GVC Holdings

Annual Report 2017

A GROWING GLOBAL PLAYER

We own some of the world's leading online gaming brands across sports betting, casino, poker and bingo. Our success has always been driven by our strong brands, our technology and the talent we have within the business. Scale is another hugely important element, and our acquisition of the Ladbrokes Coral Group will both transform our business and brings a new and exciting dimension beyond online.

SET FOR SUCCESS

+17%

NGR*# (€'000) Annual growth

2016: 743,100

925,600

+40%

Clean EBITDA*# (€'000) Annual growth

2016: 158,300

239,500

+203%

Adjusted PBT* (€'000) Annual growth

2016: 58,900

178,700

* From continuing operations.

\# On a pro forma basis, as if bwin.party had been acquired on 1 January 2016.

The upward trajectory and evolution of GVC into one of the world's leading online gaming companies continued apace in 2017, culminating in the recommended offer for the Ladbrokes Coral Group plc, announced in December. Ladbrokes Coral shareholders on 9 March overwhelmingly voted in favour of the GVC offer. Before looking at the transaction in more detail it is worth reflecting on what we achieved in 2017 which positioned the Group to be able to pursue such an exciting opportunity.

Operational integration complete

In February 2016, we undertook our most ambitious acquisition to date with the purchase of bwin.party. In less than two years the business has been fully integrated within the GVC Group. The migration of Latin America onto the bwin.party technology platform completed in early 2018 and represented the last material element to complete the full integration. I'm pleased to report that the migration process was a great success, both from a technology and customer perspective. All of our customers now enjoy a significantly enhanced user experience in terms of breadth of product and speed of delivery.

In May 2017, we held a Capital Markets day to demonstrate to investors and analysts the progress we had made with the integration of bwin.party and to give a better insight into GVC and the people, brands and technology that drive the business. The event was well attended and particularly pleasing was the positive feedback on the breadth and depth of our senior management team, something that we are very proud of and which is critical to the success of the business.

Financial performance

Acquisitions and integrations can often cause short-term distractions in businesses, temporarily impacting growth. Therefore, it is pleasing to report such a strong revenue performance in 2017. On a reported basis, NGR for the financial year to 31 December 2017 was €925.6m, an increase of 17% over pro forma 2016 and +17% on a constant currency basis. Given that 2016 included the UEFA European Championship, the underlying growth was even more impressive. Including discontinued[1] activities, NGR was €1,008.0m, an increase of 13% on pro forma 2016.

“WE NOT ONLY ACHIEVED ALL OF OUR TARGETS, BUT IN MOST CASES WE EXCEEDED THEM.

Strong revenue growth combined with the continuing benefit from synergies, saw Clean EBITDA rise 40% over pro forma 2016 to €239.5m. This represented an improvement in the Clean EBITDA margin to 26% (21% pro forma 2016). Including discontinued businesses, total Clean EBITDA was €274.2m compared to €205.7m for pro forma 2016. With a second interim dividend of 17.5 euro cents per share declared, the total declared dividend for the 2017 financial year was 34 euro cents. This represented an increase of 13% on the aggregate two special dividends declared for the 2016 financial year. In 2017, we returned €141m to shareholders via ordinary and special dividend payments.

The strong financial and operational progress made by the Group, enabled us to secure materially improved debt facilities in 2017. In February 2017, the Cerberus Loan used to partially finance the acquisition of bwin.party, was repaid in full via a bridging loan and this was subsequently replaced with a new €250m six-year Senior Secured loan and €70m RCF at materially lower rates of interest. In November 2017, the Senior Secured loan was extended by a further €50m, with a reduction in margin (2.75% + Euribor vs 3.25% previously) and on more flexible covenants.

Corporate activity

2017 saw the Group undertake a number of transactions as we continue to reshape our business to maximise long-term shareholder returns. In May 2017, we concluded the sale of the payment processing business operating under the Kalixa brand. Kalixa was a non-core activity that was originally part of the bwin.party acquisition. During the second-half of last year we acquired Cozy Games, and with it, Cozy's proprietary bingo platform. As a result, GVC now has proprietary technology across all key online gaming verticals – an important differentiator from our peers. Also during 2017, we took full control of our marketing operations in Greece after buying out our partners.

In an increasingly regulated online gaming environment and one where industry consolidation is vital to diversifying risk and addressing increased costs/taxation, the Board took the decision in November 2017 to dispose of GVC's Turkish-facing operations. The original intention was to sell the respective businesses in return for an earn-out over a five-year period. However, as part of the proposed Ladbrokes Coral Group acquisition, GVC elected to give up the right to future earn-out payments. The scale of the potential synergies together with the strategic benefits of the Ladbrokes Coral transaction, meant that this was a dis-synergy that was firmly in the interests of the business and its shareholders.

Turning to the proposed Ladbrokes Coral Group acquisition, the combination will create one of the world's largest online gaming groups, with a large portfolio of established brands and a proven scalable proprietary technology platform. Over 90% of revenues would be derived from regulated and/or locally taxed markets and as new markets open up this regulatory footprint will become increasingly important. Furthermore, at least £100m of annualised synergies are expected to be derived from the enlarged Group. These synergies are in addition to the remaining synergies expected to be derived from the Ladbrokes combination with Coral. Yesterday in separate votes, Ladbrokes Coral and GVC shareholders overwhelmingly voted in favour of the recommended offer.

In March 2018, we announced the acquisition of 51% of Mars LLC (trading as Crystalbet), one of the Republic of Georgia's leading fully regulated online gaming companies. Crystalbet management has a proven track record, delivering strong growth and gaining market share with a highly effective approach to customer acquisition. GVC will provide Crystalbet with access to a greater portfolio of product and shared expertise. We expect to acquire the remaining 49% in 2021.

Regulation

Millions of customers enjoy the entertainment of gambling and have a positive experience, however, for those few that demonstrate problem gambling behaviours, we as operators have an obligation to protect them. In many of the markets in which we operate, the gaming industry has come under the increasing scrutiny of regulators. The UK Gambling Commission (UKGC) in particular has been driving the industry to improve its approach to problem gambling and we very much support this. Where the UKGC has initiated, we as an industry now have to lead. Ultimately, a higher quality, more professional industry will be positive for both consumers and operators.

Board

In June 2017, Jane Anscombe was appointed to the Board and became Chair of the Remuneration Committee. Jane played a key role in the introduction of the new incentive plans for management, which were approved by shareholders at an EGM in December 2017. Norbert Teufelberger retired from the Board in February 2018, having served his two-year term. Norbert joined the Board following the acquisition of bwin.party and we would like to thank him for his contribution and wish him all the very best for the future. Upon completion of the Ladbrokes Coral Group transaction, Paul Miles will step down from his position as Chief Financial Officer to be succeeded by Paul Bowtell of Ladbrokes Coral Group plc. Paul Miles has considerably strengthened the Group's finance function since he arrived and played a key role in the further development of GVC as a successful global business. We thank Paul for his hard work, professionalism and being a great member of the team.

I would also like to thank the entire GVC team for their hard work that has enabled the Group to continue to deliver such strong financial results. The gaming industry continues to evolve, presenting opportunities and challenges, but through our high quality people, strong brands and proprietary technology, GVC is well placed to continue to deliver shareholder value.

GVC will be posting its 2017 Annual Report to shareholders in the week commencing 30 April 2018 and it will be uploaded on our website (www.gvc-plc.com) from that date. The AGM will be held in Gibraltar on 6 June 2018.

1. Discontinued activities includes Headlong and associated Turkish facing operations.

LEE FELDMAN
NON-EXECUTIVE CHAIRMAN
8 March 2018

A GLOBAL LEADER IN ONLINE GAMING

OUR VISION

Our strategy is to build further scale and international diversification through leveraging our proven proprietary technology, established brands and high quality personnel. In an increasingly competitive and regulated industry, we believe scale and diversification will enable us to continue to create shareholder value through capital and income growth.

The acquisition of Ladbrokes Coral Group plc, which is due to complete at the end of March 2018, is an important part of this strategy.

FAST FACTS – GVC IN 2017

In 2017, GVC had four business segments with a number of leading brands: Sports Brands (bwin, Sportingbet, Gamebookers), Games Brands (partypoker, PartyCasino, Foxy Bingo, Gioco Digitale, CasinoClub), B2B and Other Assets. The Group acquired bwin.party digital entertainment plc on 1 February 2016.

HEADQUARTERED IN THE ISLE OF MAN

LISTED ON LSE (LSE:GVC) AND MEMBER OF FTSE 250

LICENSED IN MORE THAN 18 JURISDICTIONS

3,000+ EMPLOYEES AND CONTRACTORS WITH OFFICES ACROSS FOUR CONTINENTS

LEADING BRANDS IN ALL PRODUCT VERTICALS, SPORTS BETTING, CASINO, POKER AND BINGO

B2C AND B2B PRODUCT OFFER

PROPRIETARY TECHNOLOGY PLATFORM

GAMING SITES IN 21 LANGUAGES

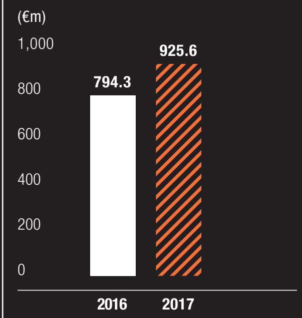
BETS ACCEPTED IN 19 CURRENCIES

IN 2017 GVC PROCESSED €3.8BN SPORTING WAGERS*

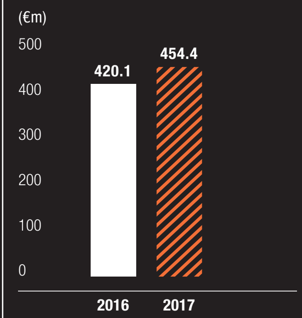
* From continuing operations.

PRO FORMA FINANCIAL HIGHLIGHTS

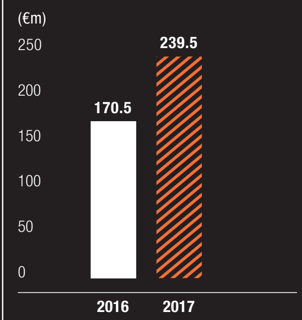
NGR (+17%)



CONTRIBUTION (+8%)

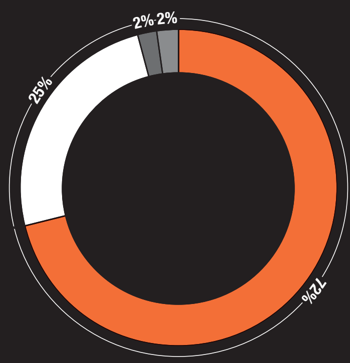


CLEAN EBITDA (+40%)

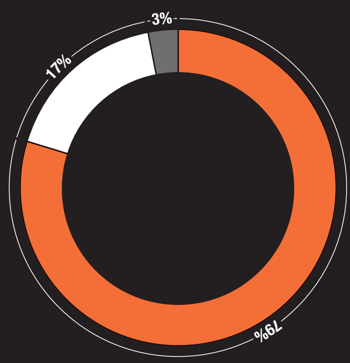


DIVISIONAL SPLIT

2017 NGR



2017 CONTRIBUTION*



- Sports Brands
- B2B
- Games Brands
- Non-core

* Non-core (-1) not shown.

STRONG BRANDS

bwin

sportingbet

betboo

gamebookers.com

+ Read more on page 24

PARTY CASINO

partypoker

CASINO CLUB

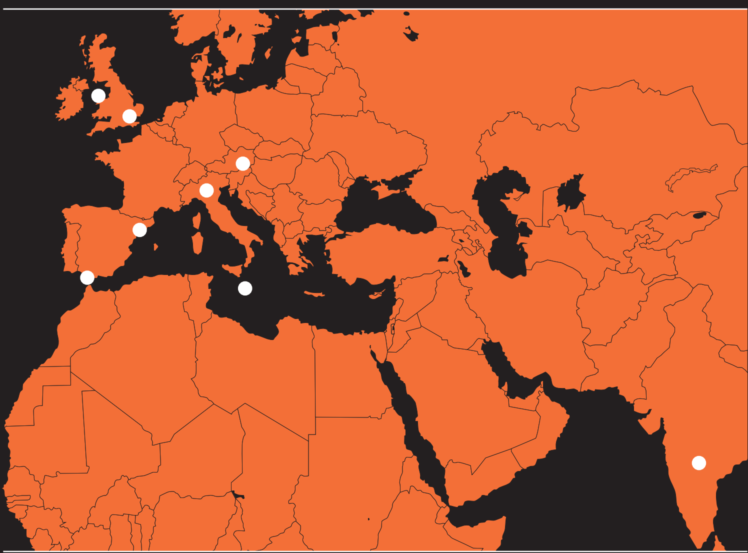
Foxy Bingo

giocodigitale

+ Read more on page 25

GLOBAL TALENT

GVC has attracted talent from across the gaming industry and beyond. Following the acquisition of bwin.party we strengthened the Group with the addition of six new hires to our senior executive management team, and four new appointments to our Board.



● GVC offices

3,000+
Full-time employees and contractors

200+
Sports traders

900+
Technology engineers

14
Offices

4
Continents

PROVEN TECHNOLOGY

95%
NGR processed on our platform

We operate our own unique proprietary technology platform

+ Read more on page 15

67%
Of sports bets via mobile

900+
Games

>99.94%
Platform up-time

21
Languages

19
Currencies

17.6m
Average casino spins a day – up 144% year-on-year

KENNETH ALEXANDER
CHIEF EXECUTIVE
8 March 2018

Q&A WITH THE CEO

Q: When you joined GVC, did you think the Company would have come so far so fast?

A: I'm obviously very ambitious, but did I really think 10 years after I joined the Company that we would be on the verge of getting into the FTSE 100? Probably not, I thought we could grow the business quite aggressively but now that we've got to where we are, we are still very ambitious. We want to continue to improve the business, deliver shareholder returns and grow the Company even more in the future.

Q: The Company has been transformed by its M&A activity, what do you look for in a deal?

A: We're always looking at shareholder returns and that's our core focus; if it's not going to deliver shareholder returns then we're not going to do the deal. It was the reason for doing the Sportingbet deal, the bwin.party deal and it's the reason we're doing the Ladbrokes Coral deal. If we don't think it's going to deliver the right value for shareholders, then we won't look at it. If you look at the returns we've delivered to shareholders over the last seven or eight years, it's hard to find a company that compares to GVC.

Q: What is the history behind the Ladbrokes Coral deal?

A: We started speaking to them towards the end of 2016 and there was an eagerness from both parties to do something as it made strategic sense for both groups. But the triennial review was clearly the sticking point with the uncertainty it created. We managed to come up with a structure for the deal that rewarded Ladbrokes Coral shareholders depending on what happened with the review while protecting GVC shareholders from overpaying.

Q: Why not simply wait until the triennial review had been completed?

A: We'd been talking to Ladbrokes Coral for 14 months and this triennial review was running on and on and on. There was keenness from both parties to kick on and get a deal done. Once we had come up with a structure in the best interests of both sides, there was no real reason to wait. There is a lot of value which can be created for shareholders, so why delay it at all?

Q: What is it about the combination with Ladbrokes Coral that is so compelling and how does it compare with previous deals?

A: In terms of scale, this is the biggest deal we've done and I think of all those we've completed in the past, this is the one that excites me the most.

We have been relatively underweight in the UK, Europe's single biggest gaming market and Ladbrokes Coral is completely transformational in that respect. It also vastly increases our regulatory footprint from having two-thirds or our revenues coming from regulated and locally taxed markets to having over 90%. As the gaming industry matures, we think this is very important. If you go back eight or nine years ago, we did explore unregulated markets and that was the right strategy to pursue at that point in time, but where the future is headed now is different.

We now have some great brands in the UK with Ladbrokes and Coral and we also get ourselves into Australia. There is also a lot of talent at Ladbrokes Coral and a very strong management team and in the enlarged Group there will be a combination of the very best of GVC talent and the very best of Ladbrokes Coral talent.

Q: What does it mean for GVC's long term strategy?

A: I've said repeatedly that if you don't have diversification, scale and, – quite frankly – you don't control your own technology, you're not going to succeed in this sector for very long. I've been saying this for years and one of the biggest assets when we acquired bwin.party was the technology platform which we firmly believe is market-leading. With Ladbrokes Coral, we will increase our diversification and we can leverage off that technology as well. I also believe that the deal adds skills in areas we don't currently have in GVC and which will become increasingly important as we expand into new markets globally.

“WE’VE GOT GREAT TECHNOLOGY AND HIGHLY TALENTED PEOPLE WITH UNRIVALLED EXPERIENCE.

Q: Does the prospect of taking on a huge network of bookmakers faze you?

A: In my view the Ladbrokes Coral team are the best in the business at running retail betting shops and we see the land-based portfolio as an asset to the enlarged Group. With regulation in the online world constantly evolving, having a presence on the high street may have significant upsides. For example, restrictions to broadcast advertising will make it harder for smaller brands to breakthrough. In that scenario the shops themselves become an increasingly important channel to attract customers both on and offline.

Q: Does the challenge of combining the two businesses concern you?

A: I’m very confident of our ability to deliver on the integration front as we have been very successful in the two we have completed. We integrated Sportingbet into GVC and then we successfully completed an even larger and more complex process with bwin.party. As you do these integrations, you get more experience and get better at doing them. We’ve got great technology and highly talented people with unparalleled expertise.

I’m not complacent and the reality is that it will take longer to deliver the full potential of the Ladbrokes Coral acquisition than it did with either Sportingbet or bwin.party. But equally, the scale of the ultimate opportunity is greater. I firmly believe the integration of Ladbrokes Coral will be hugely successful and will drive our business from strength-to-strength in 2018 and beyond.

A summary of our performance in 2017 is shown below:

YEAR ENDED 31 DECEMBER	2017 €m	2016 (actual) €m	2016 (pro forma[4]) €m	Change %	Constant currency %
Sports wagers	3,855.4	3,567.3	3,789.6	2	2
Sports margin	10.8%	9.4%	9.4%		
NGR	925.6	743.1	794.3	17	17
NGR (inc. discont’d)	1,008.0	843.4	894.6	13	15
Revenue	896.1	723.0	772.9	16	
Contribution	454.4	393.6	420.1	8	
Contribution margin	49%	53%	53%		
Clean EBITDA	239.5	158.3	170.5	40	
Clean EBITDA (inc. discont’d)	274.2	193.5	205.7	33	
Statutory operating loss	(5.2)	(116.0)			
Adjusted PBT	178.7	58.9			
Statutory loss before tax	(25.6)	(173.5)			
Adjusted EPS €	0.56	0.19			
Adjusted EPS (inc. discontinued)	0.66	0.31			
DPS €	0.54	0.30			

The Group enjoyed a highly successful 2017, comfortably exceeding market expectations[1] at the beginning of the year, both in terms of NGR[2] and Clean EBITDA[3]. All figures and narrative are for continuing businesses unless stated.

NGR for the year ended 31 December 2017, was €925.6m, representing an increase of 17% on pro forma 2016 (€794.3m) and +17% in constant currency. This was particularly pleasing given the absence of a major summer football tournament in 2017 compared to the prior year, which benefited from UEFA Euro 2016. Including discontinued businesses, Group NGR was €1,008.0m, an increase of 13% (+15% on a constant currency basis) on pro forma 2016. Approximately 74% of NGR was derived from markets that were regulated and/or locally taxed[5].

Clean EBITDA was €239.5m, representing an increase of 40% on pro forma 2016 (+51% on a reported basis), with the margin improving to 26% (21% pro forma 2016). The improvement in EBITDA margin came despite an increase in the proportion of revenues from regulated/locally taxed markets and the return to a more normalised level of marketing investment (25% of NGR vs 21% in pro forma 2016). Revenue growth and incremental synergy benefits from the bwin.party acquisition more than offset these higher variable costs. Clean EBITDA including discontinued businesses increased to €274.2m (pro forma 2016: €205.7m). A statutory operating loss of €5.2m (2016: loss €116.0m) was reported which included exceptional charges and non-trading items of €76.0m (2016: €107.0m) and amortisation of acquired assets of €121.0m (2016: €109.5m).

Adjusted[6] PBT was €178.7m, compared to €58.9m in 2016, reflecting the growth in Clean EBITDA and significantly lower finance costs following the refinancing of debt facilities in February 2017. As a result adjusted EPS, increased by 195% to 56 euro cents per share. The statutory reported loss before tax was €25.6m (€173.5m loss in 2016).

1. 2017 consensus including discontinued activities; NGR €907.3m, Clean EBITDA €254.7m. Source FactSet 1/1/2017.
2. For continuing operations excluding discontinued operations which include Headlong and associated Turkish facing businesses.
3. Earnings before interest, taxation, depreciation, amortisation, share option costs, impairment charges, exceptional items and other non-trading items.
4. Assumes bwin.party acquisition completed on 1 January 2016.
5. Includes regulated, regulating and locally taxed.
6. Profit before exceptional items, amortisation associated with acquisitions, dividends from previously sold businesses, amortisation of loan fees and repayment option.

> **THE GAMING INDUSTRY CONTINUES TO EVOLVE RAPIDLY, PRESENTING BOTH OPPORTUNITIES AND CHALLENGES.**

In December 2017, we disposed of our Turkish -facing businesses and these contributed revenues of €82.4m (2016: €100.3m), Clean EBITDA of €34.7m (2016: €35.2m) and a loss before tax €15.3m for the period up to disposal (19 December 2017) against a PBT of €34.9m in 2016.

The second interim dividend declared for the 2017 financial year was 17.5 euro cents, giving 34.0 euro cents in aggregate. This represents an increase of 13% against the two special dividends paid for the 2016 financial year. In aggregate, we returned €141m to shareholders via dividends paid in 2017.

In January 2018, we announced that we had received an assessment from the Greek authorities for taxes and associated fines and interest amounting to €186.77m. This related to one of the Group's subsidiaries with respect to the tax years 2010-2011. The Board strongly disputes the basis of the Assessment calculation, believing the assessed quantum to be widely exaggerated. Having received professional legal and tax advice, the Group is confident that it is in a strong position to appeal the Assessment and has commenced the appropriate process. As previously announced, the appeals process requires the Group to make payments of c€8m per month and this has commenced in agreement with the Greek authorities. Until those proceedings advance further, on the balance of probability the Directors do not feel a potential liability will arise. We will update the market accordingly.

Integration update

Technology is core to the success of GVC and the smooth integration of bwin.party is testament both to the strength of the platform and the high quality of our people. Latin America was the last major regional market to be migrated onto the technology platform acquired as part of the bwin.party acquisition and this was completed early in 2018. Through hard work and careful planning the migration process has been a complete success, from both a technology and a customer experience perspective. What is particularly pleasing is that we have achieved this, together with product enhancements at the same time as significantly reducing our technology costs.

Ladbrokes Coral Group

Yesterday as noted above both Ladbrokes Coral and GVC shareholders overwhelmingly voted in favour of the proposed transaction and we now await the required regulatory clearance for the transaction to complete. The combination of the two groups will create one of the largest listed sports betting and gaming companies in the world, with an unrivalled portfolio of established gaming brands across international markets. This, together with our proprietary technology and deep pool of industry talent, leaves us well positioned to further benefit from the opportunities presented by the global gaming market.

Other corporate activity

Our global ambition has been further enhanced by the announcement on 5 March that we have agreed to acquire 51% of Mars LLC ("Crystalbet"), with the commitment to acquire a further 49% in 2021. Crystalbet is the leading online sports betting operator in the Republic of Georgia, a fully regulated gaming market. Management has grown the business impressively and their philosophy and approach is in line with that of GVC. We are very excited about the prospects for the business.

Current trading

The Group has enjoyed a strong start to the current year with like-for-like NGR +16% (+18% constant currency) for the period up to 4 March 2018 and the Board's expectations for the full year remain unchanged.

The gaming industry continues to evolve rapidly, presenting both opportunities and challenges. GVC has never stood still. Our strategy is very much focused on the mid to long-term and ensure we position ourselves to maximise our potential in such a dynamic industry. We are not frightened of challenge or change. We are excited about the opportunity presented by the acquisition of Ladbrokes Coral, which is a significant and important part of our strategic goal of becoming a global gaming group of substantial scale and diversification, whilst continuing to create significant shareholder value.

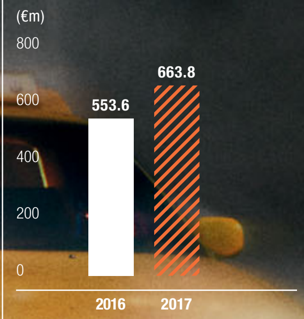
“WE’RE ALWAYS LOOKING AT SHAREHOLDER RETURNS AND THAT’S OUR CORE FOCUS; IF IT’S NOT GOING TO DELIVER SHAREHOLDER RETURNS THEN WE’RE NOT GOING TO DO THE DEAL. IT WAS THE REASON FOR DOING THE SPORTINGBET DEAL, THE BWIN.PARTY DEAL AND IT’S THE REASON WE’RE DOING THE LADBROKES CORAL DEAL.

KENNETH ALEXANDER
CHIEF EXECUTIVE

KEY STORIES DRIVING SUCCESS

€3.9BN
In sports wagers from our continuing operations in 2017

SPORTS BRANDS NGR (+20%)



67%
two thirds of our sports bets are now taken via the mobile channel

10.8%
our sports margin was above 10% in 2017

+52%
we increased the number of live events our customers could bet on in 2017 by over half

> **"WE WANTED TO CREATE AN ACTION PACKED INTERACTIVE EXPERIENCE FOR OUR AUDIENCE THAT SETS US A MILLION MILES APART FROM THE REST OF THE PACK. WHEN PEOPLE THINK BWIN, WE WANT THEM TO THINK EXCITEMENT, ACTION, ENTERTAINMENT AND EXHILARATION.**

ADAM LEWIS
CHIEF MARKETING OFFICER

bwin

In its original incarnation as betandwin, bwin was a pioneering online sports brand across Continental Europe. 2017 represented the 20th anniversary of the formation of the business, although the bwin brand itself was not launched until 2006. As well as being the first online gaming company to offer in-play sports betting, the bwin brand attained global recognition through high profile sponsorships with football clubs such as Real Madrid and AC Milan.

Whilst remaining a well-recognised brand, it is fair to say that prior to its acquisition by GVC, bwin had lost share in a number of key markets. The priority post acquisition was to significantly improve the customer proposition and this has been achieved, with players enjoying richer content than ever.

Having delivered an enhanced product to our existing customers, 2017 saw the launch of a new ambitious pan-European marketing campaign. Our aim was to create a campaign that stood out from the "sea of sameness" offered by many of our peers. "The Race" was a high-octane theatrical Hollywood style car chase between Black and Yellow cars.

Adam Lewis, GVC CMO commented: "We wanted to create an action-packed interactive experience for our audience that sets us a million miles apart from the rest of the pack. When people think bwin, we want them to think excitement, action, entertainment and exhilaration."

Having launched in August 2017, the positive response was immediate with new sign-ups and first time value of deposits up 113% and 98% respectively over the same month the previous year, in the brand's biggest markets. The Race was supported across all media platforms and represented just the first phase of a longer-term marketing project.

partypoker

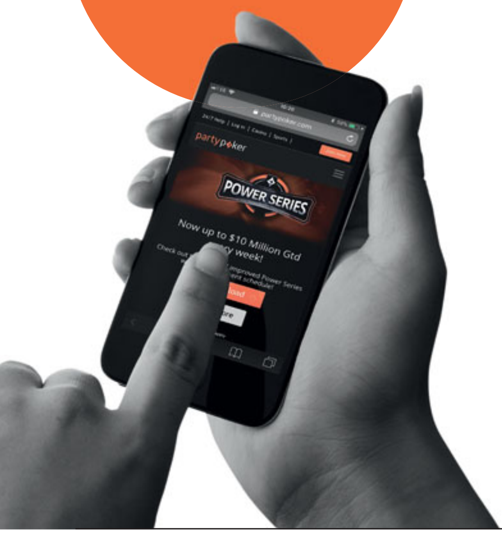
Perhaps the brand with the greatest heritage within the GVC portfolio is partypoker. Launched in 2001, partypoker grew to become the biggest online poker room in the world and maybe the best known overall online gaming brand. However, when the US enacted new legislation in 2006, effectively making online gaming unlawful, partypoker amongst other responsible operators, withdrew from the market.

