gambling revenue growth of 11% vs. H1 2018 in regulated markets outside UK
 - Core B2B Gambling revenue growth of 7% vs. H1 2018 in UK
 - Strong growth of 27% in Sport, aided by hardware sales
 - Pipeline strong across key geographies including further structured agreements
 - Asia remains volatile with low visibility; launching incentivization programme
- B2C Gambling Division
 - Snaitech H1 2019 adjusted EBITDA of €74.7 million driven by strong online revenue growth of 22%
 - Snaitech achieved no. 1 market share in retail and online combined in June and July 2019
 - Snaitech growth in Online stakes of 36% in H1 2019 versus H1 2018
 - Sun Bingo saw 20% revenue growth at constant currency from €14.6 million in H1 2018 to €17.5 million in H1 2019; positive EBITDA contribution following renegotiation of contract

- TradeTech Group
 - Strong Q2 performance following highly challenging conditions across the industry in Q1
 - Revenue of €39.1 million (H1 2018: €52.3 million) and Adjusted EBITDA of €8.2 million (H1 2018: €25.2 million) decreased significantly due to low market volatility in Q1 2019 and a very strong H1 2018 performance during favorable market conditions

Current trading

- Regulated B2B Gambling revenue for the first 51 days of H2 2019 was up 4% on the same period in 2018 at constant currency and excluding acquisitions and the impact of increased RGD
- Non-regulated B2B Gambling revenue for the first 51 days of H2 2019 was down 26% on the same period in 2018 at constant currency and excluding acquisitions
- Snaitech has continued to show strong underlying business trends into H2, with no impact thus far from the advertising ban which came into effect on 14 July 2019
- TradeTech has had a good start to H2 2019 continuing its momentum from Q2

Outlook

- Playtech reiterates its 2019 Adjusted EBITDA range of €390 million to €415 million
- Core B2B and Snaitech continue strong performance
- At the current run rate, Asia will contribute approximately €115 million revenue in 2019 vs €150 million expected at the start of the year

Alan Jackson, Chairman of Playtech, commented:

“Playtech’s combination of scale and leadership in technology continues to deliver growth and strategic progress in our core gambling businesses. In H1 this continued progress has driven Group regulated revenue to a new high of 87% (H1 2018: 69%).

In our B2B business double digit growth in regulated markets outside of the UK has been accompanied by landmark new licensee wins in key regulated markets, laying the foundations for future growth. In our B2C business Snaitech continues to go from strength to strength demonstrating impressive growth momentum in a key market.

The continued strength of the core business has allowed Playtech to continue its flexible shareholder returns policy, today declaring an additional buyback programme alongside an interim dividend.”

– Ends –

For further information contact:

Playtech plc +44 (0) 20 3805 4822
 Mor Weizer, Chief Executive Officer
 Andrew Smith, Chief Financial Officer
 c/o Headland

Chris McGinnis, Director of Investor Relations and Strategic Analysis +44 (0)1624 645954
 James Newman, Director of Corporate Affairs

Headland (PR adviser to Playtech) +44 (0) 20 3805 4822
 Stephen Malthouse, Jack Gault

¹ Totals in tables throughout this statement may not exactly equal the components of the total due to rounding. Figures include adoption of IFRS 16, which increased H1 2019 EBITDA by €13.8 million while simultaneously increasing H1 2019 amortisation by €10.5 million and interest costs by €3.9 million. As a result, the impact on net profit was not significant.

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 income statement, non-cash accrued bond interest, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. 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 7. Given the fluctuations in exchange rates in the period, the underlying results are presented in respect of the above adjustments after excluding acquisitions and on a constant currency basis, to best represent the trading performance and results of the Group.

³ Adjusted Net Profit refers to Profit Attributable to the owners of the parent.

⁴ 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.

⁵ Total Dividend per share: Reduction in dividend reflects rebalancing of shareholder distribution between dividend and share buybacks.

⁶ 'Total shareholder returns' refers to full shareholder distributions, including dividend and share buyback which have been approved for settlement in H2 2019. This is a better representation of the Group's shareholder returns.

⁷ Core B2B Gambling refers to our B2B Gambling business excluding Asia.

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/5d307cf7356b240b009f3004/dfdf>

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

Dial-in no for UK: 020 3936 2999

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

Conference password: 513028

There will also be a replay available for one week after the live webcast:

Dial-in no for UK: 020 3936 3001

Dial-in no for US: 1 845 709 8569

Dial-in no for all other locations: + 44 20 3936 3001

Conference reference number: 470990

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 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 a 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.5,900 employees across 18 countries and is headquartered in the Isle of Man.

Chairman's statement

Management is delivering a clear focus on the core gambling activities where Playtech's scale and leadership in technology is delivering growth and strategic progress. The B2B business delivered revenue growth in regulated markets, including double digit revenue growth in regulated markets outside of the UK.

On a reported basis the Group saw a 69% increase in revenue and a 31% increase in Adjusted EBITDA. This was driven by the contribution of Snaitech, Playtech's B2C business in Italy, which rose to number one in market share in June and July, when combining retail and online market share.

The focus on the opportunity in the gambling industry is continuing to deliver an increase in the quality of Group earnings. In the first half of 2019 the percentage of regulated revenue rose to 87% (H1 2018: 69%) at Group level. During H1 Playtech continued to deliver important strategic progress in highly attractive regulated markets, which the management and Board believes, will lay the foundations for future growth to continue to drive further improvement in the quality of earnings.

In addition to the continued progress in Italy with Snaitech, Playtech delivered new business in its B2B segment with new and existing customers. The new agreement signed in H1 with GVC Holdings saw Playtech extend its relationship across GVC's portfolio in the UK, Italy, Spain, Greece and Brazil. This is a testament to Playtech's technology offering and position as a partner in regulated and commercially attractive markets.

The strength of TradeTech, Playtech's financial trading division, can be seen in its Q2 performance as increased market volatility drove revenue to increase following a challenging Q1.

Following the issuance of our first public rated corporate bond in October 2018, we successfully raised a further €350 million 7-year bond at 4.25% in March 2019, in order to repay our soon-to-mature convertible bond.

The progress on balance sheet efficiency coupled with the Group's continued levels of cash generation has allowed the Board to introduce greater flexibility into its shareholder returns policy by transitioning to a balance of dividends and share buy-backs. In H1 the Group successfully completed a €40 million share buyback programme and the continued strong performance of the core business and confidence

in further progress in 2019 has allowed the Group to launch a further €25 million buyback programme and declare an interim dividend of 6.1€ cents a share.

In April, following an extensive search and shareholder consultation process, the Group announced the appointment of Anna Massion and John Krumins as Independent Non-Executive Directors to the Playtech Board. The gambling and financial trading industries continue to develop and change at pace and the appointments of Anna and John mark a significant step forward in the evolution of the Board and its ability to continue to deliver strategic progress and oversight to the Group. As part of this continued process the Group also announced that it has started the search for a new Chairman that will oversee the next stage of Playtech.

Chief Executive Officer's review

Strategy update

Playtech believes that the industry as a whole has been in transition in recent years. As further jurisdictions regulate, operators and suppliers have had to adjust to higher taxation and greater oversight and legislation. In addition, the increase in the number of regulated territories has also led to more competition across the industry. Playtech believes that a balance between regulated and unregulated markets is still beneficial as unregulated markets remain high margin and highly cash generative. Playtech believes it is essential to have a cornerstone presence in three or more regulated jurisdictions to diversify its risks, particularly from a regulatory perspective. Playtech has achieved this diversification through the strength of its B2B business in the UK, its unique position in Italy with Snaitech and through the success of its agreement with Caliente in Latin America.

Looking at the entirety of the group, Playtech has a four-pronged business:

- Core B2B Gambling
- B2C Gambling
- Asia
- TradeTech

Core B2B: Playtech's Core B2B gambling business comprises its B2B customers outside of Asia. The strategic focus of Playtech's Core B2B Gambling business is on higher margin regulated opportunities with Sports, Casino and Live Casino being of greatest importance. Playtech will continue to support existing licensees with better tools and new technologies to provide them with greater flexibility in running their businesses.

While Playtech's Core B2B business possesses a very strong set of assets, over the past 18 months the Company has been adjusting to the evolving industry landscape. The Company believes that a significant portion of its addressable market has been untapped. It also believes that there are a number of fast-growing markets with low online penetration where the market opportunity is sizeable.

Playtech estimates that there are over 1,000 brands globally today that do not use a single Playtech product or service. It has been strategically investing in R&D to evolve and improve our technology and allow a faster and cheaper time to market for its licensees, in order to access previously untapped commercial opportunities and markets.

Playtech has componentized the IMS platform, allowing it to offer a more agile and flexible technology solution to licensees that previously would not have been able to access the value-add data-driven services and capabilities, which are Playtech's source of success. Playtech has subsequently succeeded in significantly reducing integration times and costs.

This strategy has delivered more than 10 new brands through July 2019. Playtech is excited about extending its reach to new customers in the coming 24 months.

Playtech's intention to continue accessing higher margin opportunities includes new customers in both existing regulated markets and newly regulated markets, through structured agreements and joint ventures depending on commercial suitability and market dynamics.

B2C: Playtech's B2C business comprises Snaitech in Italy, the HPYBET B2C sport business in Germany and Austria, white label operations such as Sun Bingo, as well as our Casual gaming business.

Snaitech had a very strong H1 performance, which excluding the Italian taxation headwinds, achieved impressive growth in adjusted EBITDA. Having grown to be the market leader across Retail and Online betting in June and July 2019, Snaitech is an exciting part of the Group given the significant growth achieved which is expected to continue in Online. Playtech intends to continue to leverage Snaitech's local expertise and powerful brand awareness to capture market share in Italy going forward.

Asia: Playtech's B2B gambling activity in Asia is different and isolated from the rest of the company. We operate a different model whereby it provides content and certain services to the market principally on a distribution model basis. Considered as an unregulated business it is also higher margin and more highly cash generative compared to other parts of the Group. The cash generated from this activity will continue to be used to reinvest in the Group's regulated markets as well as to provide returns to shareholders.

TradeTech: Playtech continues to believe that TradeTech is an attractive asset. It is a business that contributes to the overall EBITDA of the group while also operating a different business model to other CFD firms, as TradeTech operates as both a B2B and B2C business.

Regulated markets & future markets

We continued to make strong progress in regulated with regulated revenue increasing to 87% (H1 2018: 69%) of total gambling revenue. The increase in regulated revenue is a result of the continued progress Playtech has made on its strategic goals as well as the sustained success of Snaitech. Likewise, expanding our relationship with GVC has given Playtech access to additional global markets. Playtech continues to actively promote regulation in existing, future and emerging markets. Regulated markets in Europe, Latin America and the US remain key to our continued growth. The company is focused on raising industry standards and enabling a fairer, safer and more sustainable sector, where Playtech's regulation-focused capabilities hold an advantage. The company intends to increase its scale and distribution in these markets by signing new licensees, expanding its relationship with existing licensees into further regulated markets and leveraging its broad range of products and services.

Europe:

Regulated markets in Europe represent significant growth opportunities. We will be entering the Swiss market in 2019, having previously signed a contract with Swiss Casinos. The UK remains a key regulated market for Playtech, where the strength of Playtech ONE provides it with a strategic advantage and a cornerstone presence. Playtech's commitment to safer gambling and its use of technology and data to support its licensees in this area will see it remain the go-to platform for regulated markets. Playtech's ongoing relationship with Tier 1 operators in the UK continues to deliver strong results for the group.

Latin America:

Latin America remains a key growth territory for online gaming. Playtech continues to explore deals across Latin America and will look to leverage the success of its relationship with Caliente in Mexico where possible.

Asia:

Our business in Asia continues to be materially lower than previously following a significant increase in competition in China in 2018 from new market entrants while Malaysia also remains significantly lower than its previous highs.

Increased competition in China is likely to remain and has resulted in a highly competitive pricing environment. Playtech has taken several actions to secure its position in the market. Playtech has focused on underlining the premium position of its offering in the region. The company has also launched multiple new games, focusing on branded content. In addition to this, Playtech has participated in promotions and provided incentive schemes to sub licensees. Playtech will be implementing an incentivization scheme to reward sub-licensees for promoting Playtech content and generating higher volumes of business.

Playtech continues to monitor developments in Asia closely and while operating at a lower run rate than before, Playtech's Asia business remains high margin and highly cash generative. This cash will continue to be used to execute our strategy in regulated markets as well as for returns to shareholders.

Responsible gambling

Policymakers, regulators and stakeholders continue to challenge the industry to adopt stronger standards and increase investment in safer gambling and consumer protection. We welcome the call for raising standards and support policies that are designed to create a safer, fairer and more responsible industry whilst supporting the long-term success of the sector.

Playtech continues to invest in and deploy technology, data and engagement solutions to help our licensees and the industry provide a safer gambling journey and environment. In H1, Playtech completed integration of BetBuddy into IMS and the Engagement 360 platform, implemented enhancements to its front-end design and initiated deployment to licensees.

Throughout 2018, Playtech has invested in research to better understand and assess how we can use our data to extend our knowledge of sustainable product design, safety and smart labelling. The initiative includes development of game design principles, our risk assessment framework as well as trials to pilot a new slots rating system that will give players more information on game volatility and related safer gambling messaging. This project has the potential to help licensees empower players to make more informed decisions about the risk of the product. As part of this initiative, Playtech has launched a research project partnership with City, University of London, to explore the relationship between game features (such as speed, stakes, and prizes), consumer behaviour and potential harm.

Playtech is sharing its research, data analytics expertise and insights with a wide range of stakeholders including trade bodies, research organizations and academics. We are committed to working in collaboration and partnership to help raise and shape industry standards, share best practices and explore the role that technology can play in helping to address some of the most pressing challenges facing the industry.

Gaming Division review

Gaming B2B

Casino

Operational momentum continued in Casino in H1 with new customer wins, new game launches and further product enhancements. Playtech signed over 10 new brands through July 2019 including Solverde in Portugal and RetaBet in Spain. Looking into H2 and beyond, Playtech has a strong pipeline of potential new customer deals across geographies.

Following the extended and expanded contract with GVC announced in February, Playtech has begun rolling out its products to GVC brands in H1. Countries launched in H1 include UK, Italy, Greece, Belgium, Brazil, Georgia and Spain. These will continue in H2 along with further countries such as Denmark, Sweden, Romania, Bulgaria.

Product developments in H1 include further advancing GPAS and POP including integration into a number of key licensees and territories. In H2 we will roll out a new suite of games called Kingdoms Rise, offering tailor-made jackpots and in-game tokens that players can use to complement their own game play style.

Live Casino

In Live Casino, Playtech saw a strong start to 2019 through the continued delivery of high-end progressive products and driving player engagement through leading games, features and tools. Playtech's Live Casino business continued to leverage the broader Playtech offering through unrivalled cross-product jackpots and leveraging cross-vertical tools such as the Engagement 360 platform. Playtech also continued to increase its overall network capacity for its Live Casino offering.

Playtech continued to add new Live Casino customers in H1. As well as launching Casino as mentioned above, GVC began launching Playtech Live Casino with certain brands and countries in H1 with further brands and countries to follow in H2. Several existing customers also continued to expand their Live Casino offering with Playtech.

Playtech BGT Sports (PBS)

In H1 2019, B2B Sport continued its strong operational performance with strong revenue growth, new customer wins, expanded business with existing customers as well as further product enhancements. H1 2019 also included a hardware sale to an existing customer which boosted revenue in the period.

PBS extended its agreement to supply GVC's Ladbrokes Coral retail business with the software for its self-service betting terminals (SSBTs) throughout the UK and has also expanded its presence with GVC in Belgium. Further H1 progress was made in Greece, as PBS continued to expand its presence with OPAP.

Latin America remains a key growth region for PBS. In Mexico, PBS continued to grow, rolling out further retail bet entry points with Caliente and also beginning a rollout with Sorteos Torrefiel. PBS also saw growth with Sportium Colombia through SSBTs, over the counter (OTC) services and an online sportsbook. Codere signed a new Sportsbook contract for Spain, Mexico, Colombia and Panama and further rollouts have taken place in Peru and Costa Rica.

PBS continued to innovate in H1. Bet Recommender, the AI algorithmic engine which suggests relevant content to customers on the SSBT, was rolled out to operators. Match Acca, which enables users to combine multiple markets within the same event to create an accumulator bet with one specific price, continued to grow in both retail and digital channels.

Bingo

Bingo performance in H1 has been in line with expectations. The Bingo division continued to innovate, developing two new variants in H1 while continuing to work with existing customers such as Buzz Bingo who continue to grow as a key partner. Going forward, the division will focus on growing in territories outside of the UK as well as on omni-channel projects with our key Bingo licensees who have a retail estate.

Poker

Poker remains an important part of the Playtech ONE offering, with a continuously growing proposition through strategic investment in product innovation. Operating in both unregulated and regulated markets via EU liquidity sharing, the business is well-positioned to maximise potential opportunities and mitigate the impact of potential regulatory changes elsewhere.

B2C Gambling

Snaitech

In June 2018 Playtech completed the acquisition of leading Italian gambling operator, Snaitech, which is now a fully consolidated part of Playtech. The acquisition has created a fully-integrated gaming company across retail and online and has given Playtech a cornerstone presence in the largest gambling market in Europe. Playtech is utilising its omni-channel technology stack to capture the online growth opportunity in Italy, where online market penetration remains low at approximately 9% of the total market (*Source: H2GC*).

Snaitech had a very strong operational performance in the first half of 2019 against the backdrop of substantial legislative headwinds in the form of taxation increases across the entire Italian gambling industry. Underlying EBITDA grew 26% compared to H1 2018 when excluding the impact of the taxation increases and the World Cup benefit from 2018 results.

Snaitech's total revenues in H1 2019 decreased by 11% compared to H1 2018, largely due to the impact of the increased taxation introduced by the government, partially offset by growth in online. The online segment continued to perform very well with growth in online stakes of 36% and growth in online revenue of 22% compared to H1 2018.

In 2018, the government in Italy approved an advertising ban for all forms of gambling which has taken effect from 1 July 2019. We expect Snaitech to be relatively better positioned than online-only competitors given the strength of its retail brand and presence. Although the effects and enforcement of the advertising ban remain to be seen and will be monitored closely in the coming months, management believe that it could facilitate market consolidation in the fragmented online market as online-only operators lose their means of advertising. Snaitech has become the number one player in the market across Retail and Online betting in June and July 2019 and are now in a position to build on this opportunity over the second half of 2019.

TradeTech Group – Playtech's financial division

Despite a period of low market volatility, especially during the first quarter of 2019, TradeTech Group delivered a robust set of results for H1 2019 with Adjusted EBITDA of €8.2 million exceeding the Adjusted EBITDA achieved in H2 2018 of €4.2 million.

As has been widely publicised across the industry, assets traded in very tight ranges during 2019, with Eurodollar trading at its narrowest quarterly range on record. With market volatility being below historical averages, and the impact of European Securities and Markets Authority's ("ESMA") product intervention measures, revenue and Adjusted EBITDA was impacted across the B2B and B2C businesses, with decreases against H1 2018 of 34% and 69% respectively.

As volatility picked up in the second quarter, TradeTech saw a marked improvement in results with Q2 revenue exceeding Q1 revenue by over 150% with consequential improvements in Adjusted EBITDA.

Chief Financial Officer's review ¹

Overview

The first half of 2019 saw Playtech deliver a strong financial performance driven by strength in its regulated B2B Gambling and B2C Gambling businesses. Total reported revenue increased by 69%, Adjusted EBITDA increased by 31% and Adjusted Net Profit decreased by 15%. On a constant currency basis, revenue increased by 68%, Adjusted EBITDA increased by 31% and Adjusted Net Profit decreased by 13%.

The growth in revenue and Adjusted EBITDA was driven by the inclusion of Snaitech results for the entire period (only consolidated from 5 June in 2018), as well as growth from our Core B2B Regulated Gambling revenues. Regulated B2B Gambling revenue grew 8% on a constant currency basis, while Unregulated B2B Gambling declined 29% at constant currency largely driven by a 36% decline in revenues from Asia. H1 2019 Adjusted EBITDA includes the adoption of IFRS 16, which had the impact of increasing Adjusted EBITDA by €13.8 million.

On a pro forma basis², Snaitech had a very strong performance with significant growth in underlying Net Profit and EBITDA when excluding impact of increased taxation from recent legislative changes. Driven by Snaitech and the Core B2B Gambling growth, regulated revenue accounted for 87% of Group revenues in H1 2019 (H1 2018: 69%). The Group's Net Profit and Adjusted Net Profit fell despite Adjusted EBITDA growth, largely due to increased depreciation, amortisation, interest costs and taxation following the Snaitech acquisition as well as increased Group finance costs arising on bond loans.

During H1 2019, Playtech raised €350 million senior secured notes maturing in 2026. Playtech will use the proceeds of the notes towards repaying the €297 million convertible bond which is due to mature in H2 2019, as well as for general corporate purposes. Playtech continues to have a very strong balance sheet with cash and cash equivalents of €873.3 million as at 30 June 2019, which includes the funds to settle the imminent €297 million bond repayment. Adjusted Gross cash, which excludes the funds set aside to repay the convertible bond as well as cash held on behalf of clients, progressive jackpot and security deposits, was €304.4 million at the end of H1 2019 (FY 2018: €313.0 million). Owing to the Group's strong cash position, management will increase shareholder distributions versus H1 2018, split into a dividend and share buyback.

Group Summary³

	H1 2019 €m	H1 2018 €m
Total Group Revenue	736.1	436.5
Adjusted Costs	545.5	291.5
Adjusted EBITDA	190.6	145.0
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	159.8	120.4
Employee stock option expenses	6.0	5.9
Professional fees on acquisitions	1.3	16.8
Cost of fundamental business reorganisation	-	0.7
Additional consideration payable for effect from redemption liability	10.1	1.2
Amendment to deferred consideration	2.4	-
Effect from the amendment on the terms of Sun contract back dated	6.4	-
Provision of other receivables	4.6	-
Adjusted EBITDA	190.6	145.0
Adjusted EBITDA margin	26%	33%
Adjusted EBITDA on a constant currency basis	189.3	145.0
Adjusted EBITDA margin on a constant currency basis	26%	33%
EBITDA related to acquisitions at constant currency	(70.4)	(11.2)

Underlying Adjusted EBITDA on a constant currency basis	118.9	133.8
Underlying Adjusted EBITDA margin on a constant currency basis	16%	31%

Total Group revenue increased by 69% to €736.1 million (H1 2018: €436.5 million) and by 68% on a constant currency basis, with underlying revenue, after excluding acquisitions and at constant currency, decreasing by 10%.

Key adjusting items when arriving at Adjusted EBITDA include additional consideration payable for redemption liability for the acquisition of BGT. Effect from the amendment of the terms of the Sun contract relates to our Sun Bingo business, namely the amendment of our contract with News UK and the impact on the Statement of Comprehensive Income, assuming that this had been in effect from the beginning of the year, which is discussed in detail below.

H1 2019 EBITDA and Adjusted EBITDA include the adoption of IFRS 16, which had the impact of increasing EBITDA by €13.8 million and Adjusted EBITDA by €13.8 million, broken down by division as follows.

	H1 2019 €m
B2B Gambling	9.4
B2C Gambling – Snaitech	2.4
B2C Gambling – Other components	0.7
TradeTech	1.3
IFRS 16 impact on Group Adjusted EBITDA	13.8

B2B Gambling

	H1 2019 €m	H1 2018 €m	Change	Constant Currency Change
Casino	129.8	170.8	-24%	-25%
Services	46.2	41.3	12%	10%
Sport	60.6	47.7	27%	26%
Bingo	11.8	13.1	-10%	-11%
Poker	4.3	4.8	-10%	-11%
Other	12.8	12.6	2%	1%
B2B Gambling Revenue*	265.5	290.3	-9%	-9%

**To reflect the underlying activity of the B2B Gambling division, B2B revenues include the software and services charges generated from the relevant B2C activity with fellow group companies, which is then eliminated to show the consolidated gambling division revenues.*

Overall B2B Gambling revenue decreased by 9% largely due to the fall in Casino revenues, offset to an extent by strong revenue growth within Sport. B2B Gambling Adjusted EBITDA decreased 11% to €110.6 million (H1 2018: €124.8 million) mainly due to the fall in Casino revenues from Asia flowing through to EBITDA.