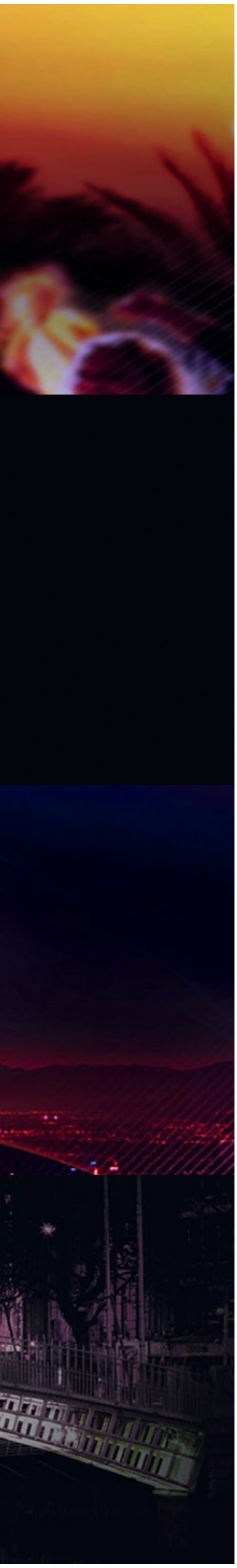
The loss of US revenues was a massive blow to the business and this was exacerbated by the fact that some private operators remained in the US market and used this liquidity to grow market share in the rest of the world. By the time of its acquisition by GVC, partypoker was a shadow of its former self and was on the brink of terminal decline. The decision was taken to restructure all aspects of the partypoker business and customer proposition.

Driven by a new management team, the philosophy is very much to bring poker back to the real poker players. A core component of the brand reinvigoration is the creation of a live global tour, partypoker LIVE. In 2017, the live tour had guaranteed prize pools of $68m, with over 26,000 unique players participating.

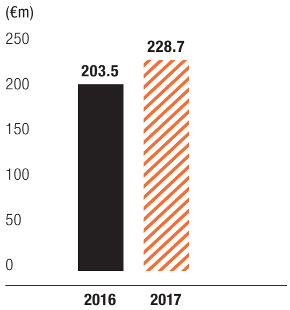
Meanwhile, the online customer proposition has seen significant change including updates to the lobby, tables and mobile apps. There is more to come, with customer service a major focus. The partypoker brand has received significant investment and the initial response from players is positive, revenues rose 42% in 2017, whilst first time depositors grew 25%. Our ambitions with partypoker are high and 2018 will see continued investment, with further product enhancements and over $150m live tournament guarantees.

+42%
partypoker NGR in 2017





GAMES BRANDS NGR (+12%)



+25%

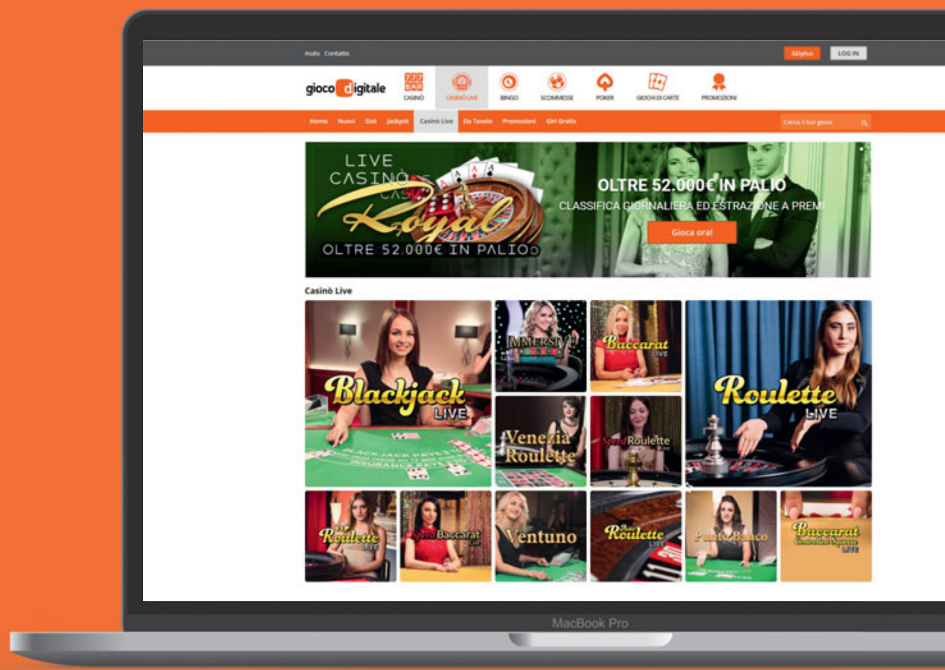
increase in the number of first time depositors in 2017

$68m

partypoker LIVE, our live poker tour had guaranteed prize pools of $68m in 2017

+26k

unique players



gioco digitale

One of the longest established online gaming brands in Italy, Gioco Digitale was acquired by bwin in 2009. However, like a number of other gaming brands within the bwin.party portfolio, Gioco Digitale struggled to grow over recent years, despite the strength of the underlying Italian market. Nevertheless, we continued to believe in the heritage and strength of the brand and were confident of returning Gioco Digitale to its former glory. Key to improving the performance of the brand was to considerably improve the customer proposition, giving customers far greater choice of games and a much smoother online/mobile experience.

During 2017, we added over 175 games from some of the industry's top content providers, while we also invested in our marketing technology and more sophisticated and segmented CRM plans. We also launched a new marketing campaign focusing on the entertainment and fun characteristics associated with the brand. The result was that Gioco Digitale was a top-three performing brand across the whole Group, out-performing the Italian market as a whole. Gioco Digitale has now refined its positioning in the very competitive Italian market and in 2018 we will further increase investment in the brand, adding more content and introducing new improvements to the online and mobile offerings.

Top three

performing brand across the group

175

games from some of the industry's top content providers

1st

fully-regulated gaming site on the Italian market launched in 2009

LADBROKES CORAL
GROUP

THE RECENT LADBROKES CORAL ACQUISITION IS A MAJOR STEP TO ACHIEVING GVC'S VISION TO BE A TOP-THREE PLAYER IN ALL THE MARKETS IN WHICH IT OPERATES.

THREE
of the UK's most iconic high street brands

£100m
The acquisition will deliver at least £100m of annualised pre-tax cost synergies by the end of 2021.

Leading positions in key global markets
The Combined Group will, based on current wagers and revenues of GVC and Ladbrokes Coral, be one of the largest listed sportsbook operators in the world by wagers and the largest listed online-led betting and gaming operator by revenue. The Combined Group will have top-three market positions in three of Europe's largest online gaming markets – the UK, Germany and Italy – plus a significant business in Australia and exposure to the USA and other growth markets. Over 90% of its Net Gaming Revenue are anticipated to come from locally regulated/taxed markets.

Industry leading online and retail brands
GVC believes that the Combined Group's portfolio of market-leading and complementary brands (including Ladbrokes, Coral and Gala, as well as international brands such as bwin, partypoker and Sportingbet) enhances the Combined Group's opportunity to maximise revenue and profit growth by harnessing the best elements of each of their respective client relationship management tools and skills that have been developed in both businesses.

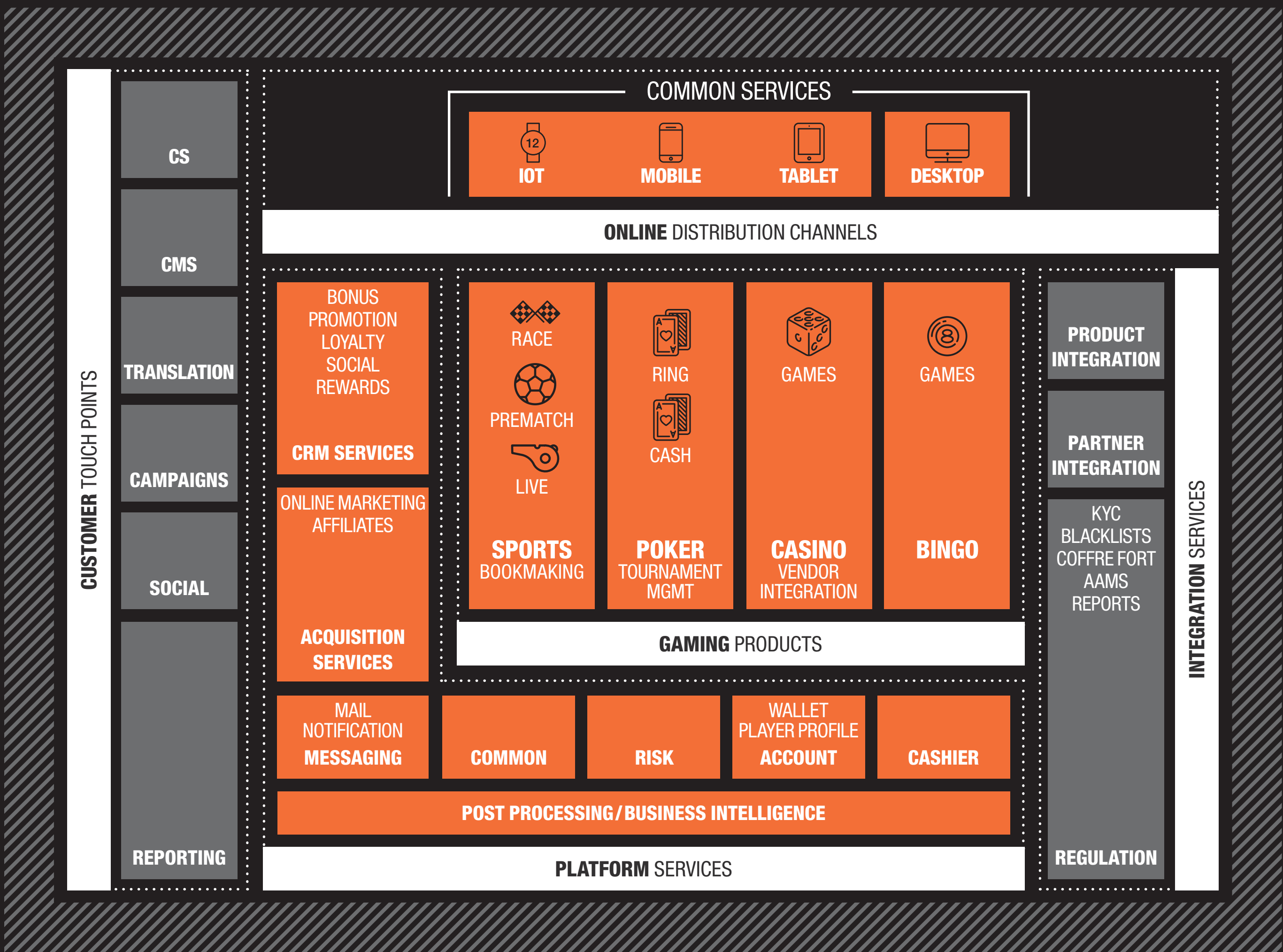
Highly regarded and complementary senior management and personnel
GVC has a strong track record in selecting talented people from acquired businesses, and the acquisition of Ladbrokes Coral will further deepen and broaden the talent pool at GVC, presenting the Combined Group with one of the most experienced teams in the industry.

Huge Potential
The acquisition of the Ladbrokes Coral brings three of the UK's most iconic high street brands to the Group's portfolio of brands.

MARKET-LEADING PROPRIETARY TECHNOLOGY

Our current technology platform, was developed to provide us the scale and flexibility to help us realise our vision, enter new markets, make acquisitions and offer new products and services. The ownership of this market-leading technology will enable the Combined Group to be proactive and adapt quickly to differentiate itself in a highly competitive market. Applying GVC's proprietary platform across a multi-product multi-brand platform will eliminate duplication of technology and create operational efficiency, while reducing the cost of third-party service and content provision.

When combined with scale, an efficient proprietary technology platform presents significant operational advantage. It also allows the Combined Group to offer a superior customer experience by creating new products and brands across online, retail and mobile on the same platform, and enhancing the opportunities for cross-selling between brands and verticals.



THE INDUSTRY IN WHICH WE OPERATE

GLOBAL GROWTH

GVC Group operates in the global online/interactive gaming market, a market that was estimated to have been worth approximately €41bn in 2017. Over the past ten years the global interactive gaming market has risen by 9% CAGR. Total market growth in 2017 versus 2016 is forecast to be in line with the 9% ten-year CAGR.

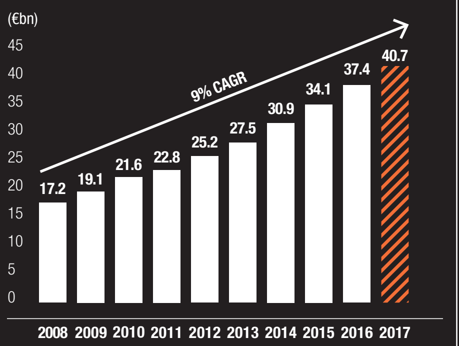
EUROPE

Geographically, Europe is the largest online gaming market, accounting for 52% of the total in 2017, it also represented over half of the Group's pro forma NGR in the past year. H2GC forecasts that European gross gaming revenue, with growth of 10% will outpace the global average in 2018 to edge its global share to 53%.

The largely unregulated Asian region is the next largest, making up 27% of the global total, followed by North America (11%), Oceania (7%), Latin America (2%) and finally Africa (1%).

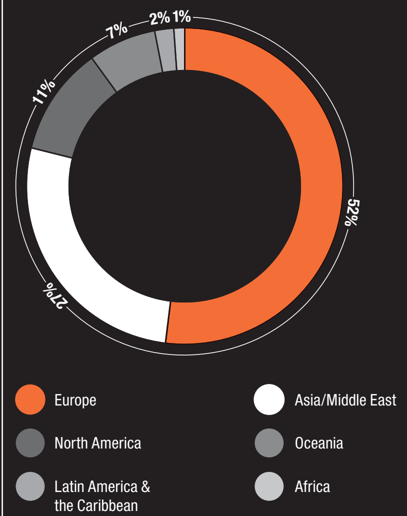
9%

Global online gaming grew by 9% CAGR over the past decade.



52%

Europe makes up just over half of the global online gaming market.

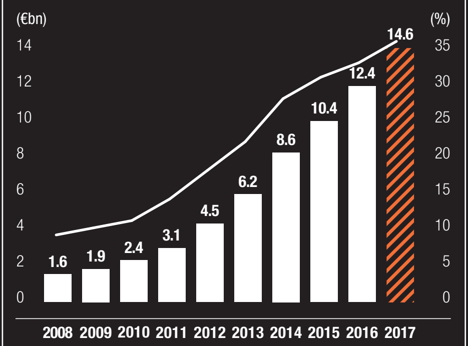


MOBILE

A major driver of industry growth continues to be mobile. In 2017, mobile represented 36% of global interactive gaming revenues, an increase of 17% on the previous year. The statistics in Europe are even more impressive with mobile growth being an estimated 22% year on year. Around 50% of the Group's Sports Labels gross gaming revenue is now via mobile, but this is still behind many of our peers and presents a significant opportunity for the Group.

36%

Over a third of all online gaming is now conducted by a mobile device.



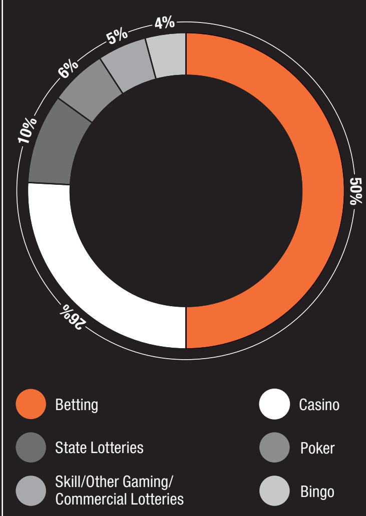
MARKET BY PRODUCT

As well as mobile, growth has been driven by continued product innovation across all areas of the market. An ever increasing number of betting opportunities are being offered to customers with in-play accounting for over half of wagers in some markets. Meanwhile, operators are developing products that present players with increased functionality, such as cash out.

In terms of product, betting and casino represent 76% of the global interactive market and these two product categories are also the two core product offerings of the Group. In 2016, betting and casino were forecast to grow at 12% globally, slightly above the industry average.

76%

Sports betting and casino games make up three-quarters of all online gaming.

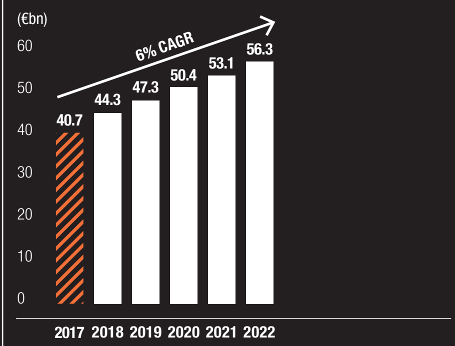


FORECAST

Looking ahead, the gaming market is expected to continue to grow ahead of GDP, with H2 Gaming Capital forecasting c6% CAGR over the next five years. The key driver will continue to be mobile with c48% of all online revenues expected to come from this channel in 2022. Regulation will undoubtedly influence whether these growth forecasts are met or exceeded.

6%

Online gaming is forecast to grow at 6% CAGR between 2017 and 2022.



Source: all data provided by H2GC, January 2018

REGULATORY UPDATE

The Group operates in a dynamically evolving industry and nowhere is this more pronounced than regulation. From a global perspective an increasing number of countries are moving to regulate their respective online gaming markets. This will present opportunities for the Group, particularly given its broad experience across international markets. A licensed and sensibly taxed regulatory structure is the best way to ensure player protection and generate revenues for governments. Within the EU, we work with the industry and those committed to upholding the open market values of being part of the Union.

Regulatory change is no less rapid in markets with established online gaming legislation. In these territories regulatory changes are a reflection of the growth in the industry. We welcome regulation that leads to increased standards across the industry and enable many millions of people to enjoy our products.

In 2017, approximately 74% of the Group's continuing revenues were derived from regulated* and/or locally taxed markets. The Group is currently licensed in more than 18 territories.

In Germany, bwin was among the 20 successful applicants for a sports betting licence in 2014. However, this process was subsequently suspended after being challenged by operators who failed to secure licences and therefore licences were never granted. In 2017, a proposed Second Amendment to the State Treaty on Gambling would have seen all 35 operators (including bwin) that fulfilled the minimum criteria in the licensing procedure receiving sports betting licences in 2018. However, the proposed Second Amendment was never ratified, with a growing number of states calling for more significant changes to the State Treaty on Gambling than those presented by the Second Amendment. In particular, there is growing recognition among some states that German consumers will be best protected by the creation of a legal framework of licensing for casino and poker as opposed to a ban. The Group currently pays betting tax/VAT on all of its German revenues.

2017 saw another US state, Pennsylvania, pass legislation to create a regulated online gaming market, initially for poker and casino. The finer details of the legislation have yet to be published but the Group is in active talks with a number of parties to ascertain whether entry into the market is financially viable.

Another significant development in the US in 2017 was the referral of New Jersey's challenge to existing legislation that prevents states from enabling a regulated online sports betting market, with the US Supreme Court expected to announce judgement in the coming months. A number of states have already commented that should the Supreme Court rule positively then they will look to regulate online sports betting. The Group is already licensed in New Jersey and is in discussions with a number of potential partners in the event online sports betting is permitted in the US.

In the UK, changes to the point of consumption tax for casino, poker and bingo (now applied to gross rather than net revenues), came into force in Q4 2017. If the changes had been in place for the full year the incremental tax cost to the Group would have been €4.5m.

Through a B2B deal with Rambler Media, bwin became the first major international sports betting brand to be licensed under a new Russian regulatory regime. The bwin.ru site went live in November 2017, presenting the Group with an exciting opportunity ahead of this year's FIFA World Cup.

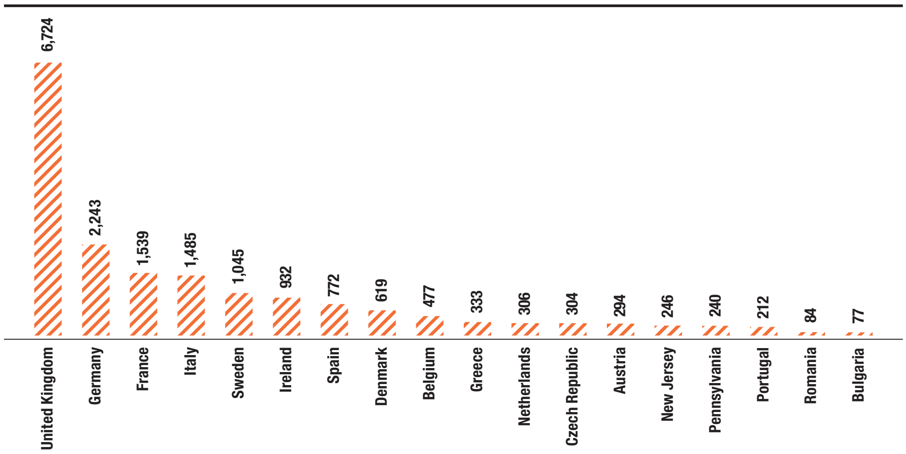
During 2017, the Swedish government announced plans to introduce legislation that would enable international companies to apply for online gaming licences for the first time. The application process is expected to begin in 2018 with licences granted in 2019. With a proposed tax rate of 18% of revenues, the legislation will encourage operators to apply for licences affording customers greater protection.

In the Netherlands, it is expected that an online gaming bill will be passed by parliament in 2018 with the first licences expected to be granted in 2019. Meanwhile, following an agreement between France, Portugal and Spain, licensed poker operators are now able to share liquidity across the three countries.

On 28 February 2018, the CJEU found in favour of the Group's subsidiary, Sporting Odds Ltd, against Hungary, under the principles of the freedom to offer services under EU law.

*Including markets in the process of regulating.

Total interactive (excluding lottery) gross gaming revenue (€m)



EUROPEAN AND US REGULATED AND REGULATING MARKETS TAX LANDSCAPE

SPORTS (S) CASINO (C) POKER (P) BINGO (B)

UNITED KINGDOM

Tax rate	**15%**
2017 Market size	**€6,724m**
2017-22 CAGR	**8.4%**

BELGIUM

Tax rate	**11% GGR + 21% VAT**
2017 Market size	**€477m**
2017-22 CAGR	**6.1%**

CZECH REPUBLIC

Tax rate	**23% S P 35% C B**
2017 Market size	**€303m**
2017-22 CAGR	**10.7%**

FRANCE

Tax rate	**9.3% S** turnover **2% P** turnover **+ 20% VAT**
2017 Market size	**€1,539m**
2017-22 CAGR	**7.2%**

AUSTRIA

Tax rate	**2% S** turnover **40% C P B**
2017 Market size	**€294m**
2017-22 CAGR	**4.1%**

BULGARIA

Tax rate	**20%**
2017 Market size	**€77m**
2017-22 CAGR	**6.6%**

DENMARK

Tax rate	**20%**
2017 Market size	**€619m**
2017-22 CAGR	**4.7%**

GERMANY

Tax rate	**5% S** turnover **19% VAT C P B**
2017 Market size	**€2,243m**
2017-22 CAGR	**5.6%**

GREECE

Tax rate	**35%**
2017 Market size	**€333m**
2017-22 CAGR	**6.9%**

NETHERLANDS[1]

Tax rate	**29%**
2017 Market size	**€306m**
2017-22 CAGR	**11.6%**

ROMANIA

Tax rate	**16%**
2017 Market size	**€261m**
2017-22 CAGR	**4.6%**

US (NEVADA)

Tax rate	**3.5-6.75% C P**
2017 Market size	**$48m**
2017-22 CAGR	**26.4%**

IRELAND

Tax rate	**1%** turnover **S 23% VAT C P B**
2017 Market size	**€933m**
2016-21 CAGR[3]	**3.7%**

POLAND

Tax rate	**5% S** turnover
2017 Market size	**€142m**
2017-22 CAGR	**21.9%**

SPAIN

Tax rate	**25%**
2017 Market size	**€772m**
2017-22 CAGR	**6.7%**

US (NEW JERSEY)

Tax rate	**17.5% C P**
2017 Market size	**$246m**
2017-21 CAGR	**12.9%**

ITALY

Tax rate	**22% S 25% C P B**
2017 Market size	**€1,485m**
2017-22 CAGR	**3.7%**

PORTUGAL

Tax rate	**8-15%** turnover **C B 30% P** turnover
2017 Market size	**€212m**
2017-22 CAGR	**10.1%**

SWEDEN[2]

Tax rate	**18%**
2017 Market size	**€1,045m**
2017-22 CAGR	**7.5%**

US (PENNSYLVANIA)[3]

Tax rate	**54%** slots **16%** table games
2018E Market size	**$240.2m**
2018-22 CAGR	**18%**

1. Proposed, bill yet to pass into legislation.
2. Proposed, bill yet to pass into legislation.
3. Full regulation yet to be finalised.

HOW WE CREATE VALUE

KEY DIFFERENTIATORS

OUR TECHNOLOGY

We operate a unique proprietary technology platform that sets us apart from our competitors and allows us to control our product development.

+ Read more on page 15

OUR BRANDS

Our brands are amongst the most popular in the industry, across sports, casino poker and bingo.

+ Read more on pages 24 and 25

OUR PEOPLE

We have been successful in attracting the brightest and the best from within and beyond the gaming industry.

+ Read more on page 28

OUR MARKETING

We leverage the popularity of our brands through sophisticated CRM systems and the expertise of our marketeers.