Casino revenue decreased by 24% in H1 2019 and by 25% on a constant currency basis. This fall was due to a 42% decrease in revenues from Asia versus H1 2018. The decrease in Asia was partially offset by a 9% increase in regulated revenues which represented 49% of total casino revenues in H1 2019 (H1 2018: 40%).

Services revenue increased by 12% on a reported basis and by 10% on a constant currency basis. The increase is mainly due growth in revenues from structured agreements, in particular Caliente in Mexico,

as well as growth in Live services revenue. This growth was partially offset by a decline in Services revenue in unregulated markets.

Sport revenue increased by 27% in H1 2019 and by 26% on a constant currency basis. The increase was driven by continued growth from OPAP in Greece and Caliente in Mexico, as well as machine hardware sales.

Bingo revenue decreased by 10% on a reported basis and 11% on a constant currency basis, largely due to a decrease in chat moderator revenue as well as declines in Retail Bingo revenues.

Poker revenue decreased by 10% versus H1 2018 and by 11% on a constant currency basis. This decrease was driven by an 18% fall in unregulated markets, with regulated revenues now reflecting 71% of total poker revenues in H1 2019, compared to 68% in H1 2018.

	H1 2019 €m	H1 2018 €m	Change
B2B Gambling Revenue	265.5	290.3	-9%
Research and development	37.4	40.8	-8%
Operations	78.5	79.8	-2%
Administrative	29.3	33.5	-13%
Sales and marketing	9.7	11.4	-15%
B2B Gambling Costs	154.9	165.5	-6%
B2B Gambling EBITDA	110.6	124.8	-11%

Research and development (“R&D”) cost include, among others, employee related costs, dedicated teams direct expenses and proportional office and expenses. Expensed R&D costs decreased in H1 2019 by 8% to €37.4 million largely due to the adoption of IFRS 16 accounting requirements, which amounted to €3.6 million of the decrease.⁴ Capitalised development costs were 37% of total B2B Gambling R&D costs in the period, compared to 34% in H1 2018. Excluding any impact of IFRS 16, however, R&D costs within B2B Gambling remained largely flat versus H1 2018.

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 decreased by 2% to €78.5 million in H1 2019. When excluding the impact of IFRS 16, which totaled €3.3 million, operations costs increased by 3% versus H1 2018 mainly due to a rise in employee related costs and brand and content fees.

Administrative costs decreased by 13% to €29.3 million mainly due to a significant decrease in employee related costs through tighter internal cost control. Excluding the impact of IFRS 16, which totaled €2.2 million, administrative costs decreased by 8% versus H1 2018.

Sales and marketing cost mainly include employee related cost, their direct expenses, marketing and exhibition costs. Sales and marketing cost decreased by 15% to €9.7 million. The decrease is mainly due to a reduction in exhibition costs. Excluding any impact of IFRS 16, which totaled €0.3 million, sales and marketing costs decreased by 13% versus H1 2018.

B2C Gambling

	H1 2019 €m	H1 2018 €m	Change
Snaitech	395.8	61.3	546%
White label (incl. Sun Bingo)	24.3	24.8	-2%
Retail Sport B2C	9.9	4.1	141%

Casual Gaming	8.2	8.2	0%
B2C Gambling Revenue	438.2	98.4	345%
Snaitech	321.1	49.8	545%
White label (incl. Sun Bingo)	20.9	38.3	-45%
Retail Sport B2C	13.5	6.3	114%
Casual Gaming	11.0	9.1	21%
B2C Gambling Costs	366.5	103.5	254%
B2C Gambling EBITDA	71.7	-5.1	1506%

Snaitech

On a pro forma basis, when comparing Snaitech numbers as if it were part of the Group for all six months in H1 2018, Snaitech revenues decreased by 11% to €395.8 million (H1 2018: €444.0 million), driven by an 18% decrease in revenues from gaming machines. This decrease was driven by increases in taxation on gambling activities in Italy which negatively impacted revenue, partially offset by strong growth in online. Total online revenues increased by 22% driven by a 36% increase in online wagers, which is significant given the lack of football World Cup in H1 2019 when comparing against H1 2018.

Snaitech operating costs for H1 2019 decreased by 13% on a pro forma basis (H1 2018: €371.1 million). The fall in operating costs of €49.0 million was largely due to the decrease in cost of services and the use of third party assets, which mainly comprises the reduction in distribution costs as a direct result of the reduction in revenues following the gaming taxation increase in Italy. Higher marketing costs related to the football World Cup in H1 2018 were also not required in H1 2019. Further, the impact of IFRS 16 totaled €2.4 million.

White label (including Sun Bingo)

Overall white label revenue decreased by 2%. This was driven by strong growth from Sun Bingo, offset by declines from other white label brands which have been significantly reduced as part of a housekeeping exercise where certain brands have been consolidated or ceased operating. When excluding Sun Bingo, white label costs fell by 50% versus H1 2018, largely due to the reduction in operational and marketing expenditure relating to other white label activity.

Operating costs specifically relating to the Sun Bingo contract decreased by 43% to €14.6 million (H1 2018: €25.6 million) mainly due to the terms of the extended contract signed in H1 2019. From 2019 onwards, the Sun Bingo contract should no longer be loss making from a Statement of Comprehensive Income perspective and this is reflected in the H1 results. Details of the extension can be found below.⁵

Retail Sport B2C

Retail Sport B2C revenues increased significantly from a low base, growing by 141% to €9.9 million (H1 2018: €4.1 million). This was driven by an increase in HPYBET franchise shops in 2019.

Retail Sport B2C costs increased by 114% largely driven by an increase in the number of HPYBET shops. The impact of IFRS 16 on B2C Gambling excluding Snaitech was €0.7 million in H1 2019 and the majority of this relates to Retail Sport B2C.

Casual Gaming

Revenue from Casual Gaming remained largely flat. This was due to a decrease in revenue from the 'Narcos' game as marketing efforts focused on new Casual games, however this was offset by the growth in the new games.

Casual Gaming costs increased 21% versus H1 2018, due to an increase in sales and marketing costs to drive the release of 'Breaking Bad' and 'The Walking Dead' games.

TradeTech Group

TradeTech's revenue decreased by 25% in H1 2019, or by 28% on a constant currency basis. The decrease was driven by a lack of market volatility which impacted revenue throughout the period, particularly in Q1, before recovering somewhat in Q2. Revenue from TradeTech's B2B activity decreased 12% during the period, driven by a 70% decline in revenue from the full turnkey offering while TradeTech's B2C activity witnessed a 65% decrease in revenue compared to H1 2018 attributable to low market volatility.

TradeTech's cost of operations increased by 14% in H1 2019, despite a 25% fall in revenue. The increase, mainly in R&D and sales and marketing costs, was driven by increased direct costs from volume and active customer improvements.

The fall in revenue and rise in costs led to a 68% decline in TradeTech Adjusted EBITDA to €8.2 million (H1 2018: €25.2 million). Within this, the impact of IFRS 16 was €1.3 million.

Below EBITDA items

Depreciation and amortisation

Depreciation increased in H1 2019 by 52% to €24.9 million, partly due to the acquisition of Snaitech which added a full six months' depreciation totaling €8.8 million in H1 2019, compared to only one month of depreciation totaling €1.4 million in H1 2018. Excluding acquisitions, underlying depreciation increased by 6%.

Amortisation expense increased significantly by 89% to €83.6 million, largely due to the acquisition of Snaitech and the €10.5 million impact of IFRS 16. Excluding the amortisation within acquisitions, amortisation increased by 32% to €25.7 million.

Finance costs and income

Adjusted finance costs increased by 237% to €28.0 million. The increase was driven by a €12.5 million rise in accrued interest relating to bond loans, of which €10.5 million relates to the interest on the €530 million bond Playtech raised in October 2018. Additionally, there was a €3.0 million rise in bank fees, the majority being relating to Snaitech and a further expense of €3.0 million due to unfavourable exchange rate differences. The impact of IFRS 16 was a €3.9 million increase to finance costs. On a reported basis, finance costs increased by 36% to €27.4 million (H1 2018: €20.1 million).

Reported finance income increased by 43% to €8.9 million (H1 2018: €6.2 million) while adjusted finance income decreased by 63% to €2.3 million (H1 2018: €6.2 million), driven by the 100% fall in dividend income given the disposal of equity investments in Plus500 and Ladbrokes in 2018. This was partially offset by a 539% increase in interest income to €2.3 million (H1 2018: €0.4 million).

Tax

The Group's underlying effective current tax rate of 10% (H1 2018: 9%), which excludes the impact of deferred taxes, is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%.

The adjusted tax charge in H1 2019 was €16.5 million (H1 2018: €9.3 million). The increase is mainly due to acquired companies, namely Snaitech, registered for taxation in higher tax jurisdictions as well as profits being recognised in higher taxing territories increasing Playtech's effective tax.

Cash taxes paid in the period are lower than Income Statement taxes mainly due to tax loss carryforwards available in Italy following the acquisition of Snaitech.

Adjusted profit and Adjusted EPS

	H1 2019 €m	H1 2018 €m
Profit for the year- attributable to owners of parent	16.8	112.4
Amortisation of intangibles on acquisitions	30.2	24.9
Employee stock option expenses	6.0	5.9
Professional expenses on acquisitions	1.3	16.8
Cost of fundamental business reorganisation	-	0.7
Additional consideration payable for redemption liability	10.1	1.2
Amendment to deferred consideration	2.4	-
Effect from the amendment on the terms of Sun contract back dated	6.4	-
Provision of other receivables	4.6	-
Finance costs on acquisitions	0.6	5.1
Fair value change of equity investments	(0.1)	(87.4)
Fair value change of bond loans	-	(0.9)
Non-cash accrued bond interest	5.5	5.3
Movement in deferred and contingent consideration	(6.6)	2.3
Tax for previous years	0.2	-
Deferred tax on acquisition	(6.7)	(3.0)
Adjusted profit for the year - attributable to owners of the parent	70.7	83.3
Adjusted basic EPS (in Euro cents)	23.0	26.4
Adjusted diluted EPS (in Euro cents)	20.5	23.9
Constant currency impact	1.6	0.1
Adjusted profit for the year attributable to owners of parent on constant currency	72.3	83.4
Adjusted Net Profit on constant currency related to acquisitions	(18.7)	(4.3)
Underlying adjusted profit for the year - attributable to owners of the parent	53.6	79.1

Adjusted diluted EPS decreased by 14% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisitions decreased by 23% compared to H1 2018. Adjusted diluted EPS is calculated using a weighted average number of shares in issue during H1 2019 of 348.3 million, which includes a weighted average number of 307.4 million equity shares.

Cashflow

Playtech continues to be cash generative and delivered operating cash flows of €127.4 million, with adjusted cash conversion of 92%.

Cash conversion

	H1 2019 €m	H1 2018 €m
Adjusted EBITDA	190.6	145.0
Net cash provided by operating activities	127.4	222.5
Cash conversion	67%	153%
Increase / (Decrease) in Jackpot balances	(4.2)	(9.4)
Increase / (Decrease) in Client deposits and Client equity	39.4	(28.6)
One-off tax payment	28.0	-
Dividends payable	(0.5)	(1.8)
Professional expenses on acquisitions	1.3	16.8

Finance costs on acquisitions	0.6	5.1
ADM security deposit	(17.2)	(35.4)
Adjusted net cash provided by operating activities	174.7	169.2
Adjusted cash conversion	92%	117%

Adjusted cash conversion is shown after adjusting for jackpots, security deposits and client equity, payable dividend and professional and finance costs on acquisitions. Adjusting the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits, client equity and payable dividend only impacts the reported operating cashflow and not EBITDA, while professional expenses and finance costs relating to acquisitions are excluded from adjusted EBITDA but impact operating cashflow.

The decrease in net cash provided by operating activities is largely due to the fall in contribution from Asia, as well as the €28.0 million one-off cash payment made to the Israeli government for the settlement of additional tax relating to the Group's activities in Israel for the years 2008 to 2017 inclusive, which was provided for in 2018. After excluding this one-off payment for the purpose of fair comparison to H1 2018 alongside the other adjustments, adjusted net cash provided from operating activities in H1 2019 is €174.7 million, which represents a 3% increase compared to H1 2018. Following the necessary adjustments, adjusted cash conversion is 92% which the Group believes is a true representation of cash collection in the period.

The adjusted net cash provided by operating activities excluded the security deposit repayment from Italy's online betting and gaming regulator (ADM) for H1 2019 and H1 2018. The adjusted net cash provided by operating activities includes certain notable working capital movements: during H1 2019, the Group received £30.0 million relating to amounts due in respect of the early settlement of the marketing services agreement with Ladbrokes as disclosed in the 2016 annual report. This is offset by the payment in the period of amounts accrued as payable under the Sun Bingo contract of £31.5 million.

Net cash outflows used in investing activities totaled €118.9 million in the period (H1 2018: €17.4 million) of which €40.8 million relates to consideration paid relating to previous acquisitions of subsidiaries. €29.4 million was used in the acquisition of property, plant and equipment and a further €18.1 million on the acquisition of intangible assets. A further €29.7 million (H1 2018: €26.0 million) was spent on capitalised development costs.

Net cash inflows from financing activities totaled €244.0 million (H1 2018: €147.6 million) which included €345.7 million from the issue of the bond net of issue costs, netted off against a payment of lease liability of €14.3 million, the €40.1 million buyback of Playtech shares and dividends paid of €37.0 million (H1 2018: 75.9 million in total shareholder distributions). Interest payments on loans and bank borrowings totaled €10.1 million (H1 2018: €3.1 million), with the increase driven by the Group's raising of two public bonds as well as through the acquisition of Snaitech.

Balance sheet and financing

Cash

As at 30 June 2019, cash and cash equivalents amounted to €873.3 million (30 June 2018: €936.6 million). This amount includes €297 million of cash that has been set aside internally to repay the convertible bond that matures in November 2019. Cash net of client funds, progressive jackpot and security deposits amounted to €601.4 million (30 June 2018: €563.4 million) and €304.4 million after excluding the amount set aside to repay the convertible bond, which is discussed below.

Bond financing

In March 2019 the Group raised €350 million 7-year senior secured fixed rate notes (4.25% coupon, maturity 2026). The net proceeds of the bond will be used to fully repay the €297 million convertible bond which is due to mature in H2 2019, and for general corporate purposes.

In addition to the €530 million bond (3.75% coupon, maturity 2023) raised in October 2018, the Group has additional financing available to a total of €297 million in the form of the revolving credit facility, which was undrawn as at 30 June 2019. The facility is for a term of 3 years with a one-year extension option.

Contingent consideration

Contingent consideration and redemption liability decreased by €35.6 million versus 31 December 2018 and decreased by €57.1 million versus 30 June 2018 due to the payments of the CFH, Quickspin and Seabreeze liabilities. The existing liability as at 30 June 2019 comprised the following:

Acquisition	Contingent consideration and redemption liability as of 30.06.2019	Maximum payable earnout	Payment date
ACM Group	€75.0 million	€127.6 million	€3.2 million Q3 2019 €71.8 million Q3 2020
Playtech BGT Sports Ltd	€36.2 million	€95.0 million	€36.2 million Q2 2020
Destres	€0.0 million	€15.0 million	Q2 2021
Studio 88	€5.0 million	€5.0 million	Q1 2021
ECM	€0.5 million	€0.5 million	Q1 2020
Bet Buddy	€2.1 million	€2.2 million	€0.8 million Q4 2019 €1.3 million Q4 2020
GenWeb	€2.5 million	€2.5 million	Q4 2019
Eyecon Limited	€1.4 million	€27.9 million	€1.4 million Q2 2021
Other	€0.5 million	€0.5 million	
Total	€123.2 million	€276.2 million	

Share buyback and dividend

In order to maximise the efficiency of shareholder returns the Board believes returns should be balanced between dividends and share buybacks. It is the Board's intention that the overall level of capital returned to shareholders will continue to be progressive, in line with medium term earnings.

The Board has approved a share repurchase programme of €25 million and a final dividend declared of 6.1 €c per share. For shareholders wishing to receive their dividends in Sterling, the last date for currency elections is 27 September 2019.

Dividend timetable:

Ex-dividend date:	Thursday 19 September 2019
Record date for dividend:	Friday 20 September 2019
Currency election date:	Friday 27 September 2019
Payment date:	Friday 22 October 2019

Share buyback programme

Playtech has entered into irrevocable, non-discretionary arrangements on 20 August 2019 with Goodbody Stockbrokers UC ("Goodbody") and UBS Limited to repurchase shares on its behalf of up to €25.0 million. The share repurchase programme will commence tomorrow (23 August 2019), subject to market conditions, and it is intended that ordinary shares will be repurchased on the London Stock Exchange. Ordinary shares acquired by the Company will be held in treasury. The purpose of the share repurchase programme is to reduce the Company's share capital.

UBS Limited will undertake the initial tranche of share repurchases, up to a total consideration of €12.5 million. Following completion of this tranche, Goodbody will undertake the second tranche of up to a further €12.5 million.

Goodbody and UBS will make their trading decisions in relation to Playtech's ordinary shares independently of, and uninfluenced by, Playtech. The share buyback programme will be conducted in accordance with Playtech's general authority to repurchase ordinary shares as approved by shareholders at its 2019 annual general meeting held on 15 May 2019, the parameters prescribed by the Market Abuse Regulation 596/2014/EU and the applicable laws and regulations of the London Stock Exchange.

Details of any ordinary shares repurchased will be announced by Playtech via a Regulatory Information Service following any repurchase.

Playtech confirms that it currently has no unpublished inside information relevant to the share buyback programme.

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, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. 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 7. Given the fluctuations in exchange rates in the period, the underlying results are presented in respect of the above adjustments after excluding acquisitions and on a constant currency basis, to best represent the trading performance and results of the Group.

² 'Pro forma basis' denotes the basis that we are comparing Snaitech's performance in H1 2019 with its performance for the full period of H1 2018, which allows for a like for like comparison, rather than comparing the half with only the period in H1 2018 after its consolidation to the Group from 5 June 2018.

³ Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.

⁴ Refer to Note 4 to the financial statements for details of IFRS 16.

⁵ An amendment to our contract with News UK to run Sun Bingo was agreed and extended for a period of up to 15 years. Minimum guarantee cash payments will continue until mid-2021 under terms of original contract. From a Statement of Comprehensive Income perspective, the minimum guarantee payments will be spread over life of the extended contract. The extended contract is a joint commercial collaboration with no further minimum guarantees from mid-2021.

Principal risks and uncertainties

- **Regulation – Licensing requirements (both Gaming and Financials)**

Playtech holds several licences for its activities from regulators. The review and/or loss of all or any of these licences may adversely impact on the operations, revenues and/or reputation of the Group.

- **Regulation – Local Technical Regulatory Requirements (both Gaming and Financials)**

Local regulators have their own specific requirements, which often vary on a country to country basis. In addition, new requirements may be imposed. For example, 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.

- **Regulation – Data Protection (both Gaming and Financials)**

The EU General Data Protection Regulations (GDPR) came into force in May 2018. The GDPR applies to all organisations (whether acting as a data controller or data processor) that process personal data of EU based data subjects. In some circumstances, GDPR also applies to organisations that process personal data and are established exclusively outside the EU.

Playtech must comply with the GDPR as well as many other legal and regulatory obligations, including anti-money laundering, anti-bribery and corruption, responsible gambling, and ePrivacy. Failure to comply with these obligations could result in regulatory action, financial penalties, loss of licences to operate in certain jurisdictions. It could also impact Playtech's products and services and harm players, giving rise to significant liability.

To fully comply with GDPR, Playtech implements policies, procedures, processes, controls, systems, security measures and training across the group, to uphold all applicable legal, regulatory obligations and quality standards, and continuously reviews them to ensure they remain up to date.

Prior to the introduction of a full GDPR compliance programme in 2018, data protection reviews had commenced across EU-linked Playtech operations. Playtech's focus is now on maturing and enhancing its data protection programme. This will include increasing security and data protection training and awareness and improving internal processes and controls across all data processing departments.

GDPR will continue to challenge data controllers and processors across Europe. Playtech is making constant improvements to remain compliant with GDPR, and other applicable data processing regulations worldwide, as the global data protection regulatory landscape continues to evolve.

- **Regulatory – Preventing Financial Crime (both Gaming and Financials)**

Policymakers in the EU and at national levels have taken steps to strengthen financial crime legislation covering Anti-Money Laundering (AML), prevention of facilitation of tax evasion and Anti-Bribery and Corruption (ABC). Non-compliance could result in investigations, prosecutions, loss of licences and/or an adverse reputational impact.

- **Taxation (both Gaming and Financials)**

Given the international environment in which the group operates, the business is subject to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. As such, it is imperative to ensure compliance with all relevant tax regulations and requirements in each jurisdiction that Playtech operates. Specifically, the risk of challenge by tax authorities in respect of transfer pricing has increased significantly for international groups that are IP rich. These risks could have a major impact on the business, such impact could ultimately increase the group's underlying effective tax rate and reduce profits available for distribution.

- **Mergers and Acquisitions (both Gaming and Financials)**

Playtech has made a number of acquisitions in the past. Such acquisitions may not deliver the expected synergies and/or benefits and may diminish shareholder value if not integrated effectively or the opportunity executed successfully.

- **Key Employees (both Gaming and Financials)**

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.

- **Cyber Crime and IT Security (both Gaming and Financials)**

System downtime or a security breach, whether through cyber and distributed denial of service (DDoS) attacks or technology failure, could significantly affect the services offered to our licensees.

- **Business Continuity Planning (both Gaming and Financials)**

Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.

- **Economic Environment (both Gaming and Financials)**

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 may fall. Playtech's customers and licensees are geographically diverse, which should mitigate reliance on any particular region. Management closely monitors business performance and if a downturn were to occur, remedial action commensurate with the nature and scale of the slowdown would be taken.

- **Global Diversification**

As Playtech plc continues to operate across multiple locations, servicing our clients in many markets across the globe. These operations bring with them significant opportunities for growth, however, as is well understood, globally diverse operations carry risk particularly as markets change.

Additional risks relating to the Gaming division:

- **Regulation – Safer Gambling**

Regulators, industry, charities and the public at large continue to scrutinise and challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. In addition, licensing requirements in regulated markets are regularly being reviewed and updated to ensure that companies in the sector provide a safe environment for consumers.

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.

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
21 August 2019

Andrew Smith
Chief Financial Officer
21 August 2019

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 2019 which comprises the Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Consolidated balance sheet, 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.

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 2019 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.