+ Read more on pages 10 to 13

OUR SCALE

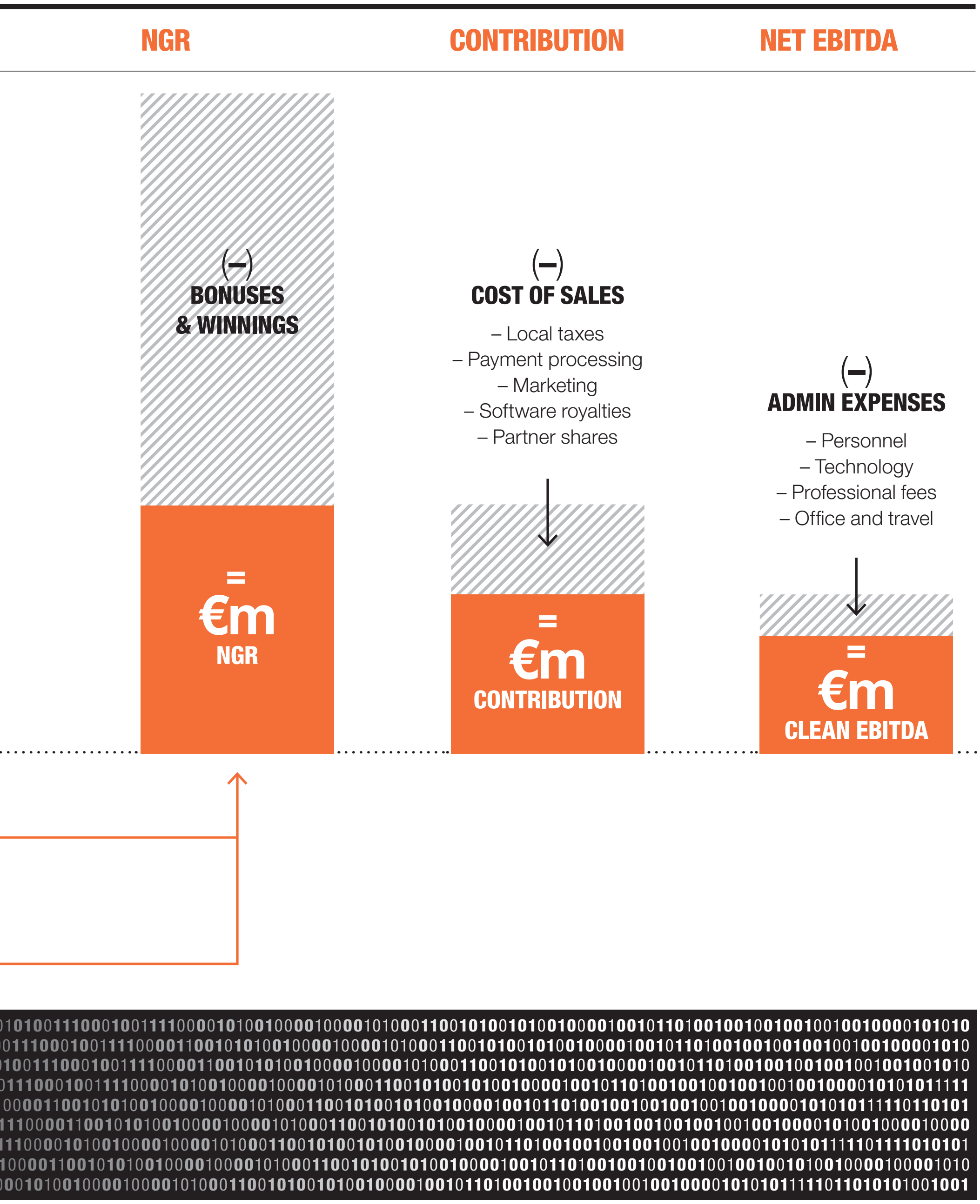
We have the scale and diversity required to succeed across multiple products and territories and to be able to adapt to our constantly evolving industry.

+ Read more on pages 4 and 5

HOW E-GAMING WORKS

CUSTOMERS	BRANDS	WAGERS
SPORTS BRANDS	bwin, sportingbet, betboo, gamebookers.com	€bn WAGERS & BETS
GAMING BRANDS	partypoker, Casino Club, Foxy Bingo, Party Casino, gioco digitale	
B2B	We provide gaming software and services to a select number of partners.	€m
NON-CORE	In 2017 this included our payments processing business and financial spread betting brand.	€m

OUR PROPRIETARY TECHNOLOGY PLATFORM



VALUE WE CREATE

POSITIVE RETURNS

Everything we do is ultimately focused on delivering value to our shareholders.

+ Read more on pages 2 and 3

DIVIDENDS

We are committed to regarding our shareholders with a progressive dividend policy.

+ Read more on page 3

ENGAGING CUSTOMER CONTENT

We are focused on delivering the best product offer to our customers, which is continuously refreshed.

+ Read more on pages 24 and 25

RESPONSIBLE GAMING

We are committed to providing a safe and secure environment for our customers to play in.

+ Read more on page 27

CORPORATE RESPONSIBILITY

We recognise our responsibilities as a corporate citizen in the communities in which we operate our business.

+ Read more on pages 27 and 29

OUR VISION

Our strategy is to build further scale and international diversification through leveraging our proven proprietary technology, established brands and high quality personnel. In an increasingly competitive and regulated industry, we believe scale and diversification will enable us to continue to create shareholder value through capital and income growth.

OUR MISSION

TO BE A TOP THREE PLAYER IN CORE MARKETS

TO PROVIDE BEST-IN-CLASS PRODUCT OFFER

OUR GOAL

TO BUILD FURTHER SCALE AND INCREASE OUR INTERNATIONAL DIVERSIFICATION

OUR STRATEGIC PRIORITIES

CONTINUING TO LEVERAGE OUR PROVEN PROPRIETARY TECHNOLOGY

EFFECTIVELY MARKET OUR STRONG BRANDS

INVEST IN THE BEST PEOPLE

MAKE ACQUISITIONS THAT ENHANCE SHAREHOLDER VALUE

HOW WE DELIVER IT

ORGANIC:

- ROI focused marketing
- Product and service development
- Focus on core markets
- Improved CRM and BI
- Cross-sell

M&A:

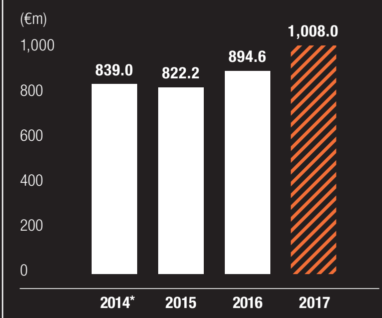
- Focus on underweight markets
- Regulated and soon to be regulated
- Prefer online but flexible
- B2C
- Technology

MEASURING OUR SUCCESS

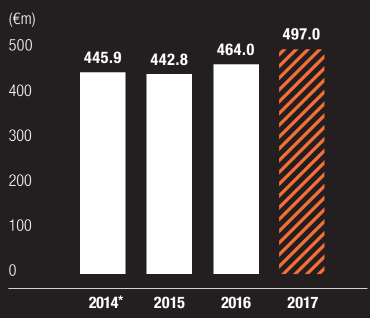
Our key performance indicators used to assess the performance of the business include; Net Gaming Revenue (revenue before deducting VAT); Contribution (revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs); Clean EBITDA (earnings before interest, taxation, depreciation, amortisation, share based payments, exceptional items and changes in fair value derivatives, a non-GAAP measure used by the Group's management to assess underlying performance; and Sports wagers (the value of sports best placed through our brands).

The charts below show the performance of the Group against these measures on a pro forma basis, as if GVC had acquired bwin.party digital entertainment in 1 January 2014. They include operations that have since been discontinued or disposed of.

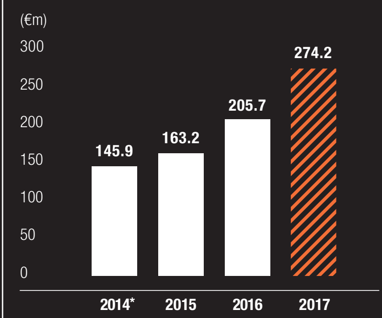
NGR



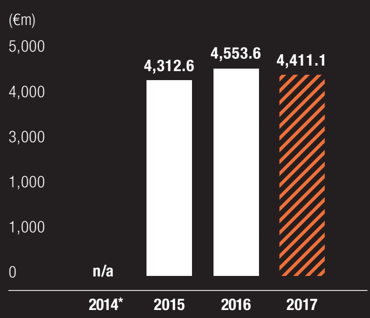
CONTRIBUTION



CLEAN EBITDA



SPORTS WAGERS



* Source: the bwin.party acquisition prospectus (http://www.gvc-plc.com/archive/takeover_code_bwin/GVC-Prospectus-131115.pdf)

SPORTS BRANDS

bwin

bwin is one of Europe's leading online betting brands and is synonymous with sports. It has leading positions in several markets including Germany, Belgium, France, Italy and Spain. bwin also offers casino, poker as well as bingo on mobile and web, all through a single account.

sportingbet

Sportingbet is a leading provider of sports betting, casinos, games and poker online and on mobile. It was established over 15 years ago in 1998 and acquired by GVC in March 2013.

gamebookers.com

Gamebookers is a full-service sportsbook which is particularly popular in east and central European markets. It offers up to 30,000 bets daily on more than 90 sports.

betboo

Betboo was established in 2005 to provide online bingo, sportsbook, casino and poker access to South American customers. It was acquired by the GVC Group in July 2009.

OPERATIONAL OVERVIEW

GVC operates through four divisions: Sports Brands, Games Brands, B2B and Non-core. To give a more accurate reflection of year on year comparative performance, unless stated all figures exclude discontinued activities and 2016 divisional KPIs are provided on a pro forma basis.

The division encompasses a number of well-established sports brands including: bwin, Sportingbet, Betboo and Gamebookers, of which the former is the largest.

Divisional NGR rose 20% in 2017 against 2016 (+19% on a constant currency basis). The sports gross win margin was 10.8% (9.4% in 2016), ahead of the previous long-term guidance of 10%. Given the evolving geographic mix of the business, we now believe the long-term average gross win margin should be c10.5%. Amounts wagered grew 2%, this was despite the strong gross margin. It should also be noted that unlike 2016, there was no major summer football tournament in 2017.

The combination of above average gross win margin and solid wagering performance, led to sports NGR growing 19% to €331.2m compared to pro forma 2016. Meanwhile, the benefits of a programme of continuous improvement in the product offering and a greater emphasis on cross-selling saw gaming NGR from sports customers increase by 21% to €332.6m (2016: €275.7m).

Contribution from Sports Brands improved to €360.3m, an increase of 13% on pro forma 2016. The contribution margin was 54% (2016: 57%), the decline reflecting the impact from the disposal of Kalixa (previously internally consolidated costs now being external), changing geographic mix and an increase in marketing expense.

At the beginning of 2017 we signalled our intention to return marketing spend on the bwin brand to more normalised levels after a period of reduced investment. Marketing spend at Sports Brands increased in absolute terms by some €33.4m, and as a percentage of NGR amounted to 19% compared to 17% in 2016. A core component of the investment was a new marketing campaign for bwin, including a high production broadcast advertisement, promoting a dynamic "Live the Action" message. This was well received by customers, both existing and new.

Although the migration of the sports brands onto a single platform was a key focus for the year, this did not stop us developing and delivering new products and enhancements to our customers. Our golf, horse racing and tennis products saw major upgrades, while the number of live betting events offered increased by c50%. A revamped user experience with improved navigation on in-play and mobile delivered a richer smoother experience for customers. Mobile also continued to grow strongly, with over two-thirds of sports betting gross revenues now derived through this channel. In addition, mobile now represents half of gaming revenues compared to 37% in 2016.

The FIFA World Cup takes place in Russia during the summer and we aim to deliver further product enhancements ahead of the tournament.

SPORTS BRANDS

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Sports wagers	**3,785.6**	3,724.4	2%	2%	3,508.3
Sports margin	**10.8%**	9.4%			9.4%
Sports NGR	**331.2**	277.9	19%	18%	260.7
Gaming/other NGR	**332.6**	275.7	21%	20%	259.7
NGR	**663.8**	553.6	20%	19%	520.4
EU VAT	**(22.2)**	(15.0)	(48%)		(13.9)
Revenue	**641.6**	538.6	19%		506.5
Contribution	**360.3**	318.1	13%		298.6
Contribution margin	**54%**	57%			57%

GAMES BRANDS

GVC owns a number of stand-alone, well-known gaming brands including partypoker, PartyCasino, CasinoClub, Gioco Digitale and Foxy Bingo.

Games Brands NGR rose 12% (+14% on a constant currency basis) to €228.7m against 2016. Contribution from Games Brands declined to €77.0m (2016: €89.0m), reflecting increased investment in partypoker, along with the impact from the disposal of Kalixa (as outlined above) and incremental increases in gaming taxes.

In 2017, partypoker revenues rose 42% (+41% constant currency), against a global poker market that was estimated to have grown by just 2% in the same period (source: H2 Gambling Capital). Our new live global tour was launched under the partypoker LIVE umbrella in January 2017 and yielded very encouraging results in its debut season. Total guaranteed tournament prize pools of $68m were exceeded by over 7%, with over 26,000 unique players participating during the year. The partypoker LIVE tour in 2018 will dwarf the debut season, with cumulative guarantees of over $150m. During the year we continued to upgrade the customer proposition including updates to lobby, tables and mobile apps, along with an overhaul of the loyalty scheme. First time depositor numbers rose by 25% in 2017, whilst the number of re-activations reached their highest level in four years – giving us confidence that partypoker remains a significant brand with real heritage in the online poker market.

Our strategy for partypoker is an ambitious one, with the aim of re-energising one of the world's best-known online gaming brands. We have invested significantly in both marketing and product over the last 18 months and will continue to do so over the medium term. However, during 2018 and beyond we expect marketing spend to decline as a proportion of NGR as the benefits of increased liquidity and product development begin to come through. As part of our strategy, we entered into a marketing agreement with our main offline tournament partner. Our partner established a new company and as part of the deal, GVC has entered into a put and call agreement dependent on the enhancement to the EBITDA of the poker business.

After many years of decline PartyCasino returned to underlying growth in 2017. The business underwent a rebranding during the year, promoted by a new TV-led marketing campaign and the opportunity to win admission to a new "Big Party event in Ibiza". Major improvements to the product were implemented in 2017, in particular an expansion in the breadth of games offered and a brand new lobby on desktop and mobile.

Gioco Digitale, our Italian-facing gaming business, recorded an impressive performance in 2017, growing faster than the underlying market. This was due to a number of factors including new marketing activity encompassing both television and digital channels, a significant increase in games content and improved customer retention.

2017 was another strong year for CasinoClub, which benefited from a significant investment in its content and games portfolio. While CasinoClub's foundation has been its signature table games, the games offering had been limited but in H2 of 2017 we added hundreds of new titles to its portfolio.

Bingo is the Group's smallest gaming vertical and in 2017 we restructured the business and significantly reduced marketing spend whilst this was undertaken. As expected, revenues at Foxy (the Group's principal bingo brand) declined but profitability improved. In the second-half of 2017 we acquired Cozy Games, a leading provider of B2B services to the bingo sector. Cozy owns its own proprietary bingo technology platform and gives the Group increased long-term flexibility.

The focus in 2018 and beyond very much remains improving the customer experience across all of our gaming brands. We aim to deliver more unique in-house developed content than ever before, whilst at the same time take the best content from third-party suppliers.

GAMES BRANDS

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Sports wagers	**69.8**	65.2	7%	7%	58.9
Sports margin	**8.3%**	7.7%			7.7%
Sports NGR	**4.7**	4.3	9%	10%	3.8
Gaming/other NGR	**224.0**	199.2	12%	14%	184.4
NGR	**228.7**	203.5	12%	14%	188.3
EU VAT	**(7.3)**	(6.4)	(14%)		(6.2)
Revenue	**221.4**	197.1	12%		182.1
Contribution	**77.0**	89.0	(13%)		82.9
Contribution margin	**34%**	44%			44%

partypoker is one of the pioneers of the online poker industry having launched in 2001. It remains one of the industry's most recognised brands, with a particular focus on the UK.

partycasino is one of the world's largest online casinos, with hundreds of mobile games on offer including many of the classic casino games such as blackjack, roulette and a broad variety of slot machines.

CasinoClub was originally launched in 2001 and acquired by GVC in 2004, it is a leading online casino website for German-speaking markets with more than 15,000 active customers.

Gioco Digitale was the first fully-regulated gaming site on the Italian market launched in 2009. It is positioning itself as a gaming portal for casual gamers, with a focus on bingo and casino products.

Foxy Bingo was launched in 2005 and is one of the most successful brands in online bingo and is one of the biggest names in the UK bingo market.

B2B SERVICES

The Borgata Hotel, Casino & Spa is New Jersey's largest casino property. GVC has supplied online casino and poker products to The Borgata since New Jersey regulated online gaming in November 2013.

Danske Spil is the Danish monopoly lottery operator and market leader in online gaming. GVC has supplied online casino and poker in the regulated Danish market since January 2012.

PMU is the French horse racing monopoly and one of the largest gambling companies in Europe. GVC has supplied online poker to PMU in the regulated French market since July 2010.

Leading Czech based sports betting operator Fortuna moved to GVC's live content feed in 2013, increasing the number of events offered to their customers by 60%, and driving double digit annual revenue growth.

The Group provides B2B services to a number of well-known gaming business including MGM, Danske Spil, Fortuna and PMU.

B2B revenues rose by 16% to €16.5m (pro forma 2016: €14.2m), whilst the contribution improved to €15.1m (pro forma 2016: €14.0m). During 2017, the Group expanded its relationship with MGM, launching a new branded website in New Jersey. We also signed a B2B deal with Rambler Media, to support the launch of the first licensed international sports betting brand in Russia. This went live in Q4 2017 and given the World Cup in Russia during summer 2018, we are excited about the opportunity for bwin.ru.

Looking further ahead, we are paying close attention to regulatory developments and opportunities in the US. In October 2017 Pennsylvania passed legislation to allow online casino and poker in the state. The detail of the legislation is being worked on and we are in active discussions with a number of parties regarding the provision of B2B services in Pennsylvania.

The US Supreme Court is due to rule in the coming months over the possible repeal of PASPA (The Professional and Amateur Sports Protection Act), legislation that effectively prohibits US states from legalising online sports betting. A positive ruling in favour of the states could transform the regulated online betting proposition in the US. The Group believes it is in a strong position should the sports betting market open given that we can offer partners a full technology suite from sports to poker to casino, and are already licensed to supply gaming technology in New Jersey.

OTHER

Following the disposal of Kalixa in May 2017, the division solely consists of InterTrader, our financial spread betting and CFD business.

InterTrader revenues were €10.5m for the period, representing growth of 53% over pro forma 2016. Growth was driven by effective marketing/efficiencies once InterTrader began operations under its own licence and the absence of disruption caused in 2016 from the move to a new platform provider.

Kalixa contributed revenues of €6.1m up until disposal in May 2017.

B2B SERVICES

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Revenue	**16.5**	14.2	16%	N/A	13.3
Contribution	**15.1**	14.0	8%	N/A	13.1
Contribution margin	**92%**	99%			98%

OTHER

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Revenue	**16.6**	23.0	(28%)	N/A	21.1
Contribution	**2.0**	(1.0)	(297%)	N/A	(1.0)
Contribution margin	**12%**	N/A			N/A

RESPONSIBLE GAMING

GVC aims to provide the world's safest most trusted gaming platform. Across our broad product line-up, our objective is that every user plays within their financial means and receives the best service possible. The Group is committed to three core principles of integrity, fairness and reliability, with our overarching goal, of preventing gaming-related problems arising. Together with leading research institutes, associations and counselling providers, we have developed measures to create a responsible, safe and reliable place for online gaming.

1. CUSTOMERS

FAIRNESS

It is our responsibility to create a gaming environment that is founded on the spirit of fair play. The trust of our customers is fundamental to our success. Customer confidence is reliant on us safeguarding the fairness of the games and protecting our customers against fraud. We work closely with independent authorities which monitor the fairness of the gaming products we offer. When it comes to fraud and manipulation, our dedicated investigation and online monitoring teams ensure our customers' protection.

SECURITY

Our gaming sites are subject to strict regulatory oversight and we comply with a wide range of laws, rules, standards and regulations throughout various jurisdictions. Regular verification of compliance by means of independent reviews confirms that random number generators work as they should and that player funds and personal data are fully protected.

PREVENTION

Gaming is a great source of entertainment for millions of people around the world. But, for a minority, gaming can cause problems. We are committed to identifying risks as early as possible and intervening to prevent these problems before they emerge. We have in place a responsible gaming framework which includes controls to help customers to play within their limits and avoid a situation where gaming causes problems.

2. EMPLOYEES

GVC and bwin.party are now well and truly embedded as one enlarged Group. Although our business is always changing, expanding and pushing forward, our people have settled into their roles and teams.

People

As a result of our disposal of the Turkish-facing operations, 125 roles either went with the new owners or left the business. This is never an easy decision, but was essential as part of the disposal and imperative to support our organisation's strategy and future.

As part of the strategy it was necessary to restructure some of our teams internally. To provide our players with a truly engaging and stimulating experience, we created a new role, Director of Customer Experience & Engagement, Sportsbook, as well as a Marketing Director Casino to oversee all of our casino offerings, enabling us to increase our marketing potency and drive casino acquisition and CRM best practice across our Casino operations. We also appointed a new Head of Cashcade to help drive our Casino and Bingo brands.

Process

In 2017, we implemented a new Enterprise Resource Planning (ERP) system. This was the first phase of Evolve, our HR programme, which was launched to streamline and introduce new and efficient procedures to our HR processes. It includes talent acquisition and retention, performance management, development, manager training and succession planning, as well as the day-to-day employee services.

Engagement

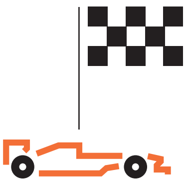
With a business of c.3,000 employees across 14 locations, it is vital we keep our people well informed and aware of our business objectives and how they can help deliver them. We believe regular and transparent communication is key to ensuring we have an engaged and motived workforce. Channels we utilise to do this include: a Group-wide intranet which is updated on a daily basis; regular webcasts from the CEO, physical 'town hall' meetings in our office locations; monthly manager briefs which are cascaded to all employees via their managers; as well as discussion forums. Our Pro Bono and charity events (further details below) also increase engagement between employees.

Culture and values

Following extensive consultation with our staff, we identified five corporate values which we believe are core to the way in which we operate.

These are:

- Collaboration
- Dynamism
- Ownership
- Recognition
- Transparency



These have now been embedded into the business for 12 months. To encourage the behaviours they represent, we introduced an initiative called 'The Kudos Club', which provides a mechanism for individuals to recognise their colleagues, complete challenges related to them and be rewarded for doing so. In 2017, c.1,000 employees participated in more than 13,000 challenges while over 1,700 employees recognised colleagues on over 14,000 occasions. This has had the effect of increasing employee engagement and enhancing working relationships.

2017 Employee statistics

GVC is a highly diverse and culturally rich organisation embracing 59 different nationalities, making it both cosmopolitan as well as a challenging place to work.

Our future success depends on the skills, knowledge and endeavours of our employees, which is supported by our commitment to ongoing training and learning. We foster and nurture a culture that enables people to learn, develop and achieve, irrespective of their nationality or gender. Life is fast-paced and highly demanding, but for those with the right skills and temperament, there are great opportunities.

2017 KEY EMPLOYEE STATISTICS

Average number of employees	2,656
Number of employees as at 31 December	2,657
Net change	+17.4%
Appointments in 2017	1,118
Voluntary attrition 2017	17.5%
Involuntary attrition 2017	10.2%
Redundancies in 2017	149
Total attrition	27.7%
Average length of service	3 years 8 months
AGE BREAKDOWN AS AT 31 DECEMBER 2017	
Employees under 25	270
Employees 25-29	54
Employees 30-49	1,658
Employee 50 and over	74
GENDER BREAKDOWN AS AT 31 DECEMBER 2017	
Female	926
Male	1,730

3,000 EMPLOYEES

across 14 locations, it is vital we keep our people well informed and aware of our business objectives and how they can help deliver them.

3. SUPPLIERS

Our supply chain is diverse, spanning IT, travel, sponsorship, translation services, telephony and affiliates amongst others. In 2017 we integrated management of our suppliers into a single Enterprise Resource Planning system.

Our approach to supply chain management is designed to:

- Reduce risk;
- Develop mutually beneficial long-term business relationships; and
- Deliver best value from our suppliers on a long-term basis.

Our procurement policy includes a "Supplier Acknowledgement and Self-Certification Checklist", which requests information relating to:

- Financial strength to ensure long-term reliability;
- Ability to deliver enduring quality and value;
- Commitment to innovation and ability to help us develop new products, processes and ways of working that will provide us with a commercial advantage; and
- Commitment to a wider corporate responsibility agenda relating to the environment, labour/ employment standards, equal opportunities and employee rights.

In return, we aim to operate to the highest professional standards, treating our suppliers in a fair and reasonable manner and settling invoices promptly.

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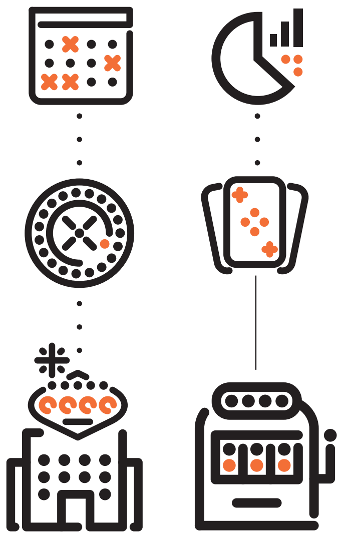


4. CHARITIES AND COMMUNITY ENGAGEMENT

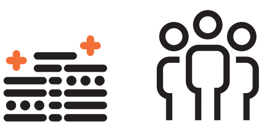
In addition to our commitment to provide a safe and secure gaming environment for our customers, we recognise we have a wider responsibility to support charities located in the communities in which our offices are located. As a business we make donations to a variety of responsible gambling organisations across multiple countries.

CSR goes beyond responsible gaming and as a Group we actively encourage and support our employees' involvement within local communities. We operate a Pro Bono scheme which encourages all employees to spend up to two days out of the office on charitable, community or environmental projects each year. In 2017, we substantially increased engagement in the programme, with our staff contributing over 2,000 hours on a varied range of community projects including homeless shelters, children's orphanages, helping the elderly and animal shelters.

Compared to 2016, we increased our contribution to responsible gambling charities/organisations by 39%. Through the scheme our employees have worked on homeless projects in Gibraltar, Sofia and Vienna, while in London and Vienna they have assisted a number of local charities for the elderly. Our Hyderabad workforce has a long-standing tradition and commitment to working closely with numerous educational and child-centric charities, providing funds and volunteers at various schools and orphanages. Over in the Philippines our employees have worked with local schools, providing goods and services. Environmental and wildlife projects supported during the year included cleaning up a local beach in Gibraltar to help protect local marine life and the building of new enclosures for Wildlife Heritage Foundation and local farms.

2,000 HOURS

contributed by our staff in 2017 on a varied range of community projects including homeless shelters, children's orphanages, helping the elderly and animal shelters.



5. ENVIRONMENTAL IMPACT

We are a low-impact company, but we are not complacent and monitor our environmental performance by measuring the water and energy we consume, the amount of physical waste we produce and the amount of CO_2 gas we produce through air travel. We currently monitor these impacts from our six main offices and plan to roll out monitoring across our locations this year.

Key metrics show that in 2017:

- A total of 4,493 air flights taken by employees (2016: 3,554 air flights) producing an estimated 1,199 metric tons of CO_2 (2016: 865 metric tons);
- Our highest energy consumption resulted from our seven data centres, which consumed 5.4 million KWh of electricity in total (2016: 8.4 million KWh); and
- On average, each full-time employee in our six main offices every month used:
  - 225 KWh of electricity (2016: 289 KWh);
  - 520 litres of water (2016: 801 litres);
  - produced 5.2kg of waste (2016: 6.5kg); and
  - used 130g of paper (2016: n/a).

Our approach to the environment and the community goes beyond our own business. Our suppliers' corporate responsibility agenda relating to the environment is also assessed before we enter into contractual arrangements. We believe that by aligning our interests we can make a contribution towards sustaining our environment.

4,493

flights taken by employees producing an estimated 1,199 metric tons of CO_2.

5.4M KWH

of electricity consumed across all eight of our data centres.

225M KWH

used by each full-time employee in our six main offices monthly.

5.2KG

of waste produced by each full-time employee in our six main offices monthly.

6. PROVIDERS OF CAPITAL

The online gaming sector is a rapidly evolving industry, subject to continuous change in areas including regulation, technology and competition. Our objective is to help current and potential investors to have a greater understanding of both our business model and the industrial environment in which we operate.

There is no set calendar that governs how we interact with our stakeholders, who include investors, lenders, politicians, regulators and business partners amongst others but we seek to communicate regularly through a variety of channels which include:

- Providing shareholders and lenders with regular updates on both corporate and financial developments throughout the course of the financial year;
- Regular meetings between our executive team and financial analysts, current as well as prospective investors, but with a focus around the publication of our half year and full year results;
- Investor and industry presentations, online webcasts, the publishing of financial reports and analysts' coverage, to name but a few, all of which are publicly available on our corporate website: www.gvc-plc.com; and
- Using our regular interactions to gain a greater understanding of investors' and other stakeholders' perceptions about our strategy, performance and prospects.