Use of our report

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

BDO LLP
Chartered Accountants
London
21 August 2019

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 2019		Six months ended 30 June 2018	
		Actual €'000	Adjusted €'000	Actual €'000	Adjusted €'000
Revenue	6	736,066	736,066	436,486	436,486
Distribution costs before depreciation and amortisation		(492,793)	(490,280)	(245,965)	(244,078)
Administrative expenses before depreciation and amortisation		(78,884)	(55,149)	(70,139)	(47,416)
Impairment of other receivables		(4,636)	-	-	-
EBITDA		159,753	190,637	120,382	144,992
Depreciation and amortisation		(108,598)	(78,377)	(60,645)	(35,770)
Finance income	8	8,859	2,280	6,215	6,215
Finance cost	8	(34,022)	(27,953)	(20,110)	(8,303)
Share of profit from joint ventures		823	823	212	212
Share of profit/(loss) from associates		1,040	1,040	(1,302)	(1,302)
Unrealised fair value changes on equity investments	12	141	-	87,368	-
Realised fair value changes on equity investments disposed	12	-	-	(7,896)	(7,896)
Profit before taxation		27,996	88,450	124,224	98,148
Tax expenses		(9,988)	(16,474)	(6,265)	(9,332)
Profit for the period		18,008	71,976	117,959	88,816
Other comprehensive income for the period:					
Exchange gains arising on translation of foreign operations		2,185	2,185	11,180	11,180
<i>Total items that may be classified to profit or loss</i>		2,185	2,185	11,180	11,180
Total comprehensive income for the period		20,193	74,161	129,139	99,996
Profit for the period attributable to:					
Owners of the parent		16,780	70,748	112,426	83,283
Non-controlling interest		1,228	1,228	5,533	5,533
		18,008	71,976	117,959	88,816
Total comprehensive income attributable to:					
Owners of the parent		18,932	72,900	124,642	95,499
Non-controlling interest		1,261	1,261	4,497	4,497
		20,193	74,161	129,139	99,996
Earnings per share for profit attributable to the owners of the parent during the period:					
Basic (cents)	9	5.5	23.0	35.7	26.4
Diluted (cents)	9	5.5	20.5	33.7	23.9

* 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, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. 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 7.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Addition al paid in capital	Equi ty investme nt reser ve	Reserve for re- measure ment of employe e terminati on indemniti es	Retained earnings	Employe e benefit trust	Convert ible bond option reserve	Call/Put options reserve	Foreign exchang e reserve	Total attributabl e to equity holders of parent	Non- controllin g interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2019	627,764	-	56	726,333	(17,863)	45,392	(30,820)	(8,153)	1,342,709	7,797	1,350,506
Adjustment on the initial application of IFRS 16	-	-	-	(8,949)	-	-	-	-	(8,949)	-	(8,949)
Adjusted balance at 1 January 2019	627,764	-	56	717,384	(17,863)	45,392	(30,820)	(8,153)	1,333,760	7,797	1,341,557
Total comprehensive income for the period											
Profit for the period	-	-	-	16,780	-	-	-	-	16,780	1,228	18,008
Other comprehensive income/(loss) for the period	-	-	(433)	-	-	-	-	2,585	2,152	33	2,185
Total comprehensive income / (loss) for the period	-	-	(433)	16,780	-	-	-	2,585	18,932	1,261	20,193
Transactions with the owners of the Company											

Contributions and distributions

Dividend paid	-	-	-	(36,952)	-	-	-	-	(36,952)	-	(36,952)
Exercise of options	-	-	-	(1,293)	1,242	-	-	-	(51)	-	(51)
Employee stock option scheme	-	-	-	5,937	-	-	-	-	5,937	94	6,031
Share buyback	(15,925)	-	-	(24,172)	-	-	-	-	(40,097)	-	(40,097)

Changes in ownership interests

	(15,925)	-	-	(56,480)	1,242	-	-	-	(71,163)	94	(71,069)
--	-----------------	---	---	-----------------	--------------	---	---	---	-----------------	-----------	-----------------

Acquisition of non-controlling interest

	-	-	-	(9,630)	-	-	13,971	-	4,341	(5,230)	(889)
--	---	---	---	---------	---	---	--------	---	-------	---------	-------

Total changes in ownership interests

	-	-	-	(9,630)	-	-	13,971	-	4,341	(5,230)	(889)
--	---	---	---	----------------	---	---	---------------	---	--------------	----------------	--------------

Total transactions with owners of the Company

	(15,925)	-	-	(66,110)	1,242	-	13,971	-	(66,822)	(5,136)	(71,958)
--	-----------------	---	---	-----------------	--------------	---	---------------	---	-----------------	----------------	-----------------

Balance at 30 June 2019

	611,839	-	(377)	668,054	(16,621)	45,392	(16,849)	(5,568)	1,285,870	3,922	1,289,792
--	----------------	---	--------------	----------------	-----------------	---------------	-----------------	----------------	------------------	--------------	------------------

Balance at 1 January 2018

	627,764	103,217	-	649,537	(21,644)	45,392	(31,293)	(28,700)	1,344,273	14,179	1,358,452
--	----------------	----------------	---	----------------	-----------------	---------------	-----------------	-----------------	------------------	---------------	------------------

Transfer on adoption of IFRS 9

	-	(103,217)	-	103,217	-	-	-	-	-	-	-
--	---	-----------	---	---------	---	---	---	---	---	---	---

Adjusted balance at 1 January 2018

	627,764	-	-	752,754	(21,644)	45,392	(31,293)	(28,700)	1,344,273	14,179	1,358,452
--	----------------	---	---	----------------	-----------------	---------------	-----------------	-----------------	------------------	---------------	------------------

Total comprehensive income for the period

Profit for the period	-	-	-	112,426	-	-	-	-	112,426	5,533	117,959
Other comprehensive	-	-	-	-	-	-	-	12,216	12,216	(1,036)	11,180

income/(loss) for
the period

Total comprehensive income for the period	-	-	-	112,426	-	-	-	12,216	124,642	4,497	129,139
Transactions with the owners of the Company											
Contributions and distributions											
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
Total transactions with the owners of the Company	-	-	-	(73,052)	2,505	-	-	-	(70,547)	88	(70,459)
Changes in ownership interests											
Acquisition of non-controlling interest	-	-	-	(3,528)	-	-	-	-	(3,528)	(5,437)	(8,965)
Non-controlling interest acquired on business combination	-	-	-	-	-	-	-	-	-	29,832	29,832
Total changes in ownership interests	-	-	-	(3,528)	-	-	-	-	(3,528)	24,395	20,867
Total transactions with owners of the Company	-	-	-	(76,580)	2,505	-	-	-	(74,075)	24,483	(49,592)
	627,764	-	-	788,600	(19,139)	45,392	(31,293)	(16,484)	1,394,840	43,156	1,437,996

**Balance at 30
June 2018**

UNAUDITED CONSOLIDATED BALANCE SHEET

		At 30 June 2019 €'000	At 30 June 2018 €'000	At 31 December 2018 €'000 (Audited)
NON-CURRENT ASSETS				
Property, plant and equipment		378,801	402,781	410,088
Right of use of asset	4	97,164	-	-
Intangible assets	11	1,639,009	1,655,779	1,644,133
Investments in equity accounted associates and joint ventures		30,899	39,160	29,641
Equity investments	12	1,541	209,838	1,400
Other non-current assets		17,024	25,704	15,942
		2,164,438	2,333,262	2,101,204
CURRENT ASSETS				
Trade receivables		177,495	185,140	209,854
Other receivables		106,804	144,966	160,473
Cash and cash equivalents		873,255	936,572	622,197
		1,157,554	1,266,678	992,524
Asset held for sale	13	32,417	-	-
TOTAL ASSETS		3,354,409	3,599,940	3,093,728
EQUITY				
Additional paid in capital		611,839	627,764	627,764
Reserve for the re-measurement of employee termination indemnities		(377)	-	56
Employee Benefit Trust		(16,621)	(19,139)	(17,863)
Convertible bonds option reserve		45,392	45,392	45,392
Put/Call options reserve		(16,849)	(31,293)	(30,820)
Foreign exchange reserve		(5,568)	(16,484)	(8,153)
Retained earnings		668,054	788,600	726,333
Equity attributable to equity holders of the parent		1,285,870	1,394,840	1,342,709
Non-controlling interest		3,922	43,156	7,797
TOTAL EQUITY		1,289,792	1,437,996	1,350,506
NON-CURRENT LIABILITIES				
Loans and borrowings	14	-	424,593	206
Bonds	15	870,225	281,743	523,706
Lease liability	4	86,410	-	-
Deferred revenues		4,327	5,997	3,742
Deferred tax liability		73,678	76,479	73,392
Contingent consideration and redemption liability	16	80,103	135,373	110,523
Other non-current liabilities		18,589	10,425	14,081
		1,133,332	934,610	725,650
CURRENT LIABILITIES				
Loans and borrowings	14	452	569	489
Bonds	15	292,660	588,236	287,149
Trade payables		37,240	64,262	73,585
Lease liability	4	21,967	-	-
Progressive operators' jackpots, security deposits		92,829	93,812	88,601
Client deposits		109,127	75,842	116,656
Client funds		69,902	103,662	104,200
Tax liabilities		120,671	120,525	144,905
Deferred revenues		6,083	1,364	3,875

Contingent consideration and redemption liability	16	43,125	44,977	48,316
Provisions for risks and charges	21	13,346	13,110	12,095
Other payables		123,883	120,975	137,701
		931,285	1,227,334	1,017,572
TOTAL EQUITY AND LIABILITIES		3,354,409	3,599,940	3,093,728

The financial statements were approved by the Board and authorised for issue on 21 August 2019.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	18,008	117,959
Adjustments to reconcile net income to net cash provided by operating activities (see below)	145,995	111,366
Income taxes paid	(36,563)	(6,790)
Net cash provided by operating activities	127,440	222,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Long-term deposits and loan advances	(873)	(952)
Acquisition of property, plant and equipment	(29,434)	(21,779)
Return on investment in joint ventures	699	704
Acquisition of intangible assets	(18,077)	(94)
Acquisition of subsidiaries	(40,783)	(338,766)
Cash of subsidiaries on acquisition	331	157,730
Capitalised development costs	(29,655)	(25,978)
Investment in equity-accounted associates	(96)	(1,830)
Return on equity investments	-	5,858
Proceeds from the sale of equity investments	-	253,899
Acquisition of equity instruments	-	(37,890)
Proceeds from sale of property, plant and equipment	232	654
Acquisition of non-controlling interest	(1,268)	(8,955)
Net cash used in investing activities	(118,924)	(17,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(36,952)	(75,929)
Issue of bonds, net of issue costs	345,672	-
Share buyback	(40,097)	-
Interest payable on loans and bank borrowings	(10,107)	(3,146)
Exercise of options	-	(416)
Proceeds from loans and borrowings	-	327,069
Repayment of loans and borrowings	(243)	(100,000)
Payment of lease liability	(14,312)	-
Net cash from financing activities	243,961	147,578
INCREASE IN CASH AND CASH EQUIVALENTS	252,477	352,714
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	622,197	583,957
Exchange loss on cash and cash equivalents	(1,419)	(99)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	873,255	936,572

	Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation of property, plant and equipment	24,946	16,379
Amortisation of intangible assets	73,176	44,266
Amortisation of right of use of asset	10,477	-
Share of profit in joint ventures	(823)	(212)
Share of (profit)/loss in associates	(1,040)	1,302
Loss on disposal of equity investments	-	7,896
Interest expenses on convertible bonds	5,511	5,279
Interest on bond loans and other interest expenses	16,295	2,909
Interest on right of use of asset	3,940	
Income tax expense	9,988	6,265
Impairment of loans receivable	4,636	-
Employee stock option plan expenses	6,031	5,886
Movement in deferred and contingent consideration	3,540	2,311
Exchange loss on cash and cash equivalents	1,419	99
Return on equity investments	-	(5,858)
Other	30	8
Fair value change of equity instruments	(141)	(87,368)
Changes in operating assets and liabilities:		
Decrease in trade receivables	35,904	16,892
Decrease in other receivables	38,741	32,890
(Decrease)/Increase in trade payables	(36,423)	8,960
Increase in progressive, operators jackpot and security deposits	4,228	9,394
(Decrease)/Increase in client funds	(39,360)	28,650
(Decrease)/Increase in other payables	(19,124)	17,121
Increase in provisions	1,251	-
Increase/(Decrease) in deferred revenues	2,793	(1,703)
	145,995	111,366

		Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
	Note		
Acquisitions in the period			
A. Other acquisitions		850	-
Acquisitions in previous years			
A. Acquisition of Seabrize Marketing Limited	18a	-	12,000
B. Acquisition of Rarestore Gaming PTY Limited		3,104	3,435
C. Acquisition of Destres GmbH		-	14,380
D. Acquisition of Snaitech SpA	18d	-	291,175
E. Acquisition of Quickspin AB	16	14,345	9,105
F. Acquisition of Consolidated Financial Holdings	16	21,978	-
G. Other acquisitions		506	8,671
		40,783	338,766

NOTE 1 – REPORTING ENTITY

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 as the execution venue, or provides execution services, these activities are undertaken in entities regulated by the UK's Financial Conduct Authority ("FCA"), the Australian Securities & Investments Commission ("ASIC"), the Cyprus Securities and Exchange Commission ("CySEC"), the British Virgin Islands' Financial Services Commission ("FSC"), and the South African Financial Sector Conduct Authority ("FSCA").

These are the condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2019 for the Group.

NOTE 2 – BASIS FOR ACCOUNTING

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

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

These interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4.

These interim financial statements were authorised for issuance by the Company's board of directors on 21 August 2019.

NOTE 3 – CRITICAL JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying Group's accounting policies and key sources of estimation and uncertainty were the same as those in the last annual financial statements, except as described below:

Determining the lease term under IFRS 16

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

Determining the discount rate of a lease liability under IFRS 16

The Group discounts the lease payments using its incremental borrowing rate. The possible effects are an increase or decrease in the lease liability, right-of-use asset and depreciation and financing expenses recognised.

The Group discounts the lease payments using its incremental borrowing rate determined by the currency of each contract.

The possible effects of a +1% in the interest rates would be higher amortisation and interest expense by €0.05 million and €0.08 million respectively. The possible effects of a -1% in the interest rates would be lower amortisation and interest expense by €0.5 million and €0.9 million respectively.

Determining whether an arrangement contains a lease

In order to determine whether an arrangement contains a lease, the Group assesses whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration, while examining whether throughout the lease term it has the right to obtain substantially all the economic benefits from use of the identified asset and the right to direct the identified asset's use. The possible effects is the recognition of right-of-use asset and lease liability or recognition of current expenses.

NOTE 4 – CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

The Group has adopted IFRS 16 Leases from 1 January 2019. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases ("IFRS 16")

As from 1 January 2019 (hereinafter: "the date of initial application") the Group applies IFRS16 which replaced IAS 17, Leases ("IAS 17" or "the previous standard").

The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognise a right-of-use asset and a lease liability in its financial statements for all the leases in which the Group has a right to control identified assets for a specified period of time. Nonetheless, IFRS 16 includes two exceptions to the general model whereby a lessee may elect to not apply the requirements for recognising a right-of-use asset and a liability with respect to short-term leases of up to one year and/or leases where the underlying asset has a low value. Accordingly, the Group recognises amortisation expenses in respect of a right-

of-use asset, tests a right-of-use asset for impairment in accordance with IAS 36 and recognises financing expenses on a lease liability. Therefore, as from the date of initial application, lease payments relating to assets leased under an operating lease, which were presented as part of general and administrative expenses in the statement of comprehensive income, are capitalized to assets and written down as amortisation expenses. Until the date of application, the Group classified most of the leases in which it is the lessee as operating leases, since it did not substantially bear all the risks and rewards from the assets.

The Group elected to apply the standard using the modified retrospective approach, and measure for most contracts the right of use asset as though the standard had applied from the commencement date of the leases using the incremental borrowing rate of the lessee at the date of initial application calculated according to the average duration of the whole lease period, and recognise a liability at the present value of the balance of future lease payments discounted at its incremental borrowing rate with an adjustment to the balance of retained earnings as at 1 January 2019 and without a restatement of comparative data. For the remaining contracts, the Group elected to measure the right of use of assets in an amount equal to the lease liability. The Company measures the lease liability at the date of initial application as the present value of the remaining lease payments. The discount rate is the company's incremental borrowing rate at that date for the remaining contracts as well.

Furthermore, as part of the initial application of the standard, the Group has chosen to apply the following expedients:

1. Not separating non-lease components from lease components and instead accounting for all the components as a single lease component;
2. Relying on a previous definition and/or assessment of whether an arrangement is a lease in accordance with current guidance with respect to agreements that exist at the date of initial application;
3. Relying on a previous assessment of whether a contract is onerous in accordance with IAS 37, at the transition date, as an alternative to instead of assessing impairment of right-of-use asset.
4. Excluding initial direct costs from measurement of the right-of-use asset at the date of initial application;
5. Using hindsight when determining the lease term if the contract includes an extension or termination option;

The table below presents the cumulative effects of the items affected by the initial application on the statement of financial position as at 1 January 2019:

Assets	€'000
Right- of use asset	103,522
Total assets	103,522
Liabilities	
Lease liability	112,471
Total liabilities	112,471
Total adjustment on equity:	
Retained earnings	8,949

In measurement of the lease liability, the Group discounted lease payments using the nominal incremental borrowing rate at 1 January 2019. The discount rates used to measure the lease liability range between 0.2% and 8.28% (weighted average of 4.14%). This range is affected by differences in the lease term, differences between asset groups, and so forth.

As a result of initially applying IFRS 16, the additional right-of-use asset and lease liability recognised as at 30 June 2019 are €97.2 million and €108.4 million respectively.

Also, under IFRS 16 the Group has recognised amortisation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised €10.5 million of additional amortisation charges and €3.9 million of additional interest costs from leases.

The impact on the EBITDA as a result of the implementation of IFRS 16 is an increase of €13.8 million during the six months ended 30 June 2019, and a decrease of €0.6 million in the Group's net profit.

	Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
EBITDA reported	159,753	120,382
Impact of IFRS 16	(13,808)	-
	<u>145,945</u>	<u>120,382</u>

The table below explains the difference between the operating lease commitments that were disclosed upon the application of IAS 17 in the financial statements for the six months ended 30 June 2019 discounted at the incremental borrowing rate at initial application, and the lease liability recognised in the statement of financial position on the date of initial application.

Set out below, are the carrying amount of the Group's right-of-use asset and lease liability and the movement during the period:

	<u>Office rent</u> €'000	<u>Right of use asset</u> <u>Hosting costs</u> €'000	<u>Total</u> €'000	<u>Lease liability</u> <u>Total</u> €'000
As at 1 January 2019	98,446	5,076	103,522	112,471
On business combination (note 17a)	4,119	-	4,119	4,594
Amortisation charge	(8,174)	(2,303)	(10,477)	-
Interest expense	-	-	-	3,940
FX on lease liability	-	-	-	1,684
Payments	-	-	-	(14,312)
As at 30 June 2019	94,391	2,773	97,164	108,377

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	€'000
Future Value of minimum lease payments as at 31 December 2018	160,277
Weighted average incremental borrowing rate as at 1 January 2019	4.14%
Discounted operating lease commitments as at 1 January 2019	132,314

Less:

Commitments relating to variable amounts of leases that are not under IFRS 16 (24,919)

Add:

Commitments relating to agreements which meet the definition of a lease as per IFRS16 but not under IAS 17 5,076

Opening lease liability as at 1 January 2019

112,471

Presented hereunder are the main changes in accounting policies following the application of IFRS 16 as from 1 January 1 2019:

(1) Determining whether an arrangement contains a lease

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

- (a) The right to obtain substantially all the economic benefits from use of the identified asset; and
- (b) The right to direct the identified asset's use.

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

(2) Leased assets and lease liabilities

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

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

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

(3) The lease terms

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

(4) Variable lease payments

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

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

(5) Amortisation of right-of-use asset

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

(6) Reassessment of lease liability

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

(7) Lease modifications

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

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

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

For other lease modifications, the Group re-measures the lease liability against the right-of-use asset.

(8) Subleases

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

(9) Sale and leaseback

The Group applies the requirements of IFRS 15 to determine whether an asset transfer is accounted for as a sale. If an asset transfer satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount that relates to the right of use retained by the Group. Accordingly, the Group only recognises the amount of gain or loss that relates to the rights transferred.

If the asset transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, the Group continues to recognise the transferred asset and recognises a financial liability in accordance with IFRS 9, at an amount equal to the transferred proceeds.

Assets held for sale

Non current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Adjusted 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 the below.

Management regularly uses the adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods. Furthermore, compensation of the executives is based in part on the performance of the business based on these adjusted measures.

Accordingly, these are the key performance metrics used by the Board when assessing the Group's financial performance. Such exclusions include:

- Material non-cash items, e.g. amortisation of intangibles on acquisition, change in fair value of equity investments in the income statement and employee share option plan expenses. Management regularly monitors the operating cash conversion to adjusted EBITDA. These items are excluded to better analyse the underlying cash transactions of the business.
- Material one-off items, e.g. gain on sale of investment in associates, in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year, professional services cost related to acquisitions and other exceptional projects. In the last few years the Group has acquired new businesses on a regular basis, however, the costs incurred due to these acquisitions are not considered to be an ongoing trading cost and usually cannot be changed or influenced by management.

Underlying adjusted results excludes the following items in order to present a more accurate 'like for like' comparison over the comparable period:

- The impact of acquisitions made in the period or in the comparable period and directly related finance costs relating to the acquisitions; and
- Specific material agreements, adjustments to previous years or currency fluctuations affecting the results in the period and the comparable period.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A full reconciliation of adjustments is included in note 7.

NOTE 5 – 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 7).

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 2019.

Six months ended 30 June 2019

Core B2B	Asia B2B	Total B2B	Intercom pany B2C	Total Gaming	Financial	Consolidate d
----------	----------	-----------	-------------------	--------------	-----------	---------------

	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	199,762	65,724	265,486	438,225	(6,765)	696,946	39,120	736,066
Adjusted EBITDA			110,692	71,752		182,444	8,193	190,637
Adjusted net profit			52,179	17,738		69,917	2,059	71,976
Total assets			1,371,984	1,229,298		2,601,282	753,127	3,354,409
Total liabilities			956,708	841,918		1,798,626	265,991	2,064,617

Six months ended 30 June 2018

	Core B2B €'000	Asia B2B €'000	B2B €'000	B2C €'000	Intercompany €'000	Total Gaming €'000	Financial €'000	Consolidated €'000
Revenue	188,591	101,735	290,326	98,454	(4,564)	384,216	52,270	436,486
Adjusted EBITDA			124,834	(5,080)		119,754	25,238	144,992
Adjusted net profit			72,510	(12,245)		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

NOTE 6 – REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by recognition date; and
- Enable users to understand the relationship with revenue segment information provided in the segmental information note.

Set out below is the disaggregation of the Group's revenue:

Geographical analysis of revenues by jurisdiction of license

Six months ended 30 June 2019

Primary Geographic Markets	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Italy	10,634	398,561	652	(3,927)	405,920
United Kingdom	94,978	21,409	25,182	(1,510)	140,059
Philippines	57,723	-	8	-	57,731
Mexico	14,106	-	101	-	14,207
Malta	13,778	-	34	-	13,812

Gibraltar	12,136	-	16	-	12,152
Spain	10,498	162	240	(17)	10,883
Germany	1,215	7,318	360	(1,076)	7,817
Greece	7,703	-	(213)	-	7,490
Finland	5,426	-	34	-	5,460
Austria	1,981	2,531	70	(232)	4,350
United Arab Emirates	-	-	3,638	-	3,638
Norway	3,363	-	79	-	3,442
Belgium	3,326	-	1	-	3,327
Cyprus	777	-	2,439	-	3,216
Others	27,842	8,244	6,479	(3)	42,562
	265,486	438,225	39,120	(6,765)	736,066

Product type	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Casino	129,826	-	-	(3,031)	126,795
Services	46,162	-	-	(1,470)	44,692
Sport	60,558	-	-	(1,452)	59,106
Bingo	11,790	-	-	(470)	11,320
Poker	4,318	-	-	(260)	4,058
Other	12,832	-	-	(82)	12,750
SNAI	-	395,811	-	-	395,811
White label (including Sun Bingo)	-	24,331	-	-	24,331
Retail B2C sport	-	9,849	-	-	9,849
Casual	-	8,234	-	-	8,234
Financial	-	-	39,120	-	39,120
	265,486	438,225	39,120	(6,765)	736,066

	B2B	B2C	Financial	Intercompany	Total
--	-----	-----	-----------	--------------	-------

Timing of transfer of services	€'000	€'000	€'000	€'000	€'000
Point in time (at point of transaction)	264,074	438,225	39,120	(6,765)	734,654
Over time	1,412	-	-	-	1,412
	265,486	438,225	39,120	(6,765)	736,066

Six months ended 30 June 2018

Primary Geographic Markets	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
United Kingdom	88,923	20,593	23,299	(1,880)	130,935
Philippines	97,072	-	-	-	97,072
Italy	12,287	65,039	2,347	(2,125)	77,548
Malta	15,244	-	160	-	15,404
Gibraltar	12,433	-	27	-	12,460
Mexico	11,056	-	186	-	11,242
Spain	8,591	340	909	(32)	9,808
Finland	5,471	-	78	-	5,549
Germany	529	3,602	1,655	(472)	5,314
Greece	4,910	-	308	-	5,218
Belgium	4,453	-	1	-	4,454
Seychelles	-	-	4,230	-	4,230
Ireland	3,049	-	250	-	3,299
Austria	2,525	480	216	(55)	3,166
Norway	2,674	-	397	-	3,071
Others	21,109	8,400	18,207	-	47,716
	290,326	98,454	52,270	(4,564)	436,486

Product type	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Casino	170,775	-	-	(1,474)	169,301
Services	41,311	-	-	(1,552)	39,759
Sport	47,656	-	-	(993)	46,663
Bingo	13,113	-	-	(449)	12,664
Poker	4,825	-	-	(79)	4,746
Other	12,646	-	-	(17)	12,629
SNAI	-	61,302	-	-	61,302
White label (including Sun Bingo)	-	24,805	-	-	24,805
Retail B2C	-	4,099	-	-	4,099
Sport	-	8,248	-	-	8,248
Casual	-	-	-	-	-
Financial	-	-	52,270	-	52,270
	290,326	98,454	52,270	(4,564)	436,486

Timing of transfer of services	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Point in time (at point of transaction)	289,559	98,454	52,270	(4,564)	435,719
Over time	767	-	-	-	767
	290,326	98,454	52,270	(4,564)	436,486

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group has remaining performance obligations at the reporting date. These are included in deferred income and total €10.4 million (30 June 2018 - €7.4 million, 31 December 2018 - €7.6 million).