Our objective is to help current and potential investors to have a greater understanding of both our business model and the industrial environment in which we operate.

REPORT OF THE CHIEF FINANCIAL OFFICER

PAUL MILES
CHIEF FINANCIAL OFFICER
8 March 2018

It is a pleasure to be able to report such a strong set of figures that reflect the continued positive progress made by the Group.

The table below summarises the key GAAP financial measurements.

YEAR ENDED 31 DECEMBER CONTINUING OPERATIONS	2017 €m	2016 €m
Revenue	896.1	723.0
Operating loss	(5.2)	(116.0)
Loss before tax	(25.6)	(173.5)
Basic EPS	(0.13)	(0.51)

A summary of revenue, contribution and expenditure by reporting segment is shown below. For the purposes of comparing underlying like for like performance year-on-year, the table below details pro forma 2016 financial data as if the acquisition of bwin.party had completed 1 January 2016. Discontinued activities represent Headlong and associated Turkish-facing businesses that were disposed of in December 2017.

It is worth noting the distinction between net gaming revenue (NGR), a figure before VAT, and revenue, the "statutory" number, stated after VAT. While Clean EBITDA (earnings before interest, taxation, depreciation, amortisation, share-based payments, exceptional items and changes in fair value derivatives) is a non-GAAP measure, it is used by the Group's management to assess the underlying performance of the business.

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	2016 (actual) €m
Sports Brands	3,785.6	3,724.4	3,508.4
Games Brands	69.8	65.2	58.9
TOTAL SPORTS WAGERS	3,855.4	3,789.6	3,567.3
Discontinued	555.7	764.0	764.0
TOTAL SPORTS WAGERS (INC DISCONT'D)	4,411.1	4,553.6	4,331.3
Sports Brands	663.8	553.6	520.4
Games Brands	228.7	203.5	188.3
B2B	16.5	14.2	13.3
Other	16.6	23.0	21.1
NGR	925.6	794.3	743.1
Discontinued	82.4	100.3	100.3
Total NGR (inc discontinued)	1,008.0	894.6	843.4
EU VAT	(29.5)	(21.4)	(20.1)
TOTAL REVENUE (INC DISCONT'D)	978.5	873.2	823.3
Total revenue	896.1	772.9	723.0
Sports Brands	360.3	318.1	298.6
Games Brands	77.0	89.0	82.9
B2B	15.1	14.0	13.1
Other	2.0	(1.0)	(1.0)
CONTRIBUTION	454.4	420.1	393.6
Discontinued	42.6	43.9	43.9
TOTAL CONTRIBUTION (INC DISCONT'D)	497.0	464.0	437.5
Sports Brands	54%	57%	57%
Games Brands	34%	44%	44%
B2B	92%	99%	98%
Other	12%	(4%)	(5%)
CONTRIBUTION MARGIN	49%	53%	53%
Discontinued	52%	44%	44%
TOTAL CONTRIBUTION MARGIN (INC DISCONT'D)	49%	52%	52%
Brands and B2B	(157.7)	(187.0)	(176.7)
Other	(8.8)	(17.6)	(16.3)
Corporate	(48.6)	(45.0)	(42.3)
EXPENDITURE (CONTINUING)	(214.9)	(249.6)	(235.3)
Discontinued	(7.9)	(8.7)	(8.7)
TOTAL EXPENDITURE	(222.8)	(258.3)	(244.0)
Brands and B2B	294.7	234.1	217.9
Other	(6.8)	(18.6)	(17.3)
Corporate	(48.4)	(45.0)	(42.3)
CLEAN EBITDA (CONTINUING)	239.5	170.5	158.3
Discontinued	34.7	35.2	35.2
TOTAL CLEAN EBITDA	274.2	205.7	193.5

All figures and narrative refer to continuing operations unless noted otherwise.

NGR

NGR grew 17% to €925.6m for the year to December 2017 versus pro forma 2016. On a constant currency basis, pro forma NGR grew by 17% in the year. Including discontinued activities, NGR rose 13% to €1,008.0m vs €894.6m for pro forma 2016.

Both Sports Brands and Games Brands enjoyed double digit growth, with the benefits of improved product and customer proposition being key factors.

Revenues

Revenues grew by 16% to €896.1m over the 12 months to 31 December 2017, compared to pro forma 2016. VAT increased due to a combination of geographic mix and a full year impact from the imposition of VAT on gaming revenues in Belgium.

Variable costs and contribution

The key components of variable costs remain: betting taxes and duties, payment processing costs, software royalties, affiliate commissions, partner shares and marketing costs.

Contribution in the period was €454.4m, up from €420.1m in pro forma 2016. The decline in the Contribution margin on a pro forma basis to 49% from 53% reflected a greater proportion of revenues coming from locally taxed markets and a return to a more normalised level of marketing spend. In addition, following the disposal of Kalixa, costs previously accounted for as intra-company costs, now being recorded as a cost of sale.

Expenditure

The prime components of expenditure are personnel (representing around 58% of the cost base) and technology (representing approximately 22% of the cost base). Both personnel and technology costs declined during the period reflecting the benefits of the synergies from the acquisition of bwin.party. Other significant costs include real estate, travel and professional fees.

YEAR ENDED 31 DECEMBER	2017 €m	2016 (pro forma) €m	2016 (actual) €m
Personnel expenditure	(125.7)	(140.1)	(131.5)
Professional fees	(18.4)	(19.6)	(18.2)
Technology costs	(47.1)	(70.8)	(67.4)
Office, travel and other costs	(21.5)	(24.0)	(21.9)
Foreign exchange differences	(2.2)	4.9	3.7
	(214.9)	(249.6)	(235.3)

Clean EBITDA

While Clean EBITDA is a non-GAAP measure, it is used by the Group's management to measure the performance of the business. Clean EBITDA increased to €239.5m in 2017 from €170.5m pro forma in the previous year (€158.3m actual 2016).

Depreciation and amortisation

Depreciation and amortisation for the period was €151.0m compared to €136.3m in 2016. Amortisation associated with intangible assets recognised on acquisition was €121.0m. These assets are being amortised over periods ranging from 3 to 12 years.

The amortisation of capitalised development expenditure amounted to €14.4m.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Depreciation	(15.6)	(19.8)
Amortisation		
– intangible assets recognised on acquisition	(121.0)	(109.5)
– internally generated intangibles	(14.4)	(7.0)
	(151.0)	(136.3)

Exceptional items

The bulk of the exceptional items have arisen on the acquisition of bwin.party and subsequent restructuring.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
M & A costs	(7.7)	(51.5)
Premium listing application costs	–	(4.4)
Reorganisation costs	(23.9)	(14.4)
Contract termination costs	–	(11.7)
Accelerated depreciation	–	(12.5)
Progressive jackpots	–	(7.6)
Release of contingent consideration	–	(8.1)
Foreign exchange on deposit	(0.3)	(16.4)
Profit on disposal of joint venture	–	11.7
Legal settlements	(2.1)	–
Other	(5.9)	(2.9)
	(39.9)	(117.8)

Operating loss

The Group reported a statutory operating loss of €5.2m for the period, compared to a loss of €116.0m the previous year. Excluding exceptional items and amortisation associated with the acquisition, the Group's operating profit was €155.7m compared to €111.3m in 2016.

REPORT OF THE CHIEF FINANCIAL OFFICER
CONTINUED

The movement in fair value of derivative instruments comprises two main elements; the early repayment option (€22.5m charge) relating to the Cerberus Loan and, €12.0m charge relating to the put and call option associated with our poker marketing partner.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Clean EBITDA	239.5	158.3
Share based payments	(17.7)	(31.0)
Exceptional items	(39.9)	(117.8)
Depreciation & amortisation	(151.0)	(136.3)
Impairment of available for sale asset	–	(4.2)
Impairment of assets held for sale	(1.6)	–
Changes in the fair value of derivative financial instruments	(34.5)	15.0
OPERATING LOSS	(5.2)	(116.0)

Financing charges
These comprise: interest on indebtedness (principally loans), an accounting charge for debt free amortisation, other debt administration fees and foreign exchange movements. Financial charges totalled €21.8m for the period compared to €65.3m for the corresponding period in 2016.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Loan interest	(14.2)	(46.0)
Amortisation of loan fees and early repayment option	(7.3)	(19.0)
Other interest	(0.3)	(0.3)
	(21.8)	(65.3)

(Loss)/Profit Before Tax
The Group reported a loss before tax of €25.6m against a loss before tax of €173.5m in 2016. As noted above, the loss was due to the exceptional items and amortisation associated with the acquisition of bwin.party. Excluding exceptional items and amortisation associated with the acquisition, the Group achieved an adjusted profit before tax of €175.7m against €58.9m for 2016 from continuing operations.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Profit/Loss before tax	(25.6)	(173.5)
Exceptional items	39.9	117.8
Impairment of available for sale asset	–	4.2
Impairment of assets held for sale	1.6	–
Changes in the fair value of derivative instruments	34.5	(15.0)
Amortisation of acquired intangibles	121.0	109.5
Dividend income	–	(3.1)
Amortisation of loan fees and early repayment option	7.3	19.0
ADJUSTED PROFIT BEFORE TAX	178.7	58.9
Taxation	(10.2)	(7.9)
ADJUSTED PROFIT AFTER TAX	168.5	51.0
Profit after tax from discontinued operations	30.4	34.6
ADJUSTED PROFIT AFTER TAX INC DISCONTINUED OPERATIONS	198.9	85.6

Taxation
The Group is currently headquartered in the Isle of Man, with key operating subsidiaries in Gibraltar (where the headline rate of corporation tax is 10%) and Malta (35% with an effective rate of 5%), as well as a number of jurisdictions with higher tax rates. For the year ended 31 December 2017 the tax credit was €1.9m. This comprised a corporation tax charge of €13.1m and a deferred tax credit of €15.0m.

Discontinued operations
On 22 December 2017, the Group completed the disposal of Headlong. The loss after tax attributable to discontinued operations for the 2017 financial year was €15.7m (profit after tax €34.6m 2016).

Earnings (loss) per share
Reported EPS for the period was a (loss of) 13 euro cents (2016: (loss of 51 euro cents). Adjusted EPS (based on loss after tax but before exceptional items, non-trading items, amortisation associated with acquisitions and tax on excluded items) from continuing operations, increased by 195% to 56 euro cents (2016: 19 euro cents) and on a fully diluted basis increase to 54 euro cents (2016: 18 euro cents). Adjusted EPS including discontinued operations was 66 euro cents (2016: 31 euro cents).

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Basic EPS (inc discont'd)	(0.13)	(0.51)
Basic, fully diluted EPS (inc discont'd)	(0.13)	(0.51)
Adjusted continuing EPS	0.56	0.19
Adjusted, fully diluted continuing EPS	0.54	0.18
Adjusted EPS (inc discont'd)	0.66	0.31
Adjusted, fully diluted EPS (inc discont'd)	0.64	0.31

Dividends
The Group declared a second interim dividend of 17.5 euro cents in respect of the financial year ended 31 December 2017 and together with the first interim dividend of 16.5 euro cents this resulted in an aggregate of 34.0 euro cents for the period. This represented an increase of 13% on the aggregate declared special dividends of 30 euro cents for the 2016 financial year. In terms of dividends paid in 2017, this totalled 46.5 euro cents (nil in 2016).

Date declared	Description	Per share €c	Per share £p	Date paid
15/12/2016	Special dividend (FY 2016)	14.9	12.5	14/02/2017
23/03/2017	Special dividend (FY 2016)	15.1	13.1	12/05/2017
14/09/2017	Interim dividend (FY 2017)	16.5	14.6	19/10/2017

Cashflow

Free cash before exceptional items amounted to €161.6m for the year to 31 December 2017, compared to €71.3m during the previous year. This was achieved after capital expenditure of €38.4m and a working capital outflow of €16.0m, largely associated with the disposal of Kalixa.

Cash exceptional costs of €39.6m (2016: €86.4m) were predominantly associated with the integration and reorganisation of bwin.party. Acquisition costs net of cash acquired were €36.7m, of which Cozy Games (€22.3m) was the main component. Disposals of €30.7m represented the proceeds from the sale of Kalixa.

During the year the Group refinanced its debt facilities and this is covered in more detail below.

YEAR ENDED 31 DECEMBER	2017 €m	2016 €m
Clean EBITDA (inc discontinued)	274.2	193.5
Capitalised software development and other intangible asset purchases	(26.0)	(19.0)
Property, plant and equipment purchases	(12.4)	(15.8)
Interest paid including loan costs	(43.3)	(47.6)
Corporate taxes	(14.9)	(7.9)
Other working capital movements	(16.0)	(31.9)
FREE CASH FLOW BEFORE EXCEPTIONAL ITEMS	161.6	71.3
Exceptional items	(39.6)	(86.4)
Acquisitions net of cash acquired	(36.7)	(189.4)
Proceeds of issued share capital net of costs	47.0	193.8
Proceeds from disposals	30.7	20.9
Interest bearing loan drawdown	550.0	380.0
Loan repayments	(636.5)	(55.5)
Dividends paid	(141.0)	–
Other cash movements	1.3	4.8
NET CASH GENERATED	(63.2)	339.5
Foreign exchange	–	(0.7)
Cash and cash equivalents at beginning of period	367.0	28.2
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	303.8	367.0

Net debt and liquidity

Strong cash generation meant that despite acquisitions and dividend payments of a combined €177.7m, Group net debt still declined year on year. Net debt as at 31 December 2017 was €108.6m, representing 0.4x 2017 Clean EBITDA.

AS AT 31 DECEMBER	2017 €m	2016 €m
Loans due <1 year	–	(386.5)
Loans due >1 year	(300.0)	
Gross debt	(300.0)	(386.5)
Cash and cash equivalents	303.8	367.0
Short term investments	5.0	5.4
Less client liabilities	(117.4)	(112.0)
NET DEBT	(108.6)	(126.1)
Cash in transit with payment processors	54.1	60.0
NET DEBT ADJUSTED FOR PAYMENT PROCESSORS	(54.5)	(66.1)

In March 2017, the Group signed a €320m Senior Secured Term and Revolving Facility ("the Facility") comprising a €250m term loan (the "Term Loan") and a €70m revolving credit facility ("RCF"). The Term Loan was used to fully repay the Nomura Loan. In December 2017, the Term Loan was subsequently increased to €300m with the margin reducing to 2.75% over EURIBOR from 3.25% over EURIBOR previously. In addition, the Group achieved increased flexibility through reduced covenants and an increase in maximum leverage to 3.5x from 2.25x (Net Debt:EBITDA).

Balance sheet

The decline in assets is largely as a result of the amortisation associated with the acquisition of bwin.party. During 2017, the Group also undertook a refinancing, with the result of reducing short-term loans and borrowings, with an increase in long-term liabilities.

AS AT 31 DECEMBER	2017 €m	2016 €m
Goodwill	1,094.3	1,090.3
Other intangible assets	437.3	519.1
Other non-current assets	22.6	28.3
Total non-current assets	1,554.2	1,637.7
Cash & cash equivalents	303.8	354.8
Trade receivables	115.6	105.2
Other current assets	6.8	98.0
Total current assets	426.2	558.0
TOTAL ASSETS	1,980.4	2,195.7
Trade and other payables	(105.7)	(93.9)
Balances with customers	(117.4)	(112.0)
Progressive prize pools	(18.0)	(22.8)
Loans and borrowings	(0.2)	(403.5)
Other current liabilities	(84.3)	(89.3)
Total current liabilities	(325.6)	(721.5)
Loans and borrowings	(295.2)	–
Deferred tax	(52.2)	(65.6)
Other non-current liabilities	(28.6)	(11.3)
Total non-current liabilities	(376.0)	(76.9)
NET ASSETS	1,278.8	1,397.3

An unqualified report on the consolidated financial statements for the year ended 31 December 2017 has been given by the auditor Grant Thornton UK LLP. It did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

PAUL MILES
CHIEF FINANCIAL OFFICER
8 March 2018

PRINCIPAL RISKS

There are a number of risks that could have a material impact on the Group's future performance.

To manage these risks, the Group conducts a continuous risk management process, of risk identification, assessment and management.

Our approach to risk management is outlined below, along with how we seek to manage them and the principal risks and uncertainties considered to have a potential impact on the Group's long-term financial performance.

How are risks to the business identified?

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee reviews the effectiveness of the risk management process. Refer to the Audit Committee Report on pages 51 to 55 of this Annual Report for further insight into the responsibilities of the Audit Committee.

Each business unit is responsible for identifying, assessing and managing the risks in their respective area. The Internal Audit Executive meets with senior and executive management, meet during the year, in order to:

(i) identify new risks;

(ii) monitor the development of each risk faced by the Group over time (namely whether any identified risk has increased, decreased or become obsolete);

(iii) evaluate the likelihood of each risk materialising and the impact it would have on the Group; and

(iv) determine an appropriate course of action to mitigate or manage the identified risk.

How are risks to the business measured?

As part of the risk management process, risks identified are measured against a defined set of criteria, in particular:

(i) The associated potential clean EBITDA impact to the Group should the risk materialise. The impact is measured on a scale, where 1 is low, with limited damage to a minor stakeholder, and 4 being severe, which may have a substantial impact on the Group's clean EBITDA or cause significant reputational damage, affecting many key stakeholders.

(ii) The likelihood of the risk materialising. The extent to which an event is likely to occur is scored from 1-4, 1 being remote i.e. very unlikely to occur and 4 being probable i.e. where it has the potential to occur or has already happened.

The product of both scores gives rise to the risk score that determines the relative importance of the individual risk.

A Group Risk Register is documented, and remains a central repository for management and the Directors to review and oversee risk issues effectively. This register is reviewed periodically by the Group's senior executive management team, ahead of it being submitted to the Audit Committee for consideration and direction.

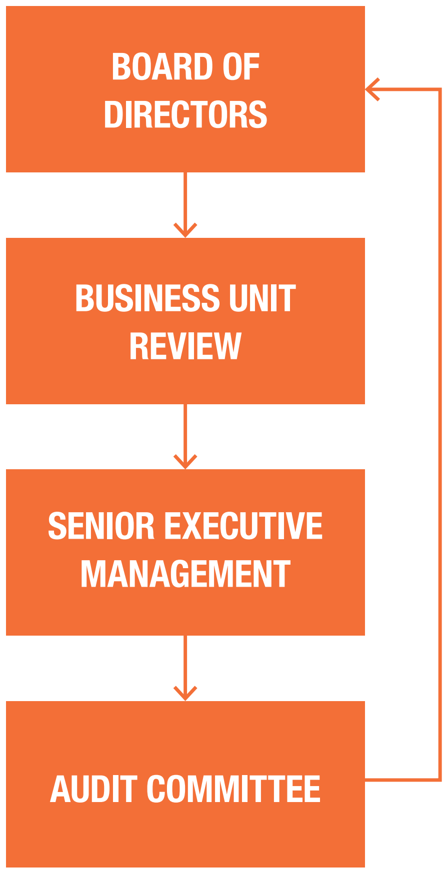
In some instances, key risks will be escalated to the Board for final decision, sometimes with a recommendation from the Audit Committee.

The table opposite is an extract of the Group Risk Register, illustrating our approach to evaluating risk

How are these risks managed?

To ensure our risk management process drives continuous improvement across the business, the Internal Audit function monitors the ongoing status and progress of key action plans against each risk regularly. In addition, risk appetite and mitigation matters remain a key consideration in all strategic decision-making by senior executive management and the Board.

Risk management process:



Group risk register extract:
(Illustrating our approach to evaluating risk)

RISK NO	**8**
AREA/BUSINESS SEGMENT	Technology
MOVEMENT	Decreased
RISK TITLE	Platform migration
RISK CATEGORY	Technology
RISK DESCRIPTION	The customer and label migration from MM1 to the BPTY platform is not effective
POTENTIAL IMPACT	1. Loss of revenues 2. Ineffective transfer of customer data (balances, transactional history, account status)
EXISTING CONTROLS/ACTION TAKEN	1. Detailed migration plans in place 2. Phased migration via territories and labels 3. Continuous management oversight, regular Board updates 4. Commercial impact of migrations monitored daily
RISK SCORE	
Impact	**2**
Likelihood	**2**
Residual Risk Score	**4**
PREVIOUS RISK SCORE	
Impact	**4**
Likelihood	**3**
Residual Risk Score	**12**
RISK ACTION	**TREAT**
ACTION REQUIRED	1. Continue to monitor completed migrations and learn from each iteration 2. One remaining territory remains to be migrated, to complete January 2018
DATE	March 2018
RESPONSIBLE LEADERSHIP MEMBER	COO

VIABILITY STATEMENT

In accordance with the obligations of the UK Corporate Governance Code, the Board of GVC is required to provide its assessment within the Annual Report and Accounts of the viability of the Group over an appropriate period of time. Accordingly, the Directors have assessed the viability of the Group over a three year-period to December 2020, taking account of the Group's current position and the potential impact of the principal risks as outlined in this section of the Annual Report.

A three-year period was deemed appropriate for this assessment as it best reflects the strategic planning and budgeting process required for the implementation of the Group's strategy.

The Board has completed a thorough review of threats with the potential to compromise the Group's business model, future performance, solvency, liquidity and its resilience to those risks.

Key factors the Board considered within this review included:

- Completion of the synergies and integration of the bwin.party business acquired in February 2016 including the migration of customers on to a single technology platform;
- The secured nature of the Group's long-term debt facility comprising a €300m term loan and a €70m revolving credit facility;
- The diverse nature of the Group's revenue base across both geographical markets and online gaming product segments; and
- The Group's ability to adapt to regulatory change in regard to online gaming and increase in taxation that may result from such change.

Having completed this review, the Board has full confidence that the Company will be able to meet its liabilities over the three-year period to December 2020.

WHAT ARE OUR RISKS?

The principal risks and uncertainties, which are considered to have a material impact on the Group's long-term performance and achievement of strategy, are set out below.

This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

RISK1: DATA BREACH AND CYBER SECURITY

Risk Category:

- Technology
- Legal and Regulatory
- Reputational

↑

Why we need to manage this

A large customer, corporate or employee data breach, from either an internal or an external cause, could result in formal investigation and material sanction due to breach of EU General Data Protection Regulations.

How we manage and mitigate the risk

The Group dedicates significant resources to ensure security arrangements and systems are up-to-date to cope with emerging threats.

The Group's Technology Governance team continuously assesses the risks and controls around security and IT operations alongside the Internal Audit function.

GVC is committed to maintain certification under the ISO 27001:2013 Information Management Security System standard it holds, and has expanded its scope across more Group locations during the year.

The Group established a GDPR steering committee, led by the Group Head of Compliance, Legal & Company Secretariat to work towards ensuring compliance with the new EU-wide General Data Protection Regulation, which comes into force in 2018.

RISK2: DISASTER RECOVERY AND BUSINESS CONTINUITY

Risk Category:

- Technology
- Commercial
- Reputational

↓

Why we need to manage this

A natural or man-made event may affect the continuity of operations of a business or location, undermining player confidence.

How we manage and mitigate the risk

We regularly review our Business Continuity Plans and our IT Disaster Recovery capability, as part of the ISO 27001 certification framework.

Service level agreements are in place with third parties where applicable, have failover solutions available and seek to limit single points of failure.

RISK3: IMPACT OF BREXIT

Risk Category:

- Commercial
- Legal and Regulatory
- Financial

↔

Why we need to manage this

The UK's departure from the EU as a consequence of the Brexit referendum may reduce the Group's ability to operate in certain EU markets.

How we manage and mitigate the risk

The Group's Brexit task force, led by the Group Head of Legal, Compliance and Secretariat alongside members of senior executive management, continues to monitor the situation.

The purpose of the task force is to closely monitor the situation, propose various contingency plans and, subject to Board approval where appropriate, execute them as the UK navigates through the EU exit process, with minimal business interruption and customer impact.

↑ Risk Increased ↓ Risk Decreased ↔ Risk Static

RISK4: COMPLIANCE WITH APPLICABLE GAMING LAWS

Risk Category:

- Commercial
- Reputational
- Legal and Regulatory
- Financial

↔

Why we need to manage this

To maximise revenue streams from markets into which the Group makes a gaming offering whilst avoiding regulatory sanction, particularly as there are circumstances where the online gaming laws in the jurisdiction in which the Group provides licensed gaming services and the gaming is transacted conflict with the laws of the territory in which some of the customers may reside.

How we manage and mitigate the risk

GVC focuses on nationally regulated and taxed markets and holds more than 40 gaming licences and 74% of the Group's revenues come from these licensed markets. The Group maintains its own experienced compliance and licensing function.

The Group is committed to meeting its licence obligations and monitors its compliance with regulatory requirements by performing reviews in areas across licences, such as Anti-Money Laundering policies and controls, with the results reported to the Audit Committee.

The Group also submits the licensed entities to a series of external audits by regulators, third party auditors and industry specialists to ensure that policies and procedures are being followed as intended.

By owning its own gaming technology, the Group is able to adapt its offerings quickly to be compliant with new or amended licensing requirements.

The Group closely monitors regulatory developments, assesses the impact on the Group's offering and takes the necessary action where appropriate. Management take external advice, which incorporates risk evaluation of individual territories. It also engages in promoting licensing solutions that provide commercially viable opportunities for online gaming operators. This risk is diminishing as countries introduce their own licensing regimes specifically addressing online gaming. Unless offering into a market via a local licence, the Group provides its offer via its Gibraltar and/or Malta gaming licences on a point of supply basis and, in addition, where that jurisdiction is an EU member state it relies on the EU principle freedoms of establishment and to provide services.

Weekly compliance reports are circulated to senior and operational management and to the Internal Audit function, with regulatory update reports made to the Board and Audit Committee at each scheduled meeting.

RISK5: IMPOSITION OF ADDITIONAL GAMING OR OTHER INDIRECT TAXES

Risk Category:

- Commercial
- Legal and Regulatory
- Financial

↔

Why we need to manage this

Revenues earned from customers located in a particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of existing law or the current practice of any tax authority, or by reason of a change in law or practice, then this may have a material adverse effect on the amount of tax payable by the Group.

Further taxes may include corporate income tax, value added tax (VAT) or other indirect taxes. Group companies may be subject to VAT or similar taxes on transactions, which have been treated as exempt supplies of gambling, or on supplies, which have been exported outside the scope of VAT.

Where Group companies have treated supplies of gambling as exempt based on exemptions available to comparable supplies in the place where the customer is located, the right to exemption may be restricted if the supplies do not have similar characteristics or meet the same needs as other exempt gambling from the customer's point of view. In such circumstances, the potential taxable amount is uncertain.

The multi-location of the Group may lead to higher corporate income tax from transfer pricing adjustments.

How we manage and mitigate the risk

The Board's policy is that Group companies operate only where they are incorporated, domiciled or registered. The Board's policy is to manage transfer-pricing risk by requiring that all intra-group transactions are documented and take place on an arm's length basis unless local legislation or other business conditions make an arm's length basis impossible or impractical. The Group aims to comply with all tax regulations in all countries in which it operates and monitors and responds to developments in tax law and practice.

During the year, the Board reviewed the Group's tax strategy and considered whether it was aligned with the Group's commercial strategy, approach to corporate governance, attitude to risk and the Group's business models.

The Board reviewed and adopted a UK Tax statement (available on: http://www.gvc-plc.com/archive/UK_Tax_Statement.pdf) and a new Anti-Tax Evasion Policy in line with the changing tax environment.

Owing to the dynamic nature of the online gaming sector and the Group's business in particular, the Board has decided to review the Group's tax management strategy annually.

Statement of Directors' Responsibilities

The responsibility statement below has been prepared in connection with the Company's Annual Report for the year ended 31 December 2017. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- The Group and Company financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- The business review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties they face.

The Directors of GVC Holdings PLC are listed in the Group's Annual Report and a list of current Directors is also maintained on the Company website www.gvc-plc.com.

By order of the Board

ROBERT HOSKIN
COMPANY SECRETARY
8 March 2018

GOVERNANCE AT WORK

The Board looks to encourage a culture of strong governance across the business, and continues to adopt the principles of good governance by adhering to the requirements of the UK Corporate Governance Code. The Board is collectively responsible to the Company's shareholders for creating and preserving the long-term success and performance of the business. The key principles of the code are outlined below:

LEADERSHIP

The Board provides leadership either directly or through the operation of its Committees. The Chairman is ultimately responsible for the make-up and composition of the Board to best deliver the business strategy.

ACCOUNTABILITY

The Board is responsible for establishing and maintaining the risk management and internal controls and has delegated the responsibility to ensure compliance with the new code to the Audit & Risk Committee.

EFFECTIVENESS

The Board sets the strategic objectives and approves and monitors performance against budgets and forecasts. An evaluation process is regularly undertaken to ensure Board members have the necessary skills in place. Being effective also means maintaining relationships and continued engagement with shareholders.

REMUNERATION

The role of the Remuneration Committee is to determine and maintain a fair reward structure that attracts the right talent and incentivises Directors to deliver its strategic objectives and maintain stability of management.

GVC CONTINUED ITS CORPORATE GOVERNANCE JOURNEY IN 2017"

LEE FELDMAN
CHAIRMAN OF THE BOARD

LEE FELDMAN
NON-EXECUTIVE CHAIRMAN OF THE BOARD
8 March 2018

GVC continued its corporate governance journey in 2017. Will Whitehorn was appointed the Senior Independent Director in March 2017, to enhance the Board's knowledge and decision-making process and to comply with the UK Corporate Governance Code's recommendation. Will is an experienced independent non-executive director who has served as a senior independent director for another FTSE 250 listed company.

In June 2017 the Board appointed a new Independent Director, Jane Anscombe, who was also appointed the new Chair of the Remuneration Committee. She has more than 30 years of experience in the gaming, leisure and entertainment sector, primarily as an equity research analyst. Jane's analytical background and extensive knowledge of the gaming sector have proved invaluable in strategic discussions at the Board level and bringing the remuneration policy and incentive arrangements in line with comparable FTSE 250 companies. This included dispensing with certain contractual termination terms for myself and the CEO which pre-dated GVC becoming Premium Listed, removing the only remaining area of non-compliance with the UK Corporate Governance Code.

During the year the Board also amended the membership of the Audit, Nominations and Remuneration Committees to take account of the new appointments and improve the independence of these important bodies. Reports from each committee follow my report.

2018 will be another milestone year for GVC. Having announced a recommended offer to acquire the Ladbrokes Coral Group just before Christmas, GVC and Ladbrokes Coral shareholders overwhelmingly approved the transaction on 8 March 2018. We now await the final regulatory approvals and expect the acquisition to close in the next month. On completion of the acquisition, Paul Bowtell, Ladbrokes Coral's CFO, will join the GVC Board and succeed Paul Miles as the Combined Group's CFO. The Board looks forward to working with Paul Bowtell as we face exciting times ahead, integrating the two businesses and driving revenue growth. I would like to take this opportunity to thank Paul Miles for his positive contributions to GVC which included an extensive refinancing programme and the Ladbrokes Coral acquisition and wish him well in his next endeavour. I would also like to thank Norbert Teufelberger, who stepped down as a Non-executive Director at the beginning of February having served his agreed two-year term following GVC's acquisition of bwin.party. Norbert provided valuable insight into the bwin.party business, following the takeover of that group, and the gaming industry.

Following the Ladbrokes Coral acquisition, GVC is expected to become a member of the FTSE 100 Index in the summer, an impressive development given that GVC was AIM listed just over two years ago with a market capitalisation of £280m. The Board appreciates that with scale comes greater scrutiny and expectation from the Company's stakeholders, so the Board continues to focus on enhancing its governance practices. To this end, the Nominations Committee is in the process of interviewing candidates for new independent non-executive director positions and the Board is looking forward to making an announcement in due course. The Board is also in the process of establishing a Social Responsibility Committee. Whilst GVC's management and operations regard corporate social responsibility as a key pillar of activity supporting a growing and sustainable business, the Board wants to establish a dedicated body, separate from the Audit Committee to oversee the Group's policies, processes and controls.

LEADERSHIP: EXPERIENCE ACROSS THE BOARD

LEE FELDMAN

Non-executive Chairman of the Board

Lee joined the GVC Group in December 2004 and became Chairman in 2008. He is the Managing Partner of Twin Lakes Capital, a private equity firm focused on branded consumer products, media and business services. From 2008 to 2015, he was also the Chief Executive Officer of Aurora Brands: the owner of both MacKenzie-Childs and Jay Strongwater, the iconic American luxury home furnishings and personal accessories companies. Lee was appointed the Chief Executive Officer of Aurora Brands when Twin Lakes led the acquisition of the business. He is also a member of the Board of Directors of LRN Corporation and TLH Beauty LLC. Prior to co-founding Twin Lakes, Lee was a partner in Softbank Capital Partners. He has a B.A. and J.D. from Columbia University.

- Nominations Committee (Chairman)
- Remuneration Committee

KENNETH ALEXANDER

Chief Executive Officer

Kenneth joined GVC as its Chief Executive Officer in March 2007. On the re-domiciliation of Gaming VC Holdings S.A. to the Isle of Man and its renaming as GVC Holdings plc, he became a Director of GVC Holdings plc in January 2010. He was formerly Finance Director, then Managing Director, of the European operations of Sportingbet plc, which he joined in 2000. He is a member of the Institute of Chartered Accountants of Scotland and previously worked for Grant Thornton UK LLP.

PAUL MILES

Chief Financial Officer

Paul joined GVC in February 2017 as Chief Financial Officer. A Chartered Accountant, Paul has held a number of senior finance roles in regulated industries, encompassing international and online operations. Previous roles include Group Financial Controller at insurance group RSA Group plc and Acting Group Finance Director of Phoenix Group plc, the FTSE 250 life assurance operator. Paul joined Wonga as Chief Finance Officer in 2014 as a key member of an executive team brought in to restructure the business.

JANE ANSCOMBE

Independent Non-executive Director

Jane joined the GVC Board in June 2017. She has more than 30 years of experience in the gaming, leisure and entertainment sectors, primarily as an equity research analyst. She retired from equity research in spring 2017 having been a gaming and entertainment analyst at Edison Investment Research since its formation in 2003. Prior to that she was an independent equity research analyst from 1999 to 2003, and before that a leisure sector analyst at Investec Henderson Crosthwaite from 1998 to 1999. Prior to this Jane served as the Director of Investor Relations at Carlton Communications plc from 1997 to 1998, having joined from The Rank Group plc where she was the Director of Investor Relations between 1993 and 1997. From 1981 to 1993, Jane was an equity research analyst at de Zoete & Bevan and then Barclays de Zoete Wedd, where she was a director of BZW Research Ltd. Jane has a first class BA honours degree in Philosophy, Politics and Economics from Brasenose College, Oxford.

- Remuneration Committee (Chair)
- Nominations Committee

KARL DIACONO

Independent Non-executive Director

Karl joined the GVC Board as a Non-executive Director in December 2008, having previously served on the Board of Directors of Gaming VC Holdings S.A. He holds a Masters Degree in Management and is currently the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider based in Malta. He is also a non-executive director of various trading and holding companies as well as other online gaming companies. He is actively involved in the hospitality industry. Karl is also a director of a number of Maltese subsidiaries of the GVC Group to which Fenlex Corporate Services Limited also provides certain administrative services. He is a Maltese citizen.

- Audit Committee

PETER ISOLA

Independent Non-executive Director

Peter Isola joined the GVC Board in 2016 following the move to the Main Market of the London Stock Exchange as an expert in gaming law and regulation with experience advising numerous e-commerce clients. Peter Isola is the Senior Partner of ISOLAS, Gibraltar's longest established law firm. He is a Gibraltarian, domiciled in Gibraltar, and in 1982 was called to the Bar of England and Wales and also Gibraltar. Peter has worked in the gaming and financial services sector all of his professional life and is widely recognised and respected as a leading expert in gaming and regulation. Peter is a former President of the Gibraltar Chamber of Commerce and advises the Government of Gibraltar on a number of committees in both financial services and gaming. He is also a director of a number of Gibraltar regulated firms in financial services, gaming and e-commerce including the Gibraltar International Bank, Callaghan Insurance Brokers and Broadband Gibraltar Limited. He was appointed a Commissioner to the Gibraltar Financial Services Commission in March 2017.

- Remuneration Committee

STEPHEN MORANA

Independent Non-executive Director

Stephen Morana joined the GVC Board on 2 February 2016 and is widely recognised for his e-commerce expertise, particularly as a specialist in the online gaming sector having spent ten years as part of the management team at Betfair plc. Stephen joined Betfair in 2002, becoming Chief Financial Officer in 2006 and also served as Interim Chief Executive Officer in 2012. After Betfair, Stephen spent over three years at Zoopla Property Group Plc as Chief Financial Officer, where he helped them join the FTSE 250 in June 2014. Stephen joined the Board of GVC following the successful acquisition of bwin.party digital entertainment plc and the enlarged Group's move to the Main Market of the London Stock Exchange. Stephen was until recently a Non-executive Director and Audit Committee Chairman of boohoo.com plc, the high growth fast fashion business. Stephen is a member of the Institute of Chartered Accountants in England and Wales and an alumnus of the executive management programme at INSEAD.

- Audit Committee (Chairman)
- Remuneration Committee

WILL WHITEHORN

Senior Independent Director

Will joined the GVC Board on 23 March 2017. Will is the Deputy Chairman and Senior Independent Director at Stagecoach Group plc, an independent Non-executive Director of Purplebricks Group plc and a Non-executive Director of AAC Microtec AB. He is also a member of the First Minister of Scotland's 'GlobalScot' Business mentoring network, Vice-President of the Chartered Institute of Logistics and Transport and Chairman of the Scottish Gallery and Scottish Event Campus Limited. Previously, Will joined the Virgin Group in 1987 and served as Group Public Relations Manager and as Brand Development and Corporate Affairs Director, as well as being a founding director of Virgin Games, before being appointed as President of Virgin Galactic from 2007 to 2011. He is also a former Non-executive Chairman of Next Fifteen Communications Group plc, Crowd Reactive Limited and Speed Communications Agency Limited, and was a member of the Science & Technology Facilities Council ("STFC") until 2012, chairing its Economic Impact Advisory Board and was a Non-executive director of STFC Innovations Limited.

- Audit Committee
- Nominations Committee
- Remuneration Committee

LEADERSHIP: CORPORATE GOVERNANCE OVERVIEW

HOW IS THE BOARD ORGANISED AND DOES IT OVERSEE MANAGEMENT?

CEO

- Runs the Company's business.
- Proposes and develops GVC's strategy and overall commercial objectives in conjunction with the Chairman.
- Responsible, with the senior executive team for implementing the decisions of the Board and its committees.
- Promotes and conducts affairs of GVC with the highest standards of integrity, probity and corporate governance.
- Manages the leadership team and promotes the strategic mission and goals to all employees.
- Engages with external stakeholders to explain the corporate goals and progress of the business strategy.

CFO

- Ensures future business decisions are grounded in solid financial criteria.
- Provides insight and analysis to support the CEO and senior executive team.
- Leads key initiatives in finance that support overall strategic goals.
- Funds, enables and executes the strategy set by the CEO.
- Develops and defines the overall strategy of the organisation.
- Presents the organisation's progress on strategic goals to external stakeholders.

MANAGEMENT

CHAIRMAN

- **Oversees the effective running of the Board.**
- **Ensures that the Board as a whole plays a full and constructive part in the development and determination of GVC's strategy and overall commercial objectives.**
- **Acts as a guardian of the Board's decision-making.**
- **Promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.**
- **Oversees the effective engagement with the Company's various stakeholders.**

OVERSIGHT

SID

As well as performing the normal duties expected of a NED, the SID also:

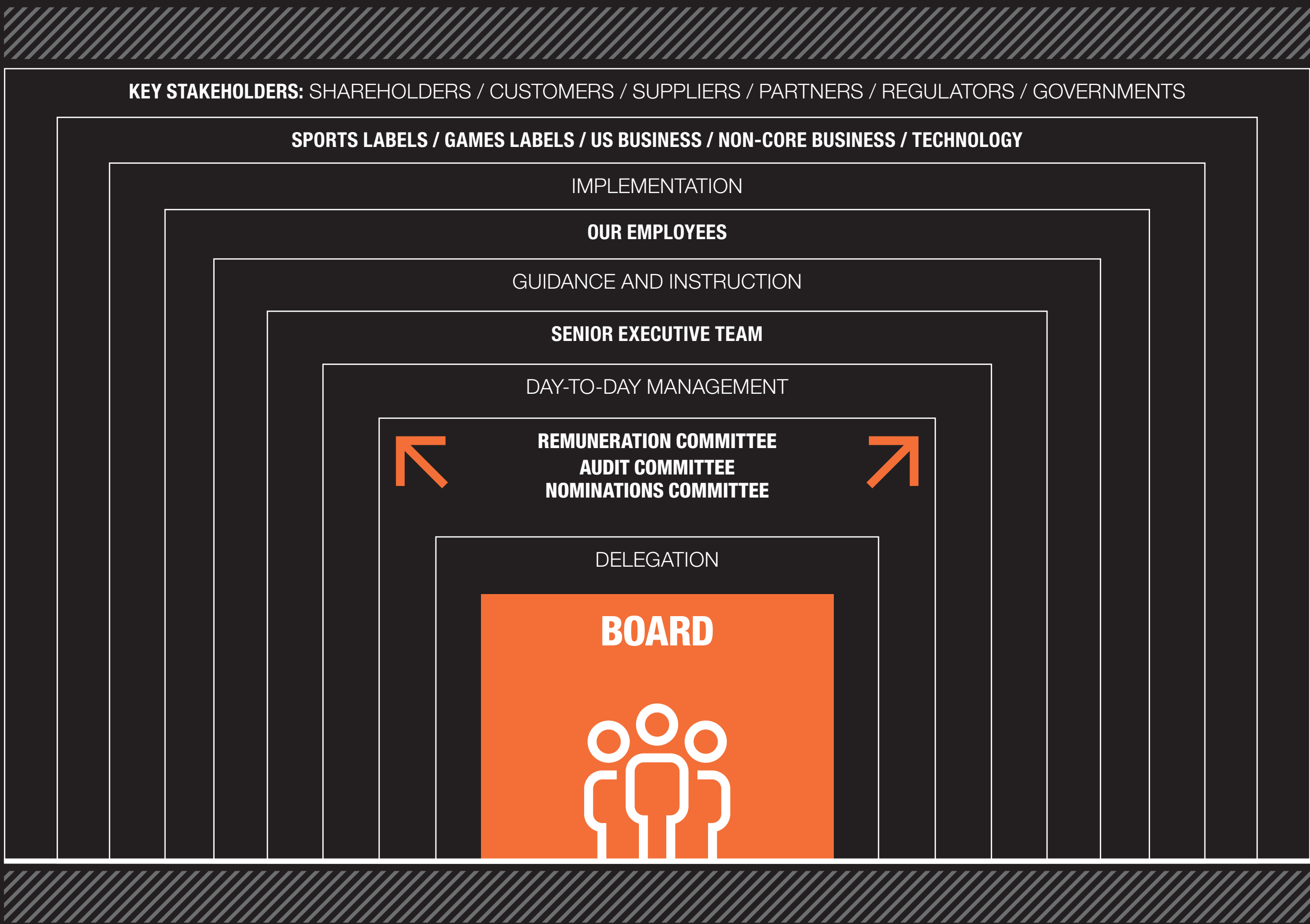
- Is available to shareholders if they have concerns which contact through the Chairman, CFO or CEO has failed to resolve or for which contact is inappropriate.
- Leads the NEDs in evaluating performance of the Chairman, taking into account the views of Executive Directors.
- Maintains sufficient contact with shareholders to understand their issues and concerns.
- Performs such other tasks and responsibilities as may be contemplated by the code or best practice from time to time.

NED

- Constructively challenges and contributes to the development of strategy.
- Scrutinises the performance of management in meeting agreed goals and objectives and monitors the reporting of performance.
- Satisfies themselves that financial information is accurate and that both controls and the systems of risk management are robust and defensible.
- Is responsible for determining appropriate levels of remuneration of Executive Directors and has a prime role in succession planning, appointing and where necessary removing senior management.

THE ROLES ON THE BOARD

The graphic below illustrates how the Board executes its duties through a structured cascade of responsibilities across the Group.



As can be seen from the diagram above, the division of responsibilities between the Chairman and Chief Executive is clearly established and their respective roles are set out in writing and agreed by the Board.

The Board currently comprises of eight Directors and their biographies are set out on pages 40 and 41.

The Directors have adopted a formal schedule of matters reserved to the Board, setting out which issues must be referred to the Board for decision. These can be categorised into a number of key areas including but not limited to:

- long-term business plan, strategy, budgets and forecasts;
- restructuring or reorganisation of the Group and material acquisitions and disposals;
- the Group's finance, banking and capital structure arrangements;
- approval of capital expenditure and financial guarantees above certain levels;
- financial reporting (interim and annual financial results and interim management statements);
- dividend policy;
- Shareholder circulars, convening of shareholder meetings and stock exchange announcements;
- approval of the Group's remuneration policy (following recommendations from the Remuneration Committee);
- approval of the Group's risk management and control framework and the appointment/re-appointment of the external auditors (following recommendations from the Audit Committee); and
- approval of the Group's policies in relation to corporate and social responsibility, health and safety and the environment.

In addition, the Board has adopted a delegation of authority mandate which sets out the levels of authority for the Executive Directors and employees below Board level to follow when managing the Group's business day-to-day.

EFFECTIVENESS: GOVERNANCE
CONTINUED

How does the Board ensure it is effective?

Composition
The Board has a majority of independent Non-executive Directors. Drawing on their various backgrounds and extensive executive and business experience, the Non-executive Directors engage with the Executive Directors, who manage the day-to-day business, in formulating the direction and strategy of the Company. The Non-executive Directors oversee the implementation of this strategy and challenge management when appropriate. In accordance with the UK Corporate Governance Code, a majority of the Directors, excluding the Chairman, are deemed to be independent, helping to ensure the Company is run in the interests of all shareholders. The Chairman was deemed to be independent on appointment.

CHAIRMAN
LEE FELDMAN

Independent	Non-independent
Jane Anscombe	Kenneth Alexander
Karl Diacono	Paul Miles
Peter Isola	
Stephen Morana	
Will Whitehorn	

Knowledge and experience
The Directors have a wide range of backgrounds and extensive knowledge of many sectors:

- Accountancy
- Electronic payments
- Entertainment
- Finance and investment
- Gaming
- Healthcare
- Insurance
- Law and regulation
- Property
- Retail
- Technology
- Transport

Diversity
The Board is also diverse geographically, with nationals from the USA, UK, Gibraltar and Malta. This aids the Board's discussions and decision-making process given our businesses operate in international markets.

Over the last seven years there has been general encouragement for companies to appoint more women to company boards, in recognition that more than half the world's population is female and they may promote a better board decision-making process, with more insightful and balanced deliberations. The GVC Board supports the rationale for seeking greater gender diversity on boards of directors and considers this diversity matter during the recruitment process. In 2017 the Board appointed Jane Anscombe and it is GVC's aim to have at least two women serving on the Board in the next twelve months, although the Board is mindful that gender is one of a handful of key areas of consideration and the Board will always focus on a candidate's experience, knowledge and skills as critical selection drivers.

Tenure and succession
To ensure the independent Directors continue to be independent in character and judgement, the UK Corporate Governance Code recommends that Non-executive Directors should not serve for more than nine years from the date on which they are first elected by shareholders. The tenures of the current directors deemed by the Board to be independent are as follows:

Director	First election	Tenure
Jane Anscombe	Appointed after the 2017 AGM	0
Karl Diacono	2009	9
Peter Isola	2016	2
Stephen Morana	2016	2
Will Whitehorn	2017	1

Regular Meetings
During 2017 the Board had four scheduled meetings for March, June, September and December, however, owing to the Ladbrokes Coral acquisition negotiations the December meeting was cancelled and the Directors convened for an update in January 2018. Attendance at these 2017 meetings was as follows:

Director	Meetings entitled to attend	Meetings actually attended
Kenneth Alexander	3	3
Jane Anscombe	1	1
Karl Diacono	3	3
Lee Feldman	3	3
Peter Isola	3	3
Paul Miles	3	3
Stephen Morana	3	3
Norbert Teufelberger	3	3
Will Whitehorn	2	2

These meetings covered the following areas of business:

- The appointment of two new independent Non-executive Directors;
- Regular reports from the Executive Directors;
- Regular reports from the senior executive team on operations, business integration, product development, regulatory developments, litigation and investor relations;
- 2016 audited Annual Report and results announcement;
- The acquisition of Ladbrokes Coral;
- Bolt-on acquisition opportunities;
- The disposal of the Turkish-facing business;
- Preparing for the 2017 AGM;
- Refinancing the Group through the debt market;
- Block listing shares in regard to various share plans; and
- Reports from the Chairs of the Audit, Remuneration and Nominations Committees.

In addition to the scheduled meetings described above, 16 ad hoc Board meetings were also convened at short notice in 2017, to deal with the following matters:

- Debt refinancing;
- M&A;
- Investment to support partypoker growth;
- Approving an EGM notice proposing an updated remuneration policy and new incentive plans; and
- Disposal of Headlong Limited.

Board meetings are usually held in Gibraltar, where the Group's gaming business is headquartered. The Company's Articles of Association prohibit any Board or Board Committee meeting from being held in the United Kingdom.

Meetings without Executive Directors present

The UK Corporate Governance Code recommends that the Chairman meets with the Non-executive Directors without the Executive Directors present at least once a year. This meeting will happen in connection with the annual Board performance evaluation process, however, it is not unusual for the Chairman to conduct these meetings more frequently, particularly if the Company is contemplating a significant transaction. The Chairman reports back to the full Board any recommendations arising from these meetings.

How does the Board decide on making changes to its membership?

The Board has adopted a formal and transparent procedure for the appointment of new Directors by appointing a Nominations Committee to lead the process of appointment and make recommendations to the Board. The Nominations Committee also advises the Board on its structure, size, composition and matters of Director and senior management succession. A report from the Nominations Committee on its work appears on pages 48 to 50.

How do Directors develop in the role and fulfil their duties?

A full induction programme is provided to new Directors, which is specifically tailored to the needs and experience of the new Director and the committees on which they sit. The programme provides corporate governance information provided by the Company Secretary which is both general in nature (e.g. UK Corporate Governance Code, remuneration best practice) and specific to the Company (e.g. the risk register, etc.). New Directors may also meet with the Company's external auditors and advisers as part of the induction process. After the induction programme from time to time the Company Secretary notifies Directors of courses and seminars conducted by corporate governance bodies and professional advisers that Directors may find helpful.

Working with the Chairman the Company Secretary ensures good information flows within the Board and its committees and between senior management and the Non-executive Directors. The Company Secretary is the guardian of all Board procedures and advises the Chairman and other Directors when required. Agendas and accompanying reports are prepared for each Board or committee meeting and circulated via a secure data-room in advance of each meeting. Between scheduled meetings, Directors are updated on business developments with email reports, management accounts and regulatory updates and, where necessary, the Chairman of the Board or the Chairman of a committee will convene a conference call to discuss and reach agreement on material urgent matters.

The Company Secretary is available to all Directors to offer guidance and advice on corporate governance, company law and share plan matters. The Company Secretary presents a report at each Board meeting updating the Directors on share capital and shareholder changes, Group corporate structure changes and corporate governance developments. GVC's Head of Legal is also available to all Directors to provide advice on general legal and regulatory issues. In addition, a formal procedure has also been adopted allowing Directors to seek independent professional advice where they believe it is necessary in order for them to fulfil their duties to the Company. Board committees are also authorised by the Board under their terms of reference to retain external advice as required for each committee to carry out its duties.

In accordance with best practice, the Board conducts an evaluation of the performance of the Board, its committees, individuals and the Chairman. For the 2017 evaluation process, the Directors followed the process described in the chart below. A third party advisory firm, Lintstock Limited was engaged to facilitate the exercise. Next year the Board will undertake an interview-based evaluation process, but in accordance with the Code's recommendation, the Board will retain such a firm to support the annual evaluation process at least once every three years.

A list of evaluation questions is drawn up by Lintstock in consultation with the Chairman and Company Secretary. Any questions relating to the performance of the Chairman of the Board are set by Lintstock and the Company Secretary consulting with the SID.

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The questions are circulated to the Directors via a secure website and are answered online.

↓

Lintstock collates the results and reports the results to the Chairman and the feedback on the Chairman's performance to the SID. A report is then circulated to the Board.

↓

The Chairman discusses the results of the Board, individual and committee performance evaluations with the Board and with individual Directors where necessary. Possible options for addressing any issues arising from the review are considered and action agreed.

↓

The SID meets with the Non-executive Directors to review the results of the evaluation of the Chairman's performance. The SID then discusses with the Chairman these results and any further feedback from the Non-executive Directors.

EFFECTIVENESS: GOVERNANCE
CONTINUED

What came out of the first performance evaluation processes?

Matters identified	Action taken
The Non-executive Directors gaining more exposure to members of the senior management team	More senior managers to be invited to present at Board or committee meetings
Developing stronger relationships amongst the Non-executive Directors to enhance general understanding and cohesion	The Non-executive Directors to meet more frequently outside the formal Board and committee meeting schedule. The Chairman to oversee this
Greater consideration of the risks associated with the Group's technology	A presentation on the risks connected to the Group's technology to be made at a Board meeting in 2018 by the COO, CTO and Head of Information Security
More Board meetings	The Board will increase the number of scheduled Board meetings in 2018 from 4 to 5 and will keep the matter under review

How does the Board oversee financial reporting and internal controls?

The Board is required to present a fair, balanced and understandable assessment of the Company's position and prospects.
This responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements. The Board is also responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and as a consequence it has to maintain sound risk management and internal control systems. The Board has appointed a committee of independent Directors, the Audit Committee to monitor these areas and report and make recommendations to the Board. Please see the Audit Committee Report on pages 51 and 55.

How does the Board decide what Directors and employees should be paid?

The Board is responsible for setting the levels of remuneration for the Executive Directors and the senior executive team. It is required to set remuneration as to be sufficient to attract, retain and motivate directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose. The Board has delegated these remuneration matters to a committee of independent Non-executive Directors, the Remuneration Committee. The Directors' Remuneration Report prepared by the Remuneration Committee is set out on pages 56 to 69. The fees paid to the Non-executive Directors are a matter for the Board on a recommendation from the Executive Directors.

How does the Board engage with shareholders?

The Company keeps shareholders informed of business developments via its Annual Report, half-year statement and trading update announcements. In addition, other price sensitive information is publicly disclosed via a regulatory news service. All these items of information are available on the Company's corporate website, www.gvc-plc.com. The website also contains other information about the Group and its business.

Throughout the year the Chairman, CEO, CFO and Head of Investor Relations meet with shareholders on request or via organised investor roadshows supported by GVC's brokers, as well as by attending and presenting at industry and investor conferences. During 2017 there were more than 270 such meetings, hosted in the UK, mainland Europe and the US.

The Senior Independent Director is also available to shareholders if they have concerns which contact through the Chairman, CEO or CFO fails to resolve or if contact is inappropriate.

Major shareholders also have the opportunity to meet newly appointed Non-Executive Directors should they wish, but in practice our shareholders have not to date taken up this offer.

Who are GVC's major shareholders?