NOTE 7 – ADJUSTED ITEMS

Management has presented the performance measures adjusted EBITDA and Adjusted profit because it monitors performance at a consolidation level and believes that these measures are relevant to an understanding of the Group's financial performance. The definitions of adjusted items and underlying adjusted results are disclosed in note 4.

As these are not a defined performance measure in IFRS, the Group's definition of adjusted items may not be comparable with similarly titled performance measures or disclosures by other entities.

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

	Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
Revenue	736,066	436,486
Constant currency impact	(4,675)	-
Revenue on constant currency basis	731,391	436,486
Revenue related on acquisitions on a constant currency basis	(394,872)	(62,655)
Underlying revenue	336,519	373,831
Distribution costs before depreciation and amortisation	492,793	245,965
Employee stock option expenses	(2,513)	(1,887)
Adjusted distribution costs before depreciation and amortisation	490,280	244,078
Administrative expenses before depreciation and amortisation	78,884	70,139
Employee stock option expenses	(3,518)	(3,999)
Professional fees on acquisitions	(1,264)	(16,776)
Cost of fundamental business reorganisation	(15)	(733)
Additional consideration payable for effect from redemption liability	(10,120)	(1,215)
Effect from the amendment on the terms of Sun contract back dated	(6,425)	-
Amendment to deferred consideration	(2,393)	-
Total adjusted items	(23,735)	(22,723)
Adjusted administrative expenses before depreciation and amortisation	55,149	47,416
Depreciation – distribution costs	22,222	14,026
Depreciation – administrative costs	2,724	2,353
Amortisation – distribution costs	73,176	44,266
Amortisation of right of use of asset – distribution costs	8,206	-
Amortisation of right of use of asset – administrative costs	2,270	-
Total depreciation and amortisation	108,598	60,645
Amortisation of intangibles on acquisitions – distribution costs	(30,221)	(24,875)
Adjusted depreciation and amortisation	78,377	35,770
EBITDA	159,753	120,382
Employee stock option expenses	6,031	5,886
Professional fees on acquisitions	1,264	16,776
Cost of fundamental business reorganisation	15	733
Additional consideration payable for effect from redemption liability	10,120	1,215
Amendment to deferred consideration	2,393	-
Effect from the amendment on the terms of Sun contract back dated	6,425	-
Provision of other receivables	4,636	-
Adjusted EBITDA	190,637	144,992
Constant currency impact	(1,384)	-
Adjusted EBITDA on constant currency basis	189,253	144,992
EBITDA related to acquisitions on constant currency basis	(70,364)	(11,239)
Underlying adjusted EBITDA	118,889	133,753
Profit for the period- attributable to owners of parent	16,780	112,426
Amortisation of intangibles on acquisitions	30,221	24,875
Employee stock option expenses	6,031	5,886
Professional fees on acquisitions	1,264	16,776
Cost of fundamental business reorganization	15	733

Additional consideration payable for effect from redemption liability	10,120	1,215
Amendment to deferred consideration	2,393	-
Effect from the amendment on the terms of Sun contract back dated	6,425	-
Provision of other receivables	4,636	-
Finance costs on acquisitions	558	5,130
Fair value change of equity instruments	(141)	(87,368)
Fair value change of bond loans	-	(913)
Non-cash accrued convertible bond interest	5,511	5,279
Movement in deferred and contingent consideration	(6,579)	2,312
Adjustment to tax charge relating to prior periods	248	-
Deferred tax on acquisition	(6,734)	(3,067)
Adjusted profit for the period - attributable to owners of the parent	70,748	83,284
Constant currency impact	1,570	99
Adjusted profit for the period - attributable to owners of the parent on constant currency basis	72,318	83,383
Adjusted net profit related to acquisitions on constant currency basis	(18,707)	(4,346)
Underlying adjusted profit for the period - attributable to owners of the parent on constant currency basis	53,611	79,037

NOTE 8 – FINANCING INCOME AND COSTS

	Six months ended 30 June 2019 €'000	Six months ended 30 June 2018 €'000
A. Finance income		
Interest received	2,280	357
Dividends received from equity investments	-	5,858
Finance income – movement in contingent consideration	6,579	-
	8,859	6,215
B. Finance cost		
Finance cost – movement in contingent consideration	-	(2,311)
Notional interest on convertible bonds	(5,511)	(5,279)
Nominal interest on convertible bonds	(742)	(742)
Interest on bond loan	(15,390)	(1,996)
Interest expense on right of use of asset	(3,939)	-
Bank charges and interest paid	(4,627)	(8,379)
Bank facility fees	(707)	(1,304)
Exchange differences	(3,106)	(99)
	(34,022)	(20,110)
Net financing cost	(25,163)	(13,895)

NOTE 9 – 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 7.

	Six months ended 30 June 2019 Actual	Six months ended 30 June 2018 Adjusted	Six months ended Actual	Six months ended Adjusted
--	--------------------------------------------	----------------------------------------------	----------------------------	------------------------------

	€'000	€'000	€'000	€'000
Profit for the period attributable to owners of the parent	16,780	70,748	112,426	83,283
Add interest on convertible bond	6,253	742	6,021	742
Earnings used in diluted EPS	23,033	71,490	118,447	84,025
Basic (cents)	5.5	23.0	35.7	26.4
Diluted (cents)	5.5	20.5	33.7	23.9
	Six months ended	Six months ended	Six months ended	Six months ended
		30 June 2019		30 June 2018
	Actual Number	Adjusted Number	Actual Number	Adjusted Number
<i>Denominator – basic</i>				
Weighted average number of equity shares	307,386,625	307,386,625	314,985,136	314,985,136
<i>Denominator – diluted</i>				
Weighted average number of equity shares	307,386,625	307,386,625	314,985,136	314,985,136
Weighted average number of option shares	4,884,117	4,884,117	2,435,648	2,435,648
Weighted average number of convertible bonds	36,044,564	36,044,564	34,440,772	34,440,772
Weighted average number of shares	348,315,306	348,315,306	351,861,556	351,861,556

NOTE 10 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	Number of Shares	
	30 June 2019	30 June 2018
Authorised	N/A*	N/A*
Issued and paid up	309,294,243	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. In 2019 the Group has cancelled 8,050,360 shares as part of share buy back for a total consideration of € 40,096,662.

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 146,890 shares were used in settlement of share options, with a cost of €1.2 million (Six months to 30 June 2018: 293,947 shares with a cost of €2.5 million), and as of 30 June 2019, a balance of 1,978,690 (2018: 2,291,616) shares remains in the trust with a cost of €16.6 million (2018: €19.1 million).

C. Share options exercised

During the period 157,229 (Six months to 30 June 2018: 306,594) share options were exercised.

D. Distribution of Dividend

In June 2019, the Group distributed € 36,952,140 as a final dividend for the year ended 31 December 2018 (30 June 2018: €75,929,085).

NOTE 11 – INTANGIBLE ASSETS

	30 June 2019 €'000	30 June 2018 €'000
NBV of intangible assets at 1 January	1,644,133	1,051,232
Additions	47,732	26,072
Additions through business combinations	17,313	613,171
Amortisation charge for the period	(73,176)	(44,266)
Foreign exchange movements	3,007	9,570
NBV of intangible assets at 30 June	1,639,009	1,655,779

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to fifteen (30 June 2018: fifteen, 31 December 2018: fifteen) cash generating units (“CGU”). Management determines which of those CGU’s are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill; or
- Significant acquisitions during the year; or
- Significant contingent consideration exists at the balance sheet date.

Based on the above criteria in respect of the goodwill, management has concluded that the following are significant:

- Markets, with a carrying value of \$265.3 million (€233.5 million);
- Services, with a carrying value of €110.1 million;
- Sport, with a carrying value of €132.5 million;
- Casino product, with a carrying value of €51.7 million;
- Tradetech Alpha, with a carrying value of €66.8 million;
- Sports B2C, with carrying amount of €30.1 million;
- Snaitech, with carrying amount of €231.4 million;

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December 2019 in addition to 2-5 years forecasts. Beyond this period, management has applied an annual growth rate of between 5% and 10% based on the underlying economic environment in which the CGU operates. Management has applied discount rates to the cash flow projections between 11.89% and 22.93%.

No impairment of goodwill has been recognised during the period (30 June 2018: Nil).

Markets CGU represents the group’s individually most significant goodwill balance. The recoverable amount of the Markets CGU has been determined using cashflow forecasts that include annual revenue growth rates of between 0% and 25% over the 2-5 year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was lower by 20% or the discount rate applied was higher by 1.9%.

Sports B2C CGU is a significant CGU for the group. The recoverable amount of the Sports B2C CGU has been determined using cashflow forecasts that include annual revenue growth rates of between 10% and 50% over the 2-5 year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was lower by 14% or the discount rate applied was higher by 14%.

Casual CGU is a GCU of the group. The recoverable amount of the Casual CGU has been determined using cashflow forecasts that include annual revenue growth rates of between 10% and 50% over the 2-5 year forecast period. The recoverable amount would equal the carrying amount of the CGU as a result of any reduction in the forecast growth rates or discount rate.

In respect of the Tradetech Alpha CGU no impairment has been identified from the impairment review performed. Management does not consider it necessary to disclose any further sensitivity information as no reasonably possible change in any of the key assumptions would result in an impairment write down in the carrying value. Further to this any impairment would result in a reduction of the carrying value of contingent consideration.

Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated that there was no impairment of the intangible assets at 30 June 2019.

NOTE 12 – EQUITY INVESTMENTS

	30 June 2019	30 June 2018
	€'000	€'000
Investment in equity investments at 1 January	1,400	381,346
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	141	87,368
Realised fair value changes on disposal recognised in the income statement in the period	-	(7,896)
Translation gain	-	2,919
Investment in equity investments at 30 June	1,541	209,838

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 ending 30 June 2018, 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.

During September 2018, the Group sold the shares in Plus500 for net proceeds of €193 million. As a result of this transaction the Group realised a gain on disposal of €73.7 million being the net of the fair value movement from 1 January 2018 to the date of disposal.

During the period, the Group received £30.0 million relating to amounts due in respect of the early settlement of the marketing services agreement with Ladbrokes as disclosed in the 2016 annual report.

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

	30 June 2019	30 June 2018
	€'000	€'000
Equity investments include the following:		
Quoted:		
Equity securities- UK	-	207,792
Equity securities- Asia	1,541	2,046
	1,541	209,838

NOTE 13 – ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2019	30 June 2018
	€'000	€'000
Property, plant and equipment	32,417	-
	32,417	-

On 14 May 2019, the Group entered into a preliminary sale and purchase agreement for the disposal of real estate located in Milan (“Area Sud” and “Area Nord”). Based on the agreement: (1) the purchaser is obliged to purchase the Area Sud for total consideration of €19 million and undertakes to purchase the Area Nord under certain conditions for total consideration of €36 million, (2) the purchaser is obliged to purchase the Area Nord if the municipality approves the conversion project, (3) if the reconversion will not be approved by the municipality by 31 March 2020, the purchaser is required to buy the Area Sud after deducting the €5 million already paid on the sign off of the preliminary agreement (4) in any case the purchaser still has the option to buy the Area Nord for the remaining of €36 million by 31 March 2020 unless extended by the buyer. Accordingly, the effected real estate has been classified as held for sale. Control of the land is anticipated to transfer on completion at which point the sale of land will be recognised.