As at 21 February 2018, GVC's major shareholders were:

Shareholder	Number of shares	% of Issued Share Capital/ Total Voting Rights
Aberdeen Standard Investments plc	40,787,132	13.43
Capital Group	22,259,158	7.33
Old Mutual Global Investors	20,806,106	6.85
Janus Henderson Investors	17,813,821	5.86
BlackRock	12,454,525	4.10
Marathon Asset Management	9,566,935	3.15

Note:
As at 21 February 2018 the Company had 303,784,807 shares in issue. Each share carries the right to one vote.

When is the Annual General Meeting ("AGM")?

Wednesday 6 June

A separate notice convening the AGM in Gibraltar will be dispatched to shareholders more than 20 working days before the AGM. The AGM notice will describe each item of business, which will be dealt with by its own separate resolution. All the Directors will each stand for re-appointment and there will be separate resolution proposed for each re-appointment.

All Directors will be present at the AGM to answer questions from those shareholders that attend.

In accordance with best practice, the Chairman will exercise his discretion under the articles and call for all resolutions to be decided on by a poll vote rather than a show of hands. The voting results will be announced via a regulatory news service and published on GVC's corporate website shortly after the AGM closes.

Does the Company comply with the UK Corporate Governance Code?

During 2017 the Company complied with the Code's recommendations except in two respects:

- Until 23 March 2017 the Board had not appointed a Senior Independent Director. Following the appointment today of Will Whitehorn the Company complied with this recommendation; and
- As previously disclosed to shareholders and as set out in the Directors' Remuneration Report on page 56, in certain termination scenarios the Chairman and the CEO were entitled to two years' notice in respect of remuneration and bonus payments. These contractual obligations were entered into prior to the Company

obtaining a Premium Listing and the Code being applicable to the Company. These two-year notice provisions have now been removed.

GVC consequently complies with all the recommendations of the Code.

Has the Company allotted or acquired any of its shares during 2017?

During the year the Company issued a total of 10,458,246 new Ordinary Shares as a result of Directors and employees exercising various Company share plan awards.

Are there any other statutory or good practice disclosures?

Customer and creditor payment policy

The Group is committed to prompt payment of customer cash-out requests and maintains adequate cash reserves to cover customer withdrawals and balances. Normally payments will be made to customers within seven days of receiving a customer instruction. In the case of other creditors, it is the Group's policy to agree terms at the outset of a transaction and ensure compliance with such agreed terms. In the event that an invoice is contested then the Group informs the supplier without delay and seeks to settle the dispute quickly.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Annual Report in the sections preceding this governance report. The financial position of the Group, its cashflow, liquidity position and borrowings are set out in the aforementioned section. In addition, notes to the financial statements on pages 88 to 118 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with a large number of players and long-term contracts with a number of corporate customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe the Group is well placed to manage its business risks successfully in the context of the current economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Statement of Directors' responsibilities

The Directors have elected to prepare the Annual Report and the financial statements for the Company and the Group in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Directors are responsible under applicable law and regulation for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Accounting Standard 1 (revised) requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Directors at the date of this report consider that the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In accordance with DTR 4.1.12 of the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors confirm to the best of their knowledge:

- the Group's financial statements have been prepared in accordance with IFRS and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

Directors' report

Together with the reviews of the CEO (pages 6 to 8) and CFO (pages 30 to 33), this corporate governance section (pages 38 to 69) constitutes the Directors' Report for the year ended 31 December 2017.

LEE FELDMAN
CHAIRMAN
8 March 2018

ACCOUNTABILITY: NOMINATIONS COMMITTEE REPORT

Who are the members?

LEE FELDMAN – CHAIRMAN
JANE ANSCOMBE (APPOINTED 20 JUNE 2017)
WILL WHITEHORN (APPOINTED 20 JUNE 2017)
PETER ISOLA (STEPPED DOWN 20 JUNE 2017)
STEPHEN MORANA (STEPPED DOWN 20 JUNE 2017)

With the exception of the Chairman, all the members are deemed independent by the Board. Lee Feldman was deemed independent when appointed Chairman of the Board.

What does the Nominations Committee do?

The Board has adopted a formal and transparent procedure for the appointment of new Directors to the Board by appointing a Nominations Committee to lead the process of appointment and make recommendations to the Board. The Nominations Committee also advises the Board on its structure, size, composition and matters of Director and senior management succession.

The terms of reference for the Nominations Committee are available on GVC's corporate website at.

https://gvc-plc.com/wp-content/uploads/2017/07/Nomination-Committee-tor.pdf

How many times did the Nominations Committee meet in 2016 and who attends?

The Nominations Committee met twice in 2017 and all members were present or in attendance by telephone.

The Company Secretary attends all Nominations Committees to record meetings and provide advice to the Directors.

The CEO is normally invited to attend each meeting and the Head of HR may be invited to attend from time to time to participate in discussions about succession planning.

What has the Nominations Committee been doing?

Following the retention of Heidrick & Struggles in 2016 to find candidates with the necessary knowledge and expertise to take on the Senior Independent Director ("SID") role, the Nominations Committee recommended in early 2017 the appointment of Will Whitehorn. The Board reviewed and accepted the recommendation and the appointment took effect on 23 March 2017. Heidrick & Struggles follows best practice and adopts the Voluntary Code of Conduct for Executive Search Firms.

The Nominations Committee reviewed the succession plan for Directors and senior management during the year and commentary on this review can be found below.

The Nominations Committee also made recommendations to the Board regarding the re-appointment of the Directors standing for re-appointment at the 2017 AGM (see the 2017 AGM notice).

Conscious of general political and cultural expectations for greater gender diversity on boards of directors, the Nominations Committee decided to identify female candidates with the necessary skills, knowledge and expertise to join the Board as an independent Non-executive Director. Ideally candidates should have a skill-set that would allow them to be considered as the new Chair of the Remuneration Committee. When the recruitment process began, the Nominations Committee learnt of the availability of a newly retired gaming analyst, Jane Anscombe. Jane's analytical background and extensive knowledge of the gaming sector made her an exceptional candidate for consideration, on the basis she would be able to grasp the complexities of remuneration arrangements and consider them in the context of the peculiarities of the fast moving online gaming industry. Despite having no listed company board experience, the Nominations Committee believed that an extensive induction process would give her the requisite governance background and she would bring a fresh and robust approach to overseeing executive remuneration, a topic that has become ever more challenging to navigate over the last few years. Weighing up these considerations the Nominations Committee decided not to use a third party search firm or to advertise the role and proceeded to recommend Jane's appointment to the Board. The Board shared the same views as the Nominations Committee and Jane was appointed an independent Non-executive Director and Chair of the Remuneration Committee on 20 June 2017. The belief of the Nominations Committee and the Board have been borne out in the skilful way Jane went on to manage the consultation with major shareholders on updating the remuneration policy and introducing new incentive plans.

In light of the recent departure of Norbert Teufelberger, certain tenure considerations mentioned below and the future increased scale of the Group following the acquisition of Ladbrokes Coral and the anticipated entry of GVC into the FTSE 100 later this year, the Nominations Committee has begun a process to recruit three new independent Non-executive Directors, one of whom may become the new Senior Independent Director. The Nominations Committee has agreed the types of characteristics it will be looking for from candidates and these include:

- Significant PLC board experience;
- Previous exposure to regulated industries;
- Experience of leading large-scale technology development and platform integration;
- Experience of multi-channel, consumer facing business models;
- Demonstrates an international and strategic outlook;
- Shows an understanding of the special, entrepreneurial, innovative culture of GVC; and
- Displays good coaching and influencing skills, with a modern approach to business management.

In addition, given the Company is domiciled outside the UK, the business is international in nature and the articles prevent Directors from participating in Board business from within the UK, the search process is focused on candidates who are resident outside the UK.

The Nominations Committee is also keen that at least one of the chosen candidates is female to increase the number of women serving on the Board.

In reality it is challenging recruiting for non-executive positions in the gambling sector. A significant number of candidates identified in the first round of the selection process usually respond that they do not wish to be considered further and this is usually due to the perceived risks and in some instances more general reservations associated with the sector.

The Nominations Committee is following the selection process set out below:

The Nominations Committee agrees a specification for the independent Non-executive Director role.	The Nominations Committee decides on which search and selection firm to use for the project.
The recruitment firm presents a long-list of candidates with biographies for the role which is reviewed by the Nominations Committee and the candidates narrowed down to a short-list.	With the role specification the search and selection firm look for suitable candidates.
The recruitment firm ascertains the chosen candidates' availability and interest in the role and arranges interviews with the Nominations Committee members.	Candidates interviewed by the Nominations Committee members, who then feedback to the Chairman. The candidates also meet with the CEO to give them the opportunity to ask questions about the Group's business.
The Board considers the recommendations from the Nominations Committee and resolves whether to make an appointment or refer the recruitment process back to the Nominations Committee for further work.	The Nominations Committee meets and decides on which candidates to recommend for appointment to the role.

Three recruitment firms were considered for the search and The Zygos Partnership (recently acquired by Russell Reynolds Associates) was chosen by the Nominations Committee.

The Zygos Partnership follows best practice and adopts the Voluntary Code of Conduct for Executive Search Firms.

Once the Nominations Committee has concluded the process described then any appointment will be announced via a regulatory news service and published on the GVC website.

Throughout any recruitment process the Nominations Committee operates within the parameters of the Company's diversity policy. The diversity policy ensures the Group engages trains and promotes employees on the basis of their capabilities, qualifications and experience. The policy forbids discrimination or pressure to discriminate by its employees or others acting on the Group's behalf or their employees, contractors or customers in respect of age, sex, sexual orientation, race, ethnic origin, marital status or civil partnership, nationality, disabilities, political or religious beliefs, or on any other criteria unrelated to an individual's ability to perform the duties. The policy also sets out how the diversity guidelines impact recruitment, selection and promotion, learning and development, the management of part-time workers and individual employee responsibilities for ensuring enforcement and compliance with the policy. Owing to the breadth of diversity existing across the Group, diversity ratios or objectives have not been set.

ACCOUNTABILITY: NOMINATIONS COMMITTEE REPORT
CONTINUED

Has the Nominations Committee reviewed the Group's succession plans?

During the year the Nominations Committee reviewed a formal succession plan for the Directors and members of the senior management team. The plan covers short-term emergency cover in the event someone is incapacitated or unavoidably unavailable on a temporary basis and also long-term succession should an individual leave the Group. The succession plan is a 'live' document, which will be updated following the completion of the Ladbrokes Coral acquisition and then reviewed by the Nominations Committee in the second half of 2018.

Has the Nominations Committee made any recommendations regarding the re-appointments at the 2018 AGM?

In March 2018 the Nominations Committee met and reviewed the proposed re-appointments at the 2018 AGM of:

1. Kenneth Alexander
2. Jane Anscombe
3. Karl Diacono
4. Lee Feldman
5. Peter Isola
6. Paul Miles
7. Stephen Morana
8. Will Whitehorn

Based on the basis of experience, performance, skills and commitment demonstrated, and also in light of the results of the 2017 Board evaluation results, the Nominations Committee advised the Board that it is appropriate to recommend each of the Directors for re-appointment.

This year Karl Diacono reaches his ninth anniversary since first being elected to the Board by GVC shareholders. Whilst the Board continues to regard Karl as exercising independent judgement in fulfilling his non-executive role, it is planned that he will step down from the Board in 2019. As disclosed above, the Board is seeking to appoint over the next twelve months three new independent Directors who are resident outside the UK. Until all these roles have been filled, Karl (a Malta resident) will continue to serve as a Director to facilitate the Board's compliance with GVC's quorum requirements for conducting Board business.

In the event the acquisition of Ladbrokes Coral completes in the next month, Paul Miles will step down as a Director and CFO and is succeeded by Paul Bowtell, the CFO of Ladbrokes Coral, who, in accordance with GVC's Articles of Association will stand for re-appointment at GVC's 2018 AGM. A biography for Paul Bowtell can be found on page 219 of GVC's prospectus dated 9 February 2018 (available at www.gvc-plc.com) and will also be included in the 2018 AGM notice of meeting.

LEE FELDMAN
CHAIRMAN OF THE NOMINATIONS COMMITTEE
8 March 2018

ACCOUNTABILITY: AUDIT COMMITTEE REPORT

Who are the members?

STEPHEN MORANA – CHAIRMAN
KARL DIACONO
PETER ISOLA (STEPPED DOWN 20 JUNE 2017)
WILL WHITEHORN (APPOINTED 20 JUNE 2017)

Stephen Morana is a qualified chartered accountant, and is regarded as the Audit Committee member with recent and relevant financial and industry experience.

What does the Audit Committee do?

- Monitors the integrity of GVC Holdings PLC's financial statements and any formal announcements relating to the Company's financial performance and reviews, and challenges where necessary, the actions and judgements of management in relation to the half-year and annual financial statements before these are submitted to the Board for final approval.
- Makes recommendations to the Board concerning any proposed, new or amended accounting policy.
- Meets with the external auditors post-audit at the reporting stage to discuss the audit, including problems and reservations arising from the audit, and any matters the auditor may wish to discuss (in the absence of GVC management, where appropriate).
- Recommends the audit fee to the Board and sets Group's policy on the provision of non-audit services by the external auditor.
- Considers and makes recommendations to the Board about the appointments of the internal audit executive and the external auditors as well as the re-appointment of the latter.
- Monitors and reviews the internal audit programme and its effectiveness.
- Ensures co-ordination between the internal audit and risk management department and the external auditors, and that the internal audit department is adequately resourced and has appropriate standing within GVC.
- Considers any major audit recommendations and the major findings of internal investigations and management's response (in the absence of management, where appropriate).
- Monitors and reviews GVC's systems for internal control, financial reporting and risk management.
- Reviews the individual internal audit reports covering the various areas and activities of the business.
- Assess and reports on the Group's viability in line with the UK Code requirements, prior to being submitted to the Board for approval.

The Audit Committee also oversees corporate social responsibility matters and in this respect ensures that the Group has policies and effective controls regarding the following:

- compliance with the gaming and financial services licences held by the Company or any of its subsidiaries;
- gambling licence probity matters;
- anti-money laundering;
- the fairness and integrity of the Company's gaming and trading systems and the process for managing any challenges to the fairness and/or integrity of these systems; and
- privacy and data protection.

The terms of reference for the Audit Committee are available on GVC's corporate website at:

https://gvc-plc.com/wp-content/uploads/2017/07/Audit-Committee-tor.pdf

How many times did the Audit Committee meet in 2017?

The Audit Committee met in March and September in 2017 and attendance was as followed:

Director	Attendance and total number of meetings to which the Director was entitled to attend
Stephen Morana	2/2
Karl Diacono	2/2
Peter Isola	1/1
Will Whitehorn	1/1

The Audit Committee was also scheduled to meet in December 2017, however the meeting was cancelled owing to the Board's negotiations to acquire Ladbrokes Coral Group plc. The Audit Committee members instead had a telephone meeting in December with the external auditors, CFO, Internal Audit Executive and Company Secretary to review the plan for the audit of the 2017 annual results.

The Company Secretary attends all Audit Committee meetings to take the minutes and advise the Directors where required. The Internal Audit Executive and external auditor also attend every Audit Committee meeting and during the year the Audit Committee did periodically meet with these individuals without any GVC management present. The Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO'), and senior members of the finance function are normally invited to attend each meeting.

ACCOUNTABILITY: AUDIT COMMITTEE REPORT
CONTINUED

Who is responsible for the preparation of the GVC financial statements?

The Board is ultimately responsible for presenting a fair, balanced and understandable assessment of GVC's position and prospects, which extends to the half-year and annual financial statements.

DELEGATION

GVC's finance department, led by the CFO, prepares the financial statements.

The Head of Investor Relations coordinates with the CEO, CFO and Chairman the preparation of any statements on GVC's position, performance, business model and strategy.

The Company Secretary with the Chairman of the Board and the Chairmen of the various Board Committees, prepares the corporate governance statements and all Board committee reports.

EXTERNAL REVIEW

GVC's external auditors audit the annual financial accounts and review the half-year accounts together with any business or corporate governance commentary. A report to Audit Committee is prepared.

COMMITTEE'S REVIEW

The Audit Committee reviews the draft financial statements and accompanying statements and meets with the external auditors to review their report. The Audit Committee proposes amendments and makes recommendations to the Board and also approves the Audit Committee's Report.

For the Annual Report the Remuneration Committee and Nominations Committee review the Directors' Remuneration Report and Nominations Committee Report respectively, propose changes and make recommendations to the Board.

BOARD REVIEW

Board reviews the financial statements, accompanying reports and recommendations from its committees and makes changes to the disclosure where appropriate.

AUDITOR SIGN-OFF

External auditors carry out final report and sign-off the audit report (Annual Report) or review report (half year results).

BOARD APPROVAL AND PUBLISH

The Board approves the year-end financial statements and disclosures and the half year report and these are then released to the stock exchange and published on GVC's corporate website.

In respect of the financial statements and accompanying reports for the year ended 31 December 2017, the Company has followed the process detailed above. In doing so the Directors confirm that they have reviewed the complete 2017 Annual Report and considered that taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for GVC's shareholders to assess the Company's performance, business model and strategy.

What significant issues did the Audit Committee consider in relation to the 2017 financial statements and how were these addressed?

Throughout the course of the year, the Audit Committee determined the following areas of the financial statements were of significant interest. These issues were discussed with management and the external auditors to ensure that the required level of disclosure is provided and that appropriate rigour has been applied where any judgement may be exercised.

Acquisition accounting

During the year, the GVC Group completed the acquisition of Cozy Games and acquired the majority of the trade and assets of Zatrix, as explained in note 28 to the financial statements. The Audit Committee reviewed the judgements made in connection with the accounting treatment, to determine whether the assets and liabilities recognised in the financial statements are carried at an appropriate fair value. The Committee reviewed the underlying judgements and forecasts used to determine the fair value of intangible assets. The Audit Committee satisfied itself that the approach taken by the Group was appropriate and in accordance with IFRS 3: 'Business Combinations'.

Impairment of goodwill and intangible assets

The Audit Committee also considered the judgements made in relation to the valuation methodology adopted by management to support the carrying value of goodwill and other intangible assets to determine whether there was a risk of material misstatement in the carrying value of these assets and whether impairment should be recognised. The Committee considered the assumptions, estimates and judgements made by management to support the models that underpin the valuation of intangible assets in the balance sheet. Business plans and cashflow forecasts prepared by management supporting the future performance expectations used in the calculation were reviewed, which also form part of the Group's viability statement as presented on page 35. The impairment review was also an area of focus for the external auditor, who reported their findings to the Committee. The Committee satisfied itself that no material impairments were required to the carrying value of goodwill or other intangible assets.

Provisions for legal and regulatory compliance

The Directors keep abreast of all known or potential regulatory or legal claims against the Group that may arise from the Group's operations. The Directors receive frequent updates from the Group's Head of Legal, Compliance & Secretariat and external legal counsel. During the year, Audit Committee reviewed the likelihood of the outcomes of various claims lodged against the Group and/or its Board members as disclosed in note 27 to the financial statements, with special focus applied on the tax audit assessment from the Greek Audit Centre for Large Enterprises.

Legal and tax advice was received from the Group's Greek professional advisers and this sets out that the Group's subsidiary has strong grounds to appeal the Assessment and it will, therefore, file an appeal. In the interim, to enable the Group's subsidiary to continue to trade normally, it intends to enter into a payment scheme with the relevant authority whereby funds are paid to that authority and held on account (subject to agreement with that authority) of approximately €7.8m a month over the next 24 months. The Board strongly disputes the basis of the Assessment calculation, believing the assessed quantum to be widely exaggerated and is confident in the grounds of appeal. Until those proceedings can advance further, the Directors do not feel that it is appropriate to estimate what potential liability may arise.

As there have been no material developments with the other cases disclosed in note 27 to the financial statements, the Audit Committee is satisfied that no provisions other than those outlined in note 20 to the financial statements, are necessary at this present time. Should any of these cases develop materially during the course of 2018, the Audit Committee will consider if any provision needs to be made in respect of the relevant cases.

Taxation

During the year, the Board reviewed the Group's tax strategy management process and considered whether it was aligned with the Group's commercial strategy, approach to corporate governance, the attitude to risk and the Group's business models. The Board reviewed and adopted the Group's UK Tax statement (available on: http://www.gvc-plc.com/archive/UK_Tax_Statement.pdf) and a new Anti-Tax Evasion Policy in line with the changing tax environment. Owing to the dynamic nature of the online gaming sector and the Group's business in particular, the Board has decided to review the Group's tax strategy and management and will meet with the Group's Director of Tax at least once a year.

Derivative Financial Instruments

During 2017 the Group has entered into a marketing services agreement with its principal offline tournament partner with the purpose of organising and promoting series of live poker events under the PartyPoker Live brand to look to increase traffic to partypoker.com.

As part of entering into this agreement the company has entered into a put and call arrangement in respect of the entire issued share capital of the company set up by its offline partner dedicated to this agreement, which is exercisable by the Group or its partner on completion of the 5 year agreement.

The Audit Committee reviewed the valuations and working models to arrive at the value of the options. A range of scenarios were considered for the EBITDA of the business based on a balance of likely outcomes considering that there is a high range of potential pay outs, depending on the business growth of partypoker.

The Audit Committee have satisfied themselves that the put option has been valued appropriately as disclosed in note 12 to the financial statements.

Who are the external auditors and how long have they been appointed?

During the year ended 31 December 2017, Grant Thornton UK LLP was appointed under an engagement letter to act as auditor to enable the Company to meet its obligations to prepare financial statements in accordance with the Listing Rules. Grant Thornton UK LLP were appointed after running an external audit tender process in the first half of 2017.

Grant Thornton UK LLP were originally appointed in 2010 just after the Company's domiciliation from Luxembourg to the Isle of Man. A member firm of the Grant Thornton network, Grant Thornton Lux S.A. previously held office as the Company's auditors, since 2008. Since their initial appointment, their re-appointment has been approved by shareholders each year at the AGM. Shareholders approved the re-appointment of the external auditors at the 2017 AGM with 97% of the votes cast voted in favour of the re-appointment. A resolution will be proposed at the 2018 AGM to re-appoint Grant Thornton LLP as the external auditors.

What is GVC's policy on putting the external audit out to tender?

The UK Corporate Governance Code recommends that FTSE 350 companies put their external audit out to tender at least once every ten years. The EU Audit Regulation, effective across all Member States from the 17 June 2016, enforces mandatory audit firm rotation after a period of maximum tenure, set at ten years.

The current external auditor has served the Company since 2008. Taking into account the Financial Reporting Council's advice on companies transitioning to putting the external audit out for tender to comply with this recommendation, the EU Regulation and the timing of the audit partner rotation, the Board decided on the recommendation from the Audit Committee to bring forward the external audit tender into 2017. The conclusion of the audit tender process has been put on hold until after the completion of GVC's acquisition of Ladbrokes Coral. The external audit will be put out for tender at least once every ten years.

The Audit Committee have adopted an Auditor Rotation and Tendering Policy, which follow the above mentioned recommendations and regulation.

ACCOUNTABILITY: AUDIT COMMITTEE REPORT
CONTINUED

How was the audit tender process performed?

In June 2017, having considered proposed changes to the UK Corporate Governance Code and the recommendations of the Financial Reporting Council, the Company announced its intention to put the external audit engagement for the 2017 financial year out to tender. The process the Company followed is outlined below.

RFP development	A request for proposal document was developed following consultation between the chairman of the Audit Committee and the Chief Financial Officer and distributed to four audit firms in May 2017.
Expressions of interest received	Having received the request for proposal document, each of the participant audit firms completed a confidentiality undertaking and a conflict of interest declaration and affirmed its intention to respond.
Preliminary meetings	A preliminary meeting was held with each of the participants.
Data room access	Access was then granted to historic information held within an externally hosted virtual data room throughout June 2017.
Meetings with GVC senior management	A series of meetings and conference calls were held during June-July 2017 between the participant audit firms and members of the Group finance leadership team, company secretariat and other members of management in order to supplement the data room material.
Written proposals	A written response to the request for proposal was received from participant audit firms in early July 2017 together with a preliminary indication of the firms' independence to act as the Group's auditor.
Evaluation and assessment of the proposals	During July 2017, these proposals were assessed and scored against the Group's weighted evaluation criteria by the Group Finance Director, the Group CFO and the Chairman of the Audit Committee.
High-level meetings	During July 2017, additional meetings were held between participant audit firms and the chairman of the Audit Committee and, separately, the Chief Financial Officer.
Presentations	At the end of July 2017, participant audit firms made a final presentation of their overall proposals – and confirmed their independence to act as the Group's auditor.
Recommendation to the Board by the Audit Committee	In light of the discussions to acquire Ladbrokes Coral, the Audit Committee put a final decision on the external audit of the Company on hold, but recommended to the Board that Grant Thornton UK LLP be selected as the Group's external auditor for the 2017 financial year.
Board decision	The Board accepted the Committee's recommendation at its September 2017 meeting.

How did the Audit Committee go about assessing the effectiveness of the external audit process?

The Audit Committee is committed to ensuring that the external audit process remains effective on a continuing basis. In particular, throughout the year the Audit Committee paid specific attention to the following areas:

- Reviewing that safeguards put in place by the incumbent auditor against independence threats are sufficient and comprehensive;
- Ensuring that the quality and transparency of communications with the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- Exercising professional scepticism, including but not limited to, looking at contrary evidence, the reliability of evidence, the appropriateness and accuracy of management responses to queries, considering potential fraud and the need for additional procedures and the willingness of the auditor to challenge management assumptions; and
- Considering if the quality of the audit engagement team is sufficient and appropriate – including the continuity of appropriate industry, sector and technical expertise (including new areas of activity by the client and changes in regulation or professional standards) and whether it has exercised sufficient objectivity to mitigate any independence and familiarity threats.

Feedback is provided to the external auditor at every instance by the Audit Committee and through one-to-one discussions between the Chairman of the Audit Committee and the audit firm partner.

What non-audit services did Grant Thornton provide in 2017?

The Audit Committee has established a policy regarding the appointment of external auditors to perform non-audit services for the Group and keeps this under continual review, receiving a report at each Audit Committee meeting. This policy dictates that in the Company's financial year, the total fees for non-audit services provided by the external auditors, excluding non-audit fees for due diligence for acquisitions and other specific matters noted below, should not exceed 70% of the average of the total fees for audit services they provided in the preceding three-year period. In the year ended 31 December 2017, the total non-audit fees as a percentage of the audit fees paid to the external auditors was 9.2%.

In addition to their statutory duties, Grant Thornton LLP is also employed where, as a result of their position as auditors or for their specific expertise, they either must, or the Audit Committee accepts they are best placed to, perform the work in question. This is primarily work in relation to matters such as shareholder circulars, Group borrowings, regulatory filings and certain business acquisitions and disposals. In such circumstances the Audit Committee will separately review the specific service requirements and consider any impact on objectivity and independence of the auditors and any appropriate safeguards to this. As such the Audit Committee believes it appropriate for these non-audit services to be excluded from the 70% cap calculation set out above. In the year ended 31 December 2017, the total fees paid to the external auditors in respect of due diligence for acquisitions was €1.92m.

The Company has previously adopted a policy on external auditor independence to help ensure the independence of the current external auditors is not compromised.

Does GVC have an internal audit department and how is it effective?

The Internal Audit & Risk Management ('IA') function facilitates and advises on the Group's risk process, for which the Company's Board is ultimately responsible.

The mission of the IA function is to provide independent, objective assurance and consulting services designed to add and protect value by improving the Group's operations. IA assists the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Through its work, IA provides assurance to the Board, through the Audit Committee that effective and efficient control processes are in place to identify and manage business risks that may prevent the business from achieving its objectives. The scope of this work includes:

- Providing assurance to the Board and executive management that effective systems and controls are in place and are being operated to manage all significant risks within the financial and business systems operated within the Group;
- Assisting the business in fulfilling its corporate governance responsibilities;
- Supporting operational management by providing best practice advice on internal controls, including practical recommendations to mitigate control weaknesses identified during the review process;
- Promoting effective control at reasonable cost and assisting management generally in the pursuit of value for money (e.g. by providing practical recommendations to improve the efficiency of the financial and business processes operated by the business); and
- Carry out ad-hoc investigations based on any allegations made through the Whistleblowing Policy or as requested or directed by the Audit Committee and/or executive management.

The sections on risk management outlined on pages 34 to 37 illustrate how IA supports the business through driving improvements to GVC's control environment and adding value in core business areas in the context of the Group's risk profile.

The Board, with the support of the Audit Committee, has completed its annual review of the effectiveness of the internal system of control, and is satisfied that it is robust and in accordance with best practice. In doing so the Directors acknowledge that GVC's system of internal control can only reduce the probability that business risks might impede the Company in achieving its objectives, it cannot eliminate these risks and can therefore provide only reasonable, not absolute, assurance against material misstatement or loss.

Is there a whistleblowing policy?

The Group adopted and published a formal 'whistleblowing' procedure by which employees can, in confidence, raise concerns about possible improprieties in financial or other matters. This procedure is set out in the Group's employee handbooks having first been reviewed and approved by the Audit Committee.

The Company seeks the highest ethical standards in carrying out its various business activities, and corrupt practices of any sort will not be tolerated. The Company is committed to tackling malpractice and it is the personal responsibility of every employee of the Group to manage and reduce the risk of malpractice in their business.

The Company actively encourages individuals, where they believe that malpractice has taken place, to make protected disclosures either internally to the Audit Committee or externally through the outsourced service provider, Expolink. Employees will be protected where they have reasonable grounds to believe that their employer, another worker or a third party has committed serious malpractice and make a disclosure in good faith.

The Group has a written policy available to all employees on the Group's intranet and approved by the Audit Committee, which sets out the type of disclosure which is protected and also specifies to whom disclosures should be made and the process that will be followed.

The Audit Committee is satisfied that robust and appropriate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

STEPHEN MORANA
CHAIRMAN OF THE AUDIT COMMITTEE
8 March 2018

REMUNERATION: DIRECTORS' REMUNERATION REPORT

for the year ended 31 December 2017

PART A – ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIR

Dear Shareholder

As the Chair of the Remuneration Committee (the "Committee"), I am pleased to present the Board's report on remuneration policy and practice for the year ended 31 December 2017. This is my first report since becoming Chair in June 2017, taking over from Karl Diacono. On behalf of the Board I would like to thank Karl greatly for his hard work and commitment to the role.

As an Isle of Man incorporated company, GVC is not formally required to comply with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations"). However, the Committee has voluntarily chosen to adopt the Regulations and associated voting requirements in full, and we hope that you find the resulting report clear and transparent.

Structure of the report

- Part A: Annual Statement from the Remuneration Committee Chair (pages 56 to 59) – outlines the key remuneration developments at GVC during 2017, including performance context for the year, and looks ahead to 2018.
- Part B: Directors' Remuneration Policy "at a glance" (pages 60 to 63) – summary of the remuneration framework in place for Executive Directors at GVC, as approved by shareholders at our 2017 General Meeting, and how this aligns with our approach for all our employees.
- Part C: Annual Report on Remuneration (pages 64 to 69]) – presents remuneration outcomes for 2017, and how we intend to apply the Policy in 2018.

For 2017 we have adopted a much simpler approach to our Director's Remuneration Report. We hope that our shareholders will welcome this straightforward and transparent report.

Our journey

The last few years have been extremely busy for GVC, and the Company has transformed the size and scope of its operations. Exceptional and sustained performance has taken GVC from an AIM-listed company with a market capitalisation of less than £285m three years ago, to a £2.7bn FTSE 250 company at the end of 2017. Subject to completion of the Ladbrokes Coral transaction, it is likely that GVC will enter the FTSE 100 in summer 2018 and our employee numbers will jump from circa 2,800 to over 26,800.

The extent and pace of growth has meant that our remuneration arrangements have also had to undergo significant changes. The Committee has at all points sought to balance our wish to move to UK best practice remuneration and corporate governance standards, with a recognition of the level of change that this entails for management and employees over a short period. We have been able to achieve such growth at pace because we have a highly talented senior team, and there is a critical need to retain key talent to drive future growth in an industry that is currently extremely competitive.

Standardising our Policy

Against this backdrop, the Remuneration Policy which was approved by shareholders at the Company's 2017 AGM did not contain any incentive elements (other than the annual bonus for the new CFO), because of the subsisting options granted under a legacy plan. At that time, the Committee felt that putting in place a new framework would have been premature given the evolving external environment around executive remuneration, and it was minded to wait until the 2018 AGM. Subsequently, it became clear to the Committee that it needed to seek approval for a revised Remuneration Policy as soon as possible in order that:

- There was no delay in moving to a UK best practice framework; and
- Appropriate incentive awards could be in place at the point legacy awards are due to finish vesting in August 2018 to provide ongoing incentivisation and retention of key senior executives.

Looking ahead to 2018

Given the above, a new Policy was approved by shareholders at the December 2017 General Meeting. As a Committee, we believe that this Policy represents a substantial change to the approach to remuneration at GVC. Looking forward to 2018, there is now a framework in place that reflects best practices, including:

- Annual bonus and long-term incentive structures aligned with UK-listed practice:
  - Deferral of half of the annual bonus into shares for three years; and
  - A two-year holding period following the three-year performance period on awards under the Long-Term Incentive Plan;
- CEO and Chairman contracts which no longer contain non-standard cessation of employment and change of control provisions;
- Minimum shareholding guidelines that are positioned at above-market levels; and
- Malus and clawback provisions.

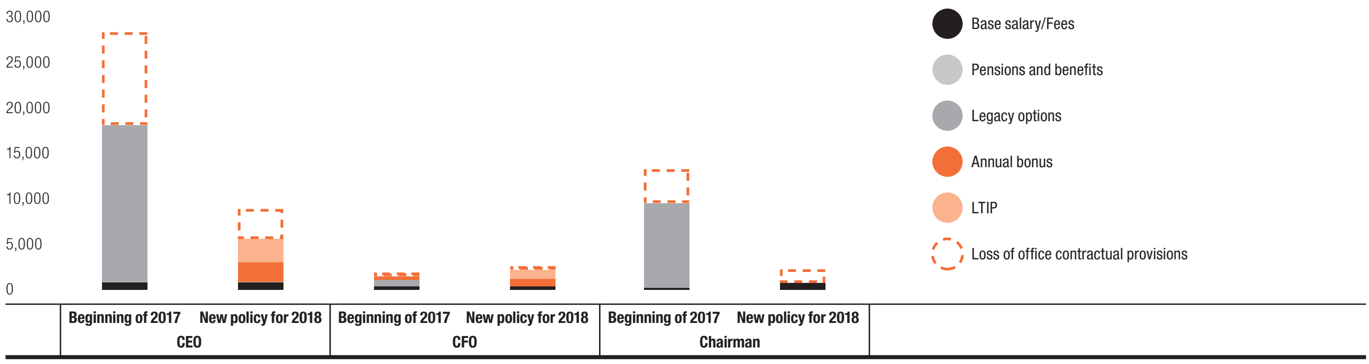
We recognise that some shareholders have had challenges with some of our decisions, and the voting outcomes for the Remuneration Policy and the Annual and Deferred Bonus Plan resolutions at the 2017 General Meeting were lower than we would have hoped for. I engaged with a number of our major shareholders ahead of the 2017 General Meeting to understand their views as the proposals were developed, and would like to thank them for the helpful and constructive feedback received. As a Committee, we value the importance of good relationships with our shareholders, and we took the range of views that we heard into account when considering our new Remuneration Policy.

The feedback from the consultation with shareholders demonstrated strong support for the direction and structure of the Company's future remuneration practices. However, we understand that some of our shareholders were concerned about the quantum of the incentive opportunities under the 2018 framework. The Committee recognises that these are above mid-market levels in UK companies of a similar financial size as at the end of 2017, but would emphasise that:

- GVC's success in recent years has been driven by our small high-performing executive team, whose retention is crucial to the continued success of the business;
- Given the international focus of the online gaming industry and relatively small talent pool across both public and private companies, a competitive level of remuneration is critical to the retention of this exceptional team – indeed the overall levels of remuneration offered by the new framework took account of recent first-hand recruitment experiences; and
- The incentive opportunities under the new Policy represented a substantial reduction from Executive Directors' previous packages. It should be noted that the legacy arrangements will continue to work through the total remuneration to be reported for 2017 and 2018.

The following chart shows for each element of the remuneration the position at the beginning of 2017 and the position following approval of the revised Remuneration Policy in December 2017. It is clear that for the CEO and the Chairman the new Policy represents a substantial reduction in their overall levels of pay.

REMUNERATION BEFORE AND AFTER THE IMPLEMENTATION OF NEW POLICY



When putting the Policy into practice, the Committee hopes to demonstrate that significant out-turns under our incentive plans will only be available for delivering stretching levels of performance that create value for our shareholders, continuing the alignment that has been demonstrated over recent years.

Performance highlights for 2017

Looking back to 2017, it was another year of strong performance for the Group. The Executive Directors and senior management team have continued to drive the Group's strategy to extend its position in the sports betting and gaming sectors. In addition, the acquisition of Ladbrokes Coral which was announced in December 2017 will give the Combined Group leading positions in key global markets through industry leading online and retail brands, highly regarded and complementary management and personnel and supported by market leading proprietary technology.

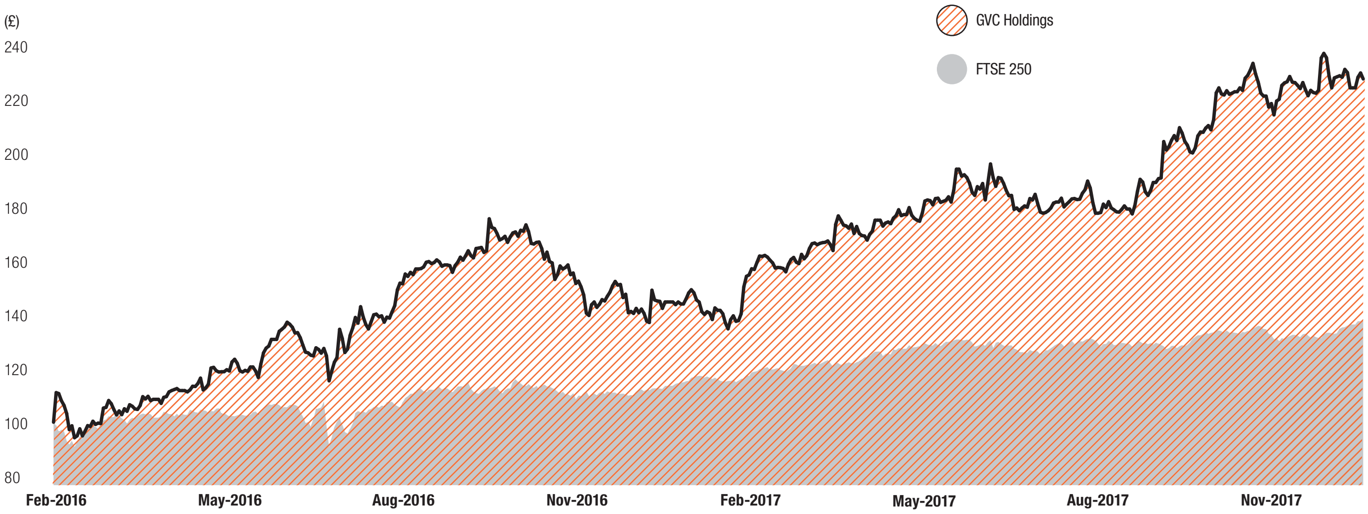
The highlights of our 2017 performance included:

- Net Gaming Revenue (including discontinued) up 13% to €1,008.0m (+15% in constant currency);
- Clean EBITDA (including discontinued) up 33% to €274.2m;
- Adjusted continuing Profit Before Tax €178.7m vs €58.9m in 2016;
- Dividends of 34€c declared in respect of the 2017 annual results;
- Completion of the integration of the GVC and bwin.party businesses; and
- A recommended offer to acquire Ladbrokes Coral Group plc.

REMUNERATION: DIRECTORS' REMUNERATION REPORT
CONTINUED

This is all reflected in the 52% total shareholder return that GVC delivered during 2017, which continues the outstanding performance against our peers and the wider market since joining the LSE Main Market.

TOTAL SHAREHOLDER RETURN: GVC VS FTSE 250



Source: Datastream

Remuneration decisions for 2017

Annual bonus

The CEO's bonus for 2017 was based on performance against EBITDA targets, while the CFO's was based on Net Gaming Revenue ("NGR"). As seen elsewhere in the Report and Accounts, EBITDA and NGR are both key financial measures for the business and delivery of these targets is closely correlated to the creation of shareholder value. Due to the strong performance which GVC delivered in 2017, the top end of the performance ranges were exceeded and the plans will pay out at 100% of the maximum annual bonus opportunity (see pages 63 to 64 for further information). Double-digit revenue growth in the Group's sports betting and gaming brands drove the financial performance, with the capturing of the bwin.party synergies pushing further growth in Clean EBITDA.

The EBITDA performance range set under the bonus was based on the budget agreed by the Board at the beginning of the financial year and consensus forecasts at that time. They were set in advance contingent on receiving shareholder approval for the Annual and Deferred Bonus Plan at the December 2017 General Meeting, following which the Committee could offer formal participation to the CEO.

Long-term incentives

As part of their legacy arrangements, a portion of the share option awards held by the Chairman, CEO and CFO vested in tranches in February, May, August and November 2017. This out-turn reflected significant share price out-performance of the FTSE 250 since the options were granted (see graph above). It is recognised that the quantum of the awards, coupled with strong share price growth over the vesting period, has resulted in a large 'single figure' for total remuneration for these Directors in 2017. As detailed above, this reflects previous practice at GVC, which going forward has been replaced by a new, more conventional, framework that will result in lower levels of total remuneration once all of the legacy awards have vested.

Chairman's fee

The Chairman has historically been rewarded in a similar way to the Executive Directors and he has participated in the Company's incentive arrangements. This reflected that the scope of the role and time commitment is well in excess of the normal level for a chairman. He is closely involved in strategy implementation, and in considering and executing potential acquisitions.

Nevertheless, going forward we wished to align the remuneration of the Chairman more closely with UK corporate governance good practice by removing any performance elements and providing an approach based solely on fees. To recognise (i) the fundamental shift in the way the Chairman was to be remunerated, (ii) the fact he voluntarily renounced his non-standard contractual provisions, and (iii) a much greater level of commitment than is standard for the role, an additional one-off fee of £950,000 was paid in 2017 which, after deductions for local taxes, had to be invested in GVC shares that are subject to forfeiture. The forfeiture risk on 50% of the shares falls away on the second anniversary of payment and on the balance on the third anniversary. In addition, the annual fee for the role was increased to £350,000 from 1 January 2018.

Our Directors are substantial shareholders in GVC

As at 31 December 2017 the value of the CEO's and Chairman's shareholdings were £17.56m and £6.79m respectively. These represent 2,342% of the CEO's annual basic salary and 1,940% of the Chairman's current annual fee. These shareholdings represent much larger holdings by value than the stock held by the CEOs and chairmen of other listed online gaming companies and demonstrate that the CEO's and Chairman's interests are closely aligned with those of GVC's other shareholders. CFO Paul Miles also met and exceeded the new shareholding guideline at 31 December 2017 via his vested GVC options.

Prospective acquisition of Ladbrokes Coral

On 22 December 2017, GVC announced a recommended offer to acquire Ladbrokes Coral. This was overwhelmingly approved by both companies' shareholders on 8 March 2018 and the transaction is expected to close within the next month. It is anticipated that the Combined Group will join the FTSE 100 in the summer of 2018.

The current intention is that on completion the Committee will review the remuneration arrangements for senior executives at Ladbrokes Coral, with a view to harmonising these with the GVC approach over time. In doing so the Committee will be helped by the fact that GVC now has a new incentive structure, aligned with the practices usually adopted by FTSE 100 companies.

Conclusion

GVC has been growing at pace in recent years and its remuneration arrangements have evolved accordingly. The Committee's primary objective for 2017 was to have in place at the end of the year a Remuneration Policy which is aligned with UK best practice corporate governance for 2018. This objective has been achieved, and we hope that shareholders can recognise the substantial progress that has been made when looking at the arrangements as a whole.

JANE ANSCOMBE
CHAIR OF THE REMUNERATION COMMITTEE
8 March 2018

REMUNERATION: DIRECTORS' REMUNERATION REPORT
CONTINUED

PART B – OUR REMUNERATION AT A GLANCE

The Company's Remuneration Policy was approved at the General Meeting on 14 December 2017. The full Remuneration Policy can be found on pages 20 to 30 of the Notice of the General Meeting (http://www.gvc-plc.com/archive/pdf/GVC-EGM-Notice-2017.pdf). The table below presents a summary of the Policy along with how the Policy is to be implemented in 2018.

Element	Revised Remuneration Policy	Operation in 2018
BASE SALARY		
	An Executive Director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: ■ Remuneration practices within the Group; ■ The general performance of the Group; ■ Salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking (when the Committee determines it is appropriate to carry out a benchmarking exercise); ■ Any change in scope, role and responsibilities; ■ The experience of the relevant Director; and ■ The economic environment. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. Subsequent increases in their salary may be higher than normal until the target positioning is achieved.	The CEO received a 2.5% salary increase effective 14 December 2017 (the date of the 2017 General Meeting) and the CFO received a 2.1% salary increase effective from 1 January 2018. As a result, the salaries for the Executive Directors for 2018 will be: ■ Kenneth Alexander – £750,000 p.a.; and ■ Paul Miles – £357,350 p.a.
BENEFITS		
	The Executive Directors receive private health insurance, life insurance and accommodation allowances.	Benefits in line with the Policy. For reference, the total value of benefits received in 2017 was as follows: ■ Kenneth Alexander – £2,438; and ■ Paul Miles – £4,102.
PENSION		
	The Company does not currently have a separate pension arrangement for Executive Directors. It does however provide the opportunity for all employees to participate in a Company-provided pension in line with statutory requirements.	Executive Directors will receive the following: ■ Kenneth Alexander – Nil (opted out of pension scheme); and ■ Paul Miles – 1% of salary (receives minimum statutory Company contribution).
ANNUAL AND DEFERRED BONUS PLAN (THE "ABP")		
	Awards made annually based on the achievement of a combination of financial and non-financial performance measures. Half of the bonus is paid immediately following the end of the financial year, while half is deferred into shares which will vest at the end of three years subject to continued employment. Maximum annual incentive opportunity of 250% of salary for CEO and 200% of salary for CFO. Threshold and target performance are equal to 25% and 60% of the maximum opportunity, respectively. Malus and clawback provisions apply.	The Executive Directors will have the following maximum bonus opportunity for 2018: ■ CEO – 250% of salary; and ■ CFO – 200% of salary. Bonus subject to performance against Clean EBITDA targets, with half of any bonus earned being deferred into shares for three years.
LONG-TERM INCENTIVE PLAN (THE "LTIP")		
	Annual awards of conditional awards or nil-cost options, which vest after three years subject to achievement of performance measures. For awards granted to Executive Directors, a two-year holding period (on a net basis) follows the three-year vesting period. Maximum opportunity of 300% of base salary for the CEO and 250% of base salary for the CFO. Threshold performance is equal to 25% of the opportunity granted, performance below which will result in zero vesting. There is straight-line vesting between threshold performance and maximum performance. Awards vest based on performance against stretching targets, measured over a three-year performance period.	The Executive Directors will receive the following awards for 2018: ■ CEO – 300% of salary; and ■ CFO – 250% of salary. Awards subject to achievement of stretching performance conditions to be determined by the Committee.

Element	Revised Remuneration Policy	Operation in 2018
SHAREHOLDING GUIDELINES		
	Executive Directors are subject to formal shareholding requirements, ensuring that their interests are closely aligned to those of Shareholders. These are currently 400% of salary for the CEO and 200% for the CFO. The shareholding should be built up over a five-year period and maintained until retirement, and until an Executive Director meets their shareholding requirement they are required to retain 50% of the post-tax amount of vested shares from the Company incentive plans. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.	Shareholding guidelines remain in force for 2018.
CHAIRMAN AND NON-EXECUTIVE DIRECTOR ("NED") FEES		
	Non-executive Directors are paid an annual fee and additional fees for chairmanship and membership of committees. The Chairman receives an 'all-in' fee and does not receive any additional compensation for membership of committees. Fees are reviewed annually.	Fees for 2018[1] are: ■ Chairman fee – £350,000; ■ NED base fee – €100,000; ■ Senior Independent Director fee – £155,000; and ■ Audit and Remuneration Committee Chair Fee – €25,000. With the exception of the Chairman (for the reasons detailed on page 58), the NED fees are unchanged from 2017.

1. In addition, Norbert Teufelberger received an annual fee of £175,000. Norbert was the former CEO of bwin.party and his role on the Board was to help with the integration of bwin.party into the Group and with implementation of the post-completion plan. He also advised on the Group's strategy in German-speaking markets. The appointment was for an initial term of two years and he stepped down from the Board on 2 February 2018.

How is our Policy aligned with that for our employees?

The Company believes in fairness throughout the organisation. The Company operates a number of general principles applied to all levels. They are as follows:

- We will provide a competitive package compared to the relevant market for each employee;
- We will ensure all employees share in the success of the business through an element of performance-based pay; and
- We ensure a transparent and fair cascade of remuneration throughout the Group.

The following table sets out our approach in more detail:

Principles	Details
A competitive pay package	We position ourselves as a market competitive employer in relation to the external market. Our policy is to ensure that employees receive a fair living wage for their location.
An opportunity to share in our success	We operate all-employee bonus plans based on Company performance, whereby all employees are aligned to similar measures (see table below).
A tailored benefits offering	GVC provides a flexible benefit scheme that include insurance and health cover, and retail and childcare vouchers to support a positive work-life balance.
An opportunity to save for the future	Reflective of our workforce profile whereby a large proportion are young, pension contributions are provided at the statutory level with greater emphasis placed on base pay. This is in line with the remuneration approach for Executive Directors.
Training and development opportunities	We have an established programme of training and development, building capability across all levels of the Group, and we hope to gain accreditation under the Investors in People Framework during 2018. Our new development framework allows us to better benchmark our talent and drive all training, development and succession planning activities.
A diverse and inclusive workplace	We pride ourselves on the diverse and varied background of our employees. We are a highly diverse and culturally-rich organisation, with our workforce comprising 59 different nationalities. See page 28 for further details.

REMUNERATION: DIRECTORS' REMUNERATION REPORT

CONTINUED

The following table sets out details of our incentive plans operated through the organisation.

Principles	Participation (from 2018)	Summary
ALL-EMPLOYEE BONUS PLAN	All employees except the Executive Directors	■ A financial target is set at the beginning of the year, typically net gaming revenue growth; and ■ For 2017, the target was exceeded and employees received cash bonuses in Q1 2018.
ABP AND LTIP	The Senior Executive Management Team may participate in these two plans	■ As set out on page 60.

PART C – ANNUAL REPORT ON REMUNERATION

The 2017 Annual Report on Remuneration contains details on the remuneration paid and awarded to Directors during the financial year ended 31 December 2017. This report has been prepared in accordance with the provisions of the Companies Act 2016 and the Regulations. An advisory resolution to approve the Annual Report on Remuneration and the Annual Statement will be put to shareholders at the AGM on 6 June 2018.

1. Directors' remuneration for the year ending 31 December 2017

Single figure remuneration table (audited)

The remuneration of Directors showing the breakdown between components with comparative figures for the prior financial year is shown below. Figures provided have been calculated in accordance with Regulations. Further information on the component elements is provided in subsequent sections.

		Base salary/fees €000	Taxable benefits[1] €000	Annual variable remuneration[2] €000	Long-term variable remuneration €000	Pension €000	Total excluding legacy awards €000	Legacy awards €000	Total including legacy awards €000
Kenneth Alexander	2017	838	38	2,094	–	–	2,970	17,692	20,662
	2016	892	40	–	–	–	932	21,257	22,189
Paul Miles	2017	344	5	401	–	3	753	943	1,696
	2016	–	–	–	–	–	–	–	–
Richard Cooper	2017	80	3	–	–	–	83	1,305	1,388
	2016	491	4	–	–	–	495	10,675	11,169
Lee Feldman[3]	2017	1,237	–	–	–	–	1,237	8,846	10,083
	2016	158	–	–	–	–	158	9,072	9,231
Jane Anscombe	2017	67	–	–	–	–	67	–	67
	2016	–	–	–	–	–	–	–	–
Karl Diacono	2017	100	–	–	–	–	100	–	100
	2016	100	–	–	–	–	100	69	169
Peter Isola	2017	100	–	–	–	–	100	–	100
	2016	92	–	–	–	–	92	–	92
Stephen Morana	2017	95	–	–	–	–	95	–	95
	2016	115	–	–	–	–	115	–	115
Norbert Teufelberger	2017	200	–	–	–	–	200	365	565
	2016	194	–	–	–	–	194	170	364
Will Whitehorn	2017	136	–	–	–	–	136	–	136
	2016	–	–	–	–	–	–	–	–

1. Taxable benefits comprise a car allowance, housing allowance, private medical and life insurance.
2. Kenneth Alexander's annual variable remuneration includes both the cash and deferred share element of 2017 bonus.
3. Lee Feldman's Chairman fee for 2017 includes an additional one-off fee of £950,000 which following deductions for local taxes, had to be invested in GVC shares that are subject to forfeiture. The forfeiture risk on 50% of the shares falls away on the second anniversary of payment and on the balance on the third anniversary.

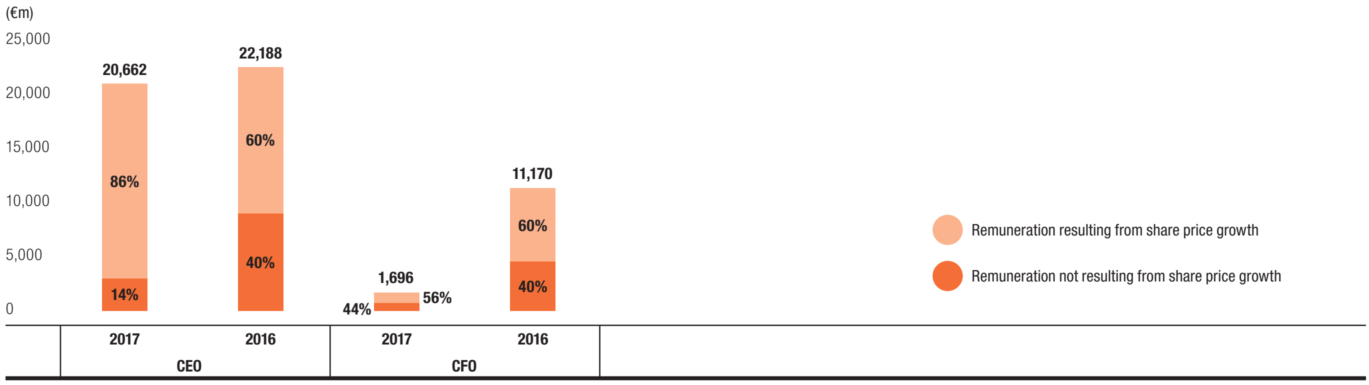
On 2 February 2018 Norbert Teufelberger stepped down as a Director having served his two-year term.

Notes to the single figure remuneration table

The Committee recognises that the 'single figures' of total remuneration shown for several individuals are substantial. This primarily relates to legacy awards of share options made under the 2015 LTIP at the time of the acquisition of bwin.party digital entertainment plc. The plan was approved by shareholders with a strong level of support as part of the acquisition. Under the 2015 LTIP, individuals received awards of share options upon completion of the acquisition on 2 February 2016, which vest in tranches over the 30 months to August 2018.