At the date of the transfer to the assets classified as held for sale, an impairment has been performed to the subject asset. No impairment has been recognised as the fair value to sell is higher than the carrying amount.

NOTE 14 – LOANS AND BORROWINGS

The main credit facility of the Group is revolving credit facility up to €297.0 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 €Nil (30 June 2018: €424.9 million, 31 December 2018 €Nil).

NOTE 15 – BONDS

	Convertible bonds €'000	Snai bond €'000	2018 Bond €'000	2019 Bond	Total €'000
As of 1 January 2018	276,464	-	-	-	276,464
On business combination	-	588,955	-	-	588,955
Notional interest expenses on bonds	5,279	194	-	-	5,473
Fai value change of bond loans	-	(913)	-	-	(913)
As at 30 June 2018	281,743	588,236	-	-	869,979
Issue of bond	-	-	523,417	-	523,417
Repayment of bond	-	(580,605)	-	-	(580,605)
Notional interest expense on bonds	5,406	719	289	-	6,414
Gain on early repayment of bond	-	(8,350)	-	-	(8,350)
As at 31 December 2018	287,149	-	523,706	-	810,855
Issue of bond	-	-	-	345,672	345,672
Notional interest on bonds	5,511	-	652	195	6,358
As at 30 June 2019	292,660	-	524,358	345,867	1,162,885

Convertible bonds

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due November 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the “Bonds”). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and will be redeemed (if not converted before) on 19 November 2019 at their principal amount. The Bonds bear interest at 0.5% per annum, payable annually in arrears on 19 November.

Bondholders are entitled to convert each €100,000 principal amount into one fully paid preference share being allotted at a price equal to the Paid-Up Value. The bondholders are entitled to receive such number of ordinary shares as is determined by dividing the aggregate Paid-Up Value of the preference shares by the conversion price in effect on the relevant conversion date. The initial conversion price of €10.1325 per Ordinary Share, is subject to adjustment in respect of (i) any dividend or distribution by the Company, (ii) a change of control and (iii) customary anti-dilution adjustments for, inter alia, share consolidations, share splits and rights issues.

Each Preference Share will, following its issue, be immediately delivered to Playtech plc in consideration for which Playtech plc will deliver to the converting Bondholder fully paid ordinary shares of no-par value in the capital of Playtech plc in respect of the Preference Shares.

Upon conversion, Bondholders are entitled to receive Ordinary Shares at the conversion price of €8.8542 per Ordinary Share, subject to adjustment in respect of (i) any dividend or distribution by the Company, (ii) a change of control and (iii) customary anti-dilution adjustments for, inter alia, share consolidations, share splits and rights issues.

The fair value of the liability component, included in current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component of the bond at 30 June 2019 was €296.9 million (31 December 2018: €289.2 million), based on readily available quoted prices.

The amortised cost of the liability component of the Bonds (including accrued interest) at 30 June 2019 amounted to €292.7 million (31 December 2018: €287.1 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 30 June 2019 was €45.4 million (31 December 2019: €45.4 million).

Interest expense is calculated by applying the effective interest rate of 4.4% to the liability component.

Bonds

(a) Snai bond

Through the acquisition of Snaitech, the Group obtained bond loans. This debt was recognised at acquisition at 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 required the issuer to offer a repayment opportunity. The early redemption procedure applied in accordance with the "change of control offer" and these bonds were fully repaid by Playtech. Total amount paid was €581 million which gave rise to a gain on the equity redemption of €8.4 million which was recognised in statement of comprehensive income under finance income in the year ended 31 December 2018.

(b) 2018 Bond

On 12 October 2018, the Group issued €530 million of senior secured notes ('2018 Notes') due on October 2023. The net proceeds of issuing the Notes after deducting commissions and other direct costs of issue totalled €523.4m. Commissions and other direct costs of issue have been offset against the principal balance and are amortized over the period of the bond.

The issue price of Notes is 100% of their principal amount. The Notes bear interest from 12 October 2018 at the rate of 3.750% per annum payable semi-annually in arrears on 12 April and 12 October in each year commencing on 12 April 2019.

The fair value of the liability component of the bond at 30 June 2019 was €559.0 million (31 December 2018: €516 million).

(c) 2019 Bond

On 7 March 2019, the Group issued €350 million of senior secured notes ('2019 Notes') due on March 2026. The net proceeds of issuing the Notes after deducting commissions and other direct costs of

issue totalled €345.7m. Commissions and other direct costs of issue have been offset against the principal balance and are amortized over the period of the bond.

The issue price of Notes is 100% of their principal amount. The Notes will bear interest from 7 March 2019 at the rate of 4.250% per cent per annum payable semi-annually in arrears on 7 September and 7 March in each year commencing on 7 September 2019.

The fair value of the liability component of the bond at 30 June 2019 was €371.3 million.

NOTE 16 – CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY

	Six months ended 30 June 2019	Six months ended 30 June 2018
Non-Current contingent consideration consists:		
Acquisition of Eyecon Limited	1,385	1,349
Acquisition of ACM Group	71,830	62,504
Acquisition of Rarestore Gaming PTY Limited	4,863	2,132
Acquisition of Destres GmbH	-	13,474
Other acquisitions	1,355	4,827
	79,433	84,286
Non-Current redemption liability consists:		
Acquisition of Consolidated Financial Holdings	-	23,371
Acquisition of Playtech BGT Sports Limited	-	26,234
Acquisition of ECM Systems Holdings Limited	482	1,211
Other acquisition	188	271
	670	51,087
Total Non-Current contingent consideration and redemption liability	80,103	135,373
Current contingent consideration consists:		
Acquisition of Quickspin AB	-	14,026
Acquisition of Playtech BGT Sports Limited	5,000	5,000
Acquisition of ACM Group	3,220	10,539
Acquisition of Rarestore Gaming PTY Limited	129	2,874
Acquisition of Destres GmbH	-	2,478
Acquisition of Seabreeze Marketing Limited	-	7,716
Other acquisitions	3,538	2,344
	11,887	44,977
Current redemption liability consists:		
Acquisition of Playtech BGT Sports Limited	31,238	-
	31,238	-
Total Current contingent consideration and redemption liability	43,125	44,977

During the period the Group settled redemption liabilities and contingent consideration relating to Consolidated Financial Holdings and Quickspin AB.

NOTE 17 – ACQUISITIONS DURING THE PERIOD

A. Acquisition of Areascom SpA

On 28 January 2019, the Group acquired 100% of Areascom SpA (“Areascom”) for a total cash consideration of €Nil, and as part of this transaction recapitalised the business by injecting €15.5 million equity capital.

The Group paid total cash consideration of €Nil.

Details of the provisional allocation 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	459
Right of use of asset	4,119
Other non-current assets	209
Trade and other receivables	55
Cash and cash equivalent	324
Tax liability	(203)
Other non current liabilities	(4,337)
Lease liability	(4,594)
Trade payables and other payables	(12,503)
Net identified liabilities	(16,471)
Goodwill	16,471
Fair value of consideration	-
	€'000
Cash consideration	-
Cash purchased	324
Net cash receivable	324

The main factor leading to the recognition of goodwill is the high synergies and further strategic aspects. The acquisition forms part of the Snaitech CGU and in accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Areascom.

Management has not disclosed Areascom 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 2019 been disclosed, because the amounts are not material.

NOTE 18 – ACQUISITIONS IN PREVIOUS PERIOD

A. Acquisition of Seabrize Marketing Limited (ex. Easydock Investments Limited)

On 1 March 2018, the Group acquired 100% of the shares of Seabrize Marketing Limited ("Seabrize"), a provider of marketing services to online gaming operators.

The Group paid total cash consideration of €12.0 million and maximum additional consideration capped at €10.0 million in cash was 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. During November 2018, the contingent consideration was settled at €8.0 million which also accorded to management's best estimate of the amount payable at acquisition.

B. Acquisition of Rarestone Gaming PTY Ltd (ex. Studio 88 Pty Ltd)

On 26 March 2018, the Group acquired 100% of the shares of Rarestone Gaming PTY Ltd 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\$9.0 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.

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 €15.4 million and maximum additional consideration capped at €25 million in cash will be payable based on a multiple of the 2020 Adjusted EBITDA.

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 had also separately acquired approximately 9% of Snaitech's issued share capital through market purchases. On 26th July 2018, the Group 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 2018, the Group completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italia.

E. Other acquisitions

In the prior period, the Group acquired 100% of the shares of various companies. The Group paid total cash consideration of €13.1 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 business for a total consideration of €7.3 million.

NOTE 19 – 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.

The joint ventures and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

During the six months ended 30 June group companies entered into the following transactions with related parties who are not members of the Group:

	Six months ended 30 June 2019	Six months ended 30 June 2018
	€'000	€'000
Revenue including income from associate		
Structured agreements	16,072	12,337
Share of profit in joint ventures	823	212
Share of profit/(loss) in associates	1,040	(1,601)
Operating expenses		
Structured agreements and associates	507	608
Interest income		
Structured agreements and associates	1,192	77

The following are the balances with related parties:

	Six months ended 30 June 2019	Six months ended 30 June 2018
	€'000	€'000
Structured agreements and associates	9,276	11,311

Total current related parties receivable	9,276	11,311
Structured agreements and associates	69	-
Total current related parties payable	69	-

NOTE 20 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Financing liabilities including accrued interest	Non-cash items				
	At 1 January 2019	Financing cash flows	Acquisition of subsidiary (note 29)	Other changes	At 30 June 2019
	€'000	€'000	€'000	€'000	€'000
Loans and borrowings (Note 14)	695	(412)	-	169	452
Convertible bond (Note 15)	287,323	-	-	6,253	293,576
2018 Bond (Note 15)	528,062	(9,938)	-	10,509	528,633
2019 Bond (Note 15)	-	345,672	-	4,882	350,554
Contingent consideration (Note 16)	115,231	(17,449)	-	(6,462)	91,320
Redemption liabilities (Note 16)	43,608	(22,356)	-	10,656	31,908
Lease liability	112,470	(14,312)	4,594	5,626	108,378
Total liabilities	1,087,389	281,205	4,594	31,633	1,404,821

Financing liabilities including accrued interest	Non-cash items				
	At 1 January 2018	Financing cash flows	Acquisition of subsidiary (note 29)	Other change s	At 30 June 2018
	€'000	€'000	€'000	€'000	€'000
Loans and borrowings (Note 14)	200,000	223,923	-	1,239	425,162
Convertible bond (Note 15)	274,464	-	-	7,937	282,401
Snai bond (Note 15)	-	-	588,955	5,475	594,430
Contingent consideration (Note 16)	107,886	(9,105)	-	30,482	129,263
Redemption liabilities (Note 16)	49,786	-	-	1,301	51,087
Total liabilities	632,136	214,818	588,955	46,434	1,482,343

NOTE 21 – CONTINGENT LIABILITIES AND PROVISION FOR RISKS AND CHARGES

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 Group is involved in proceedings before civil and administrative courts, and other legal actions related to the regular course of business. Based on the information currently available, and taking into the existing provisions for risks, the Group 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 Group is reasonably expected to effectively address.

The Group is subject to proceedings regarding complex legal matters, 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 Group monitors the status of the disputes underway and consults with its advisors and experts on legal and tax-related matters.

The Group is subject to corporate income tax in jurisdictions in which its companies are incorporated and registered. Judgment is required to interpret international tax laws relating to ecommerce in order to identify and value provisions in relation to corporate income taxes. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment continuing to evolve, including the corporate tax rates in jurisdictions where the Group has significant assets or people presence. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and update its accruals accordingly.

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

NOTE 22 – EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.