The 'single figure' values for total remuneration shown above reflect the growth in share price over this period, and the strong alignment with other shareholders that this provides. The following chart illustrates this, showing how for the CEO 85% and 60% of the 'single figure' values for 2017 and 2016, respectively, are as a result of share price growth over the relevant periods.

PROPORTION OF SINGLE FIGURE REMUNERATION AS A RESULT OF SHARE PRICE GROWTH



As discussed in the statement by the Chair of the Remuneration Committee, the remuneration framework at GVC has developed rapidly over the last couple of years as the Company has grown. Going forward the structure of the incentive framework is aligned with UK best practice. The framework under the new Policy will result in lower levels of total remuneration from 2019 once all of the legacy awards have vested.

2017 Annual Bonus – Kenneth Alexander (CEO)

Under the terms of the Remuneration Policy approved by Shareholders at the General Meeting, Kenneth Alexander had a 250% of salary bonus opportunity for the 2017 financial year. The EBITDA targets were set in advance and based on the budget agreed by the Board at the beginning of the financial year and consensus forecasts at that time, notwithstanding that his participation was formalised late in the year due to having to wait for shareholder approval.

The EBITDA target was met in full for 2017 and as a result the bonus paid out at 100% of maximum, to be delivered 50% in cash and 50% in shares deferred for three years. As a result, Kenneth Alexander received £913,750 in cash and will receive an award of 100,576 shares (calculated based on the three-month average share price ending on 31 December 2017), as shown in the table below.

Performance condition	Weighting	Threshold performance required (25% of maximum pay-out)	Target performance required (60% of maximum pay-out)	Maximum performance required (100% of maximum pay-out)	Actual performance	Annual bonus value for Threshold and Maximum performance (% of max)	Percentage of Maximum performance achieved	Percentage of salary bonus achieved
Clean EBITDA	100%	€239m	€252m	€265m	€274.2m	25% – 100%	100%	250%
TOTAL £								£1,827,500

REMUNERATION: DIRECTORS' REMUNERATION REPORT

CONTINUED

PART C – ANNUAL REPORT ON REMUNERATION continued

2017 Annual Bonus – Paul Miles (CFO)

Following his appointment in February 2017, Paul Miles was eligible for an annual bonus opportunity in respect of 2017. His maximum opportunity was 100% of base salary, subject to performance against a Net Gaming Revenue growth target. The target was met in full for 2017 and as such the full cash bonus was payable, as shown in the table below.

Performance condition	Weighting	Threshold performance required	Target performance required	Maximum performance required	Actual performance	Annual bonus value for Threshold and maximum performance (% of max)	Percentage of maximum performance achieved	Percentage of salary bonus achieved
Net Gaming Revenue growth	100%	€1,002m	€1,002m	€1,002m	€1,008m	£350,000 – 100%	100%	100%
TOTAL £								**£350,000**

Legacy LTIP arrangements vesting in 2017

During the year ended 31 December 2017, a portion of the awards granted under legacy arrangements vested. All options are subject to the same single performance condition, namely that GVC's Total Shareholder Return ("TSR") must rank at median or above against the FTSE 250. Each tranche of the award has the TSR condition reviewed from the date of grant until the relevant vesting date. To the extent that the TSR condition is not met at that time, it shall be tested in the next quarter and at the end of the 30-month vesting period.

Vesting date	Portion of award vesting	Performance measures	Performance targets	Performance outcome	% of awards vesting
2 February 2017	1/9	Total Shareholder Return vs FTSE 250	Rank at median or above	Above median	100%
2 May 2017	1/9	Total Shareholder Return vs FTSE 250	Rank at median or above	Above median	100%
2 August 2017	1/9	Total Shareholder Return vs FTSE 250	Rank at median or above	Above median	100%
2 November 2017	1/9	Total Shareholder Return vs FTSE 250	Rank at median or above	Above median	100%

Details of the share awards that vested during the year are set out below:

Director	Total options	Share price on grant date	Face value of award	Vesting date	No vesting	Exercise price	Market value on date of vesting	Value of award included in single figure	Total (£)	Total (€)
K Alexander	8,789,075	5.11	44,912,173	02.02.17	977,563	4.22	6.55	2,277,722		
				02.05.17	977,564	4.22	7.57	3,274,839		
				02.08.17	977,564	4.22	7.775	3,475,240		
				02.11.17	977,564	4.22	9.32	4,985,576	14,013,378	16,052,324
P Miles	350,000	7.28	2,546,250	30.03.17	116,667	4.22	7.275	356,418		
				02.05.17	38,889	4.22	7.57	130,278		
				02.08.17	38,889	4.22	7.775	138,250		
				02.11.17	38,889	4.22	9.32	198,334	823,280	943,067
R Cooper[1]	4,399,037	5.11	22,479,079	02.02.17	488,782	4.22	6.55	1,138,862	1,138,862	1,304,566
L Feldman	4,399,037	5.11	22,479,079	02.02.17	488,782	4.67	6.55	918,910		
				02.05.17	488,782	4.67	7.57	1,417,468		
				02.08.17	488,782	4.67	7.775	1,517,668		
				02.11.17	488,782	4.67	9.32	2,272,836	6,126,882	7,018,344
N Teufelberger	200,000	5.11	1,022,000	02.02.17	22,222	4.22	6.55	51,777		
				02.05.17	22,222	4.22	7.57	74,444		
				02.08.17	22,222	4.22	7.775	78,999		
P Miles				02.11.17	22,222	4.22	9.32	113,332	318,552	364,902

1. Richard Cooper left GVC on 28 February 2017 and upon leaving forfeited all unvested option awards (over a total of 2,932,691 shares).

Arrangements for the Chairman

Lee Feldman received a cash bonus of £879,806 in respect of 2017, being the difference between the exercise price on his share options of £4.67, and the issue price of £4.22 for the 4/9ths of the award that vested in the year. The higher exercise price was due to certain limitations associated with the grant of options to individuals subject to US federal income taxes. Lee Feldman is required to reinvest half of the cash bonus (after taxes) into GVC shares.

In addition, Lee Feldman received a one-off payment of additional fees of £950,000 which (after the deduction of applicable taxes) has to be invested in GVC shares; these shares are subject to a risk of forfeiture: the forfeiture risk on 50% of the shares will be removed on the second anniversary of the date of payment with the risk removed on the third anniversary subject solely to continuing to hold office as a Director. He is no longer eligible to participate in the Company's incentive arrangements under the new Policy, and he now has a 12-month notice period with the only entitlement being to fees over the notice period (his previous cessation of employment provisions included two year's fees and bonus (2015 being the reference year) in certain circumstances).

2. Share awards granted during the year

The table below sets out details of the awards granted following the December 2017 General Meeting under the new LTIP. Awards were made in December 2017 to ensure that following the 2018 grant there would be two subsisting cycles of awards in place prior to the final vesting of the legacy share options in August 2018. Vesting is dependent on three-year performance against stretching EPS and relative TSR targets.

Name	Award type	Basis on which award made	Face value of award	Shares awarded	Percentage of award vesting at threshold performance %	Maximum percentage of face value that could vest %	Performance conditions
Kenneth Alexander	LTIP	Annual	£1,827,500	242,587	25%	100%	Relative TSR and EPS equally weighted
Paul Miles	LTIP	Annual	£700,000	94,339	25%	100%	Relative TSR and EPS equally weighted

The awards were granted on 28 December 2017. The performance period is 1 January 2017 to 31 December 2019 and the conditions are set out below. Awards will vest, subject to the level of performance achieved, on 28 December 2020. The share price used to determine the face value was 927.50p.

Performance condition	Weighting (% of award)	Performance target	Vesting schedule
RELATIVE TSR VS. FTSE 250	50%	Median of Comparator Group	25%
		Median to Upper Quartile	Straight-line interpolation between 25% and 100%
		Upper Quartile of Comparator Group	100%
EPS (CUMULATIVE EPS OVER 3 YEAR PERIOD)	50%	Threshold 180 cents	25%
		Threshold 180 cents to Maximum 214 cents	Straight-line interpolation between 25% and 100%
		Maximum 214 cents	100%

3. Payments to past Directors or for loss of office (audited)

During the year, the former Group Finance Director, Richard Cooper received £223,000 as a payment in lieu of notice. In line with the normal vesting schedule, 1/9th of Richard Cooper's option award vested in February 2017 prior to his departure. The remaining unvested awards (6/9ths) lapsed on his departure.

Director	Date appointed	Arrangement	Notice period/unexpired term
K Alexander	February 2007	Service contract	12 months
P Miles	28 February 2017	Service contract	12 months
L Feldman	December 2004	Letter of appointment	12 months
J Anscombe	20 June 2017	Letter of appointment: three-year period	Remaining period
K Diacono	December 2008	Letter of appointment: three-year period	Remaining period
P Isola	2 February 2016	Letter of appointment: three-year period	Remaining period
S Morana	2 February 2016	Letter of appointment: three-year period	Remaining period
W Whitehorn	23 March 2017	Letter of appointment: three-year period	Remaining period

REMUNERATION: DIRECTORS' REMUNERATION REPORT

CONTINUED

4. Statement of Directors' shareholding and share interests

Shareholding and other interests at 31 December 2017 (audited)

Directors' share interests are set out below:

Director	Number of beneficially owned shares[1]	% of salary/fees	Total interests subject to conditions	Total vested interests unexercised	Total interests subject to conditions	Total interests unexercised	Total interests at 31 December 2017
K Alexander	1,898,788	2341.84%	0	0	2,932,692	0	4,831,480
P Miles	0	0	0	0	116,667	233,333	350,000
L Feldman	734,141	1940.23%	0	0	1,466,345	0	2,200,486
J Anscombe	1,406	9.08%	0	0	0	0	1,406
K Diacono	0	0	0	0	0	0	0
P Isola	0	0	0	0	0	0	0
S Morrana	0	0	0	0	0	0	0
N Teufelberger	755,276	3992.17%	0	0	28,571	28,572	812,419
W Whitehorn	0	0	0	0	0	0	0

Shareholders should note that as at 31 December 2017 the value of the CEO's and Chairman's shareholdings were £17.56m and £6.79m respectively. These represent 2,342% of the CEO's annual basic salary and 1,940% of the Chairman's current annual fee. These shareholdings represent much larger holdings by value than the stock held by the CEOs and chairmen of other listed online gaming companies and demonstrate that the CEO and Chairman's interests are closely aligned with those of GVC's shareholders.

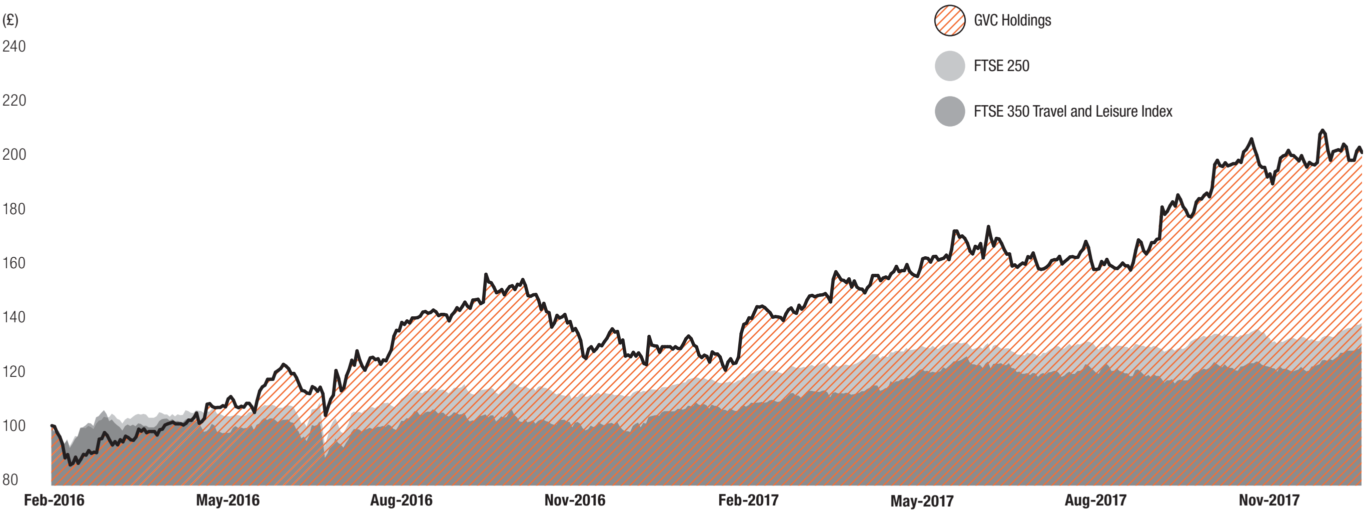
The CFO Paul Miles also met and exceeded the new shareholding guidelines at 31 December 2017 in respect of his vested but unexercised options. Between 31 December 2017 and the date that this report was signed off, no share options were exercised. A further 1/9th of the share options vested in February 2018 resulting in the movement of share options from "Total interests subject to conditions" to "Total interests unexercised".

5. CEO pay versus performance

Total Shareholder Returns and CEO remuneration since obtaining main market listing on 1 February 2016

The graph below shows the value of £100 invested in GVC Holdings PLC since obtaining main market listing on 1 February 2016 compared with the value of £100 invested in the FTSE 250 index. The FTSE 250 index has been chosen on the basis that GVC is part of the index as of 31 December 2017.

GVC HOLDINGS VS FTSE 250 VS FTSE 350



Source: Datastream

The Company has chosen to compare its performance from 1 February 2016 against the FTSE 250 as this was the point at which the Company existed in its current form.

	December 2017	December 2016	December 2015
	K ALEXANDER	**K ALEXANDER**	**K ALEXANDER**
Role	CEO	CEO	CEO
Single figure of total remuneration (€m)	20.66	22.19	4.69
Annual Bonus pay-out (% maximum)	100	–	–
LTIP vesting (% maximum)	–	–	–
Legacy award vesting (% maximum)	100%	100%	100%

Prior to the acquisition of bwin.party and admission to the Main Market the size (on a market capitalisation basis) and complexity of the Company were substantially different and as such the Committee does not believe that historic remuneration has any meaningful comparative value. The Committee has included the remuneration for 2015 to provide some basis of comparison and will continue to add years in the future until the requirements of the Regulations are satisfied in full.

6. Relative importance of the spend on pay

The table below sets out the overall spend on pay for all employees compared with the returns distributed to shareholders.

Significant distributions	2017	2016	% change
Staff costs (€m)	130.7	136.7	(4.4)
Distributions to shareholders (€m)	141.0	0	100

7. CEO pay versus all employees

The following table sets out the change in the remuneration paid to the CEO from 2016 to 2017 compared to the average percentage change for employees. The CEO's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits and annual bonus (including any amount deferred). The employee pay has been calculated using the annual salary, taxable benefits and annual bonus.

	Salary			Taxable benefits			Bonus		
	2017 £000	2016 £000	Percentage change	2017 £000	2016 £000	Percentage change	2017 £000	2016 £000	Percentage change
Group Chief Executive Officer[1]	731	731	0%	33	33	0%	1,828	0	n/a
Average per employee	46	45	2%	2	2	0%	11	10	6%

1. The CEO's annual salary was increased to £750,000 on 14 December 2017 following the approval by shareholders of the updated Remuneration Policy.

REMUNERATION: DIRECTORS' REMUNERATION REPORT
CONTINUED

8. Consideration by the Committee of matters relating to Directors' remuneration

The Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and the senior management and for setting the remuneration packages for each Executive Director. The Committee also has oversight of the remuneration policy for all employees. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

MEMBERS OF THE COMMITTEE DURING 2017	Independent	Number of meetings held during tenure during the year	Number of meetings attended
J Anscombe[1]	Yes	2	2
K Diacono[2]	Yes	2	2
L Feldman[3]	Yes	1	1
P Isola	Yes	3	3
S Morana	Yes	3	3
Will Whitehorn[4]	Yes	3	3

1. Jane Anscombe was appointed to the Remuneration Committee and became the Chair on 20 June 2017.
2. Karl Diacono ceased to be a member of the Remuneration Committee on 20 June 2017.
3. On appointment as Chairman of the Board Lee Feldman was considered to be independent. He ceased to be a member of the Remuneration Committee on 26 May 2017.
4. Will Whitehorn was appointed to be a member of the Remuneration Committee on 20 June 2017.

During the year, there were three scheduled Committee meetings. The matters covered were:

- The comprehensive remuneration policy review and subsequent shareholder consultation exercise;
- Determining the payouts from the annual bonus arrangements for 2017;
- Determining the satisfaction of the periodic TSR performance conditions attaching to the outstanding legacy share option awards; and
- Approval of the 2017 LTIP awards and their associated performance conditions.

In addition, the Remuneration Committee met in February 2018 to consider the draft 2017 Annual Report on Remuneration, proposed 2018 salary increases for the CFO and senior executives, satisfaction of the performance targets for the general employee 2017 bonus and the CEO's 2017 Annual and Deferred Bonus Plan award and to consider the matters for the Committee to review in 2018.

None of the Committee members or attendees is involved in any Committee decisions from which they may financially benefit personally (other than as shareholders) in the decisions made by the Committee and there are no conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The Chief Executive Officer, Chief Financial Officer and HR Director may attend meetings at the invitation of the Committee, but are not present when their own remuneration is being discussed. The Company Secretary acts as the secretary to the Committee.

The Committee received external advice in 2017 from PwC in connection with remuneration matters including support with the review of the remuneration policy and shareholder consultation exercise, pay benchmarking and the provision of general guidance on market and best practice. PwC are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee reviewed the nature of all the other services provided during the year by PwC, which only included advice in respect of a tax assessment appeal in Greece, and was satisfied that no conflict of interest exists or existed in the provision of these services. The total fees paid to PwC in respect of services to the Committee during the year were £214,500. Fees were determined based on the scope and nature of the projects undertaken for the Committee.

9. Implementation of the Remuneration Policy in 2018

The CEO, Kenneth Alexander, received an increase in his basic annual salary from £731,000 to £750,000 on 14 December 2017 when shareholders approved the updates to the Company's Remuneration Policy. The CFO, Paul Miles, had his annual salary increased from £350,000 to £357,350 effective from the start of 2018. Both salary increases are in line with the percentage increases received by other Gibraltar and UK employees in the Group.

Annual bonuses will be earned in line with the Remuneration Policy approved by our shareholders in December 2017. The CEO's and CFO's bonus for 2018 will be based on performance against targets set by the Committee shortly after completion of the acquisition of Ladbrokes Coral. The maximum opportunity for our CEO and CFO will be 250% and 200% of base salary respectively. 25% of the maximum opportunity will be payable for threshold performance and 60% will be payable for target performance. One-half of any annual bonus earned will be deferred and awarded in GVC shares, which will vest after three years.

Long Term Incentive Plan awards will be awarded to the CEO and CFO with a face value of 300% and 250% of base salary respectively. To the extent that the performance tests are met over a three-year period, the net number of shares awarded will be subject to a further two-year holding period. The performance conditions for these awards will be set by the Committee shortly after completion of the acquisition of Ladbrokes Coral. 25% of the award will vest for performance at threshold, increasing on a sliding scale to 100% vesting for maximum performance.

In view of the prospective transaction with Ladbrokes Coral, the Remuneration Committee will review the targets for outstanding incentives following completion of the transaction.

If the transaction proceeds, Paul Miles will be leaving the Board of GVC and his termination arrangements will be disclosed on the Company's website in due course. Paul Miles will be succeeded by Paul Bowtell, Ladbrokes Coral's CFO. As disclosed in the GVC prospectus dated 9 February 2018, Paul Bowtell will be entitled to an annual salary of £656,000, representing a basic salary of £535,500 (equivalent to his Ladbrokes Coral salary) plus £120,500 in lieu of pension contributions he is entitled to under his service agreement with Ladbrokes Coral. His participation in the Company's incentive plans will be based on his basic salary of £535,500.

10. Consideration of shareholder views

The Remuneration Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Given the disappointing level of support that the Annual Report on Remuneration received at the 2017 AGM, views expressed by shareholders were considered when designing the revised Remuneration Policy. In particular, the Committee consulted its major shareholders and the main shareholder representative bodies on the revised Remuneration Policy to understand whether their concerns had been adequately addressed by the more traditional incentive structure and best practice policy features. The Committee is grateful for the time taken to consider the Committee proposals and provide feedback. At the end of the consultation, the majority of our major shareholders indicated they were supportive of the revised Remuneration Policy and the resolution passed at the 2017 General Meeting, albeit with a minority voting against the Policy, we understand predominantly due to the level of incentive opportunity.

11. Shareholder voting

As explained above, the updated Directors' Remuneration Policy was put to a binding vote at the General Meeting on 14 December 2017. The voting result, together with voting outcome in respect of the adoption of the Annual and Deferred Bonus Plan and the 2017 LTIP were as follows:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes cast in total	% of issued share capital voted	Votes withheld
To approve the updated Directors' Remuneration Policy	148,035,292	72.50	56,145,802	27.50	204,181,094	67.23	11,018
To approve the GVC Annual and Deferred Bonus Plan	150,330,551	73.63	53,850,702	26.37	204,181,253	67.23	10,859
To approve the GVC 2017 LTIP	179,413,463	87.87	24,766,175	12.13	204,179,638	67.23	12,474

The 2016 Chairman's Annual Statement and the Annual Report on Remuneration were subject to an advisory vote at the AGM on 20 June 2017. Below we outline the voting outcomes in respect of approving the Directors' Remuneration Report and approving the Director Remuneration Policy on 20 June 2017.

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes cast in total	% of issued share capital voted	Votes withheld
To approve the Directors' Remuneration Report	129,532,003	56.92	98,048,257	43.08	227,580,260	75.69	1,894
To approve the Directors' Remuneration Policy	205,214,885	90.17	22,361,595	9.83	227,576,480	75.69	5,674

JANE ANSCOMBE
CHAIR OF THE REMUNERATION COMMITTEE
8 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC

Our opinion on the financial statements is unmodified

We have audited the financial statements of GVC Holdings PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows, the Company Balance Sheet, the Company Statement of Changes in Equity and Notes to the Consolidated and Company Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Isle of Man, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter dated 20 November 2017. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 34 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation, set out on page 47 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement, set out on page 47 of the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation, set out on page 34 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

- Overall materiality: €10.0m, which represents 3.7% of the Group's operating profit for continuing operations adjusted for share based payments, exceptional items, depreciation, amortisation, impairments and changes in the fair value of derivative financial instruments ('Clean EBITDA') including discontinued operations;
- Key audit matters were identified as gaming taxes; accounting for direct and indirect taxation; legal and regulatory compliance, impairment of goodwill and other intangible assets; and revenue recognition – occurrence; and
- We performed full scope audits at the key business operations in the Isle of Man, United Kingdom, Malta, Gibraltar, Austria and Italy.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS – GROUP	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP
GAMING TAXES Subsequent to the year-end the Group released a Regulatory News Service (RNS) on 25 January 2018 notifying investors that one of its subsidiaries, Sporting Odds Limited, had received a tax audit assessment from the Greek Audit Centre for Large Enterprises in respect of the periods 2010 and 2011 for an amount of €186.7m. Based on legal and tax advice received, management consider there to be strong grounds to appeal the assessment. Therefore, management have determined that the assessed amount of €186.7m is not payable by the subsidiary and have disclosed a contingent liability within the Group financial statements. The assessment of the impact on the financial statements, including key disclosures, is complex and required significant management judgement. We therefore identified gaming taxes as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ■ with assistance from our indirect tax and Greek tax experts we obtained and challenged management's view of the Greek assessment received including whether the arguments put forward in the appeal are valid and are supported by relevant legislation and case law are reasonable; ■ for each jurisdiction with material revenues we performed an analytical review of gaming taxes due, then investigated specific territories where amounts paid were outside of our expectation by performing recalculation procedures and assessing the appropriateness of any differences; ■ we evaluated whether the disclosures made throughout the Annual Report in relation to this matter and with regards to gaming taxes in totality are complete; ■ we have checked the disclosures prepared by management relating to indirect taxes within the principal risks and uncertainties, considering whether these are complete, fair and balanced, and adequately describe the risks and the steps management take to mitigate these risks; and ■ we assessed the impact of this matter on other areas of the financial statements including the assessment of viability and going concern, and impairment of assets. The Group's accounting policy on taxation is shown in note 1.17 to the financial statements and related disclosures are included in note 27.1. The Audit Committee identified gaming tax as a significant issue in its report on page 37, where the Audit Committee also described the action that it has taken to address this issue. **KEY OBSERVATIONS** Based on the results of our procedures performed we conclude that a contingent liability should be disclosed at 31 December 2017 in the financial statements. We consider the disclosures made in the financial statements regarding the assessment and its impact on the going concern and the viability statement, the note on contingent liabilities and the note on capital commitments are consistent and compliant with the requirements of IAS 37 and other relevant disclosure guidance.
ACCOUNTING FOR DIRECT AND INDIRECT TAXATION The Group structure is complex and includes a number of jurisdictions in which the Group operates or has physical presence. In addition, the rules and practices governing the taxation of e-commerce activity, including VAT and other indirect taxes, is complex and therefore judgement is often required as to applicability and calculation of taxes due. We therefore identified accounting for direct and indirect taxation as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ■ discussing with management's tax experts, with support from our tax experts, how the Group manages and controls the companies in countries where it operates; ■ evaluating the Group's transfer pricing methodology including recent changes in pricing, giving consideration to the OECD's BEPS (Base Erosion and Profit Shifting) initiative checking that intra-group charges are in line with this, along with Management's view of the UK diverted profits tax; ■ obtaining and reading correspondence between the Group and tax authorities in relevant key territories in order to gain an understanding and to support the tax position of the Group; ■ understanding management's interpretation and application of relevant tax law and challenging the appropriateness of management's assumptions and estimates in relation to provisions and contingent liabilities; and ■ assessing whether the Group's disclosures relating to taxation were materially in accordance with the requirements of IFRSs as adopted by the European Union. The Group's accounting policy on accounting for direct and indirect taxation is shown in note 1.17 and related disclosures are included in notes 6.2, 6.3 and 27.2 to the financial statements. The Audit Committee identified accounting for direct and indirect taxation as a significant issue in its report on page 37, where the Audit Committee also described the action that it has taken to address this issue. **KEY OBSERVATIONS** Based on the work performed, we have not identified any significant areas of concern on the accounting applied for direct and indirect taxation. We did not identify any material misstatements for the year ended 31 December 2017. It has been noted that the gaming and VAT treatment are ever-evolving in many of the jurisdictions the GVC Group operate in and will, therefore, continue to present key risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC

CONTINUED

KEY AUDIT MATTERS – GROUP	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP
LEGAL AND REGULATORY The Group operates in a highly regulated industry across multiple geographical locations. Each jurisdiction has laws and regulations in relation to licensing, data protection, money laundering, customer identification and verification, fraud, direct and indirect taxes, and other legislative matters. It is the responsibility of management, with the oversight of those charged with governance, to ensure that the Group's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulation that determine the reported amounts and disclosures in the Group's financial statements. We therefore identified legal and regulatory compliance as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ■ assessing the controls and processes in place across the Group that assists in the prevention and detection of non-compliance with laws and regulations, including illegal acts in each of the geographic locations in which the Group operates; ■ gaining an understanding of the Group's arrangements by holding discussions with the Group's in-house and external legal experts and an assessment of policies and procedures implemented by the Group's legal and compliance functions; a review of the reports undertaken by the Group's legal and external counsel and internal audit function and reviewing the controls and processes over new customer account set-up; ■ obtaining and assessing correspondence between the Group and regulators to ensure the completeness and accuracy of any penalties or fines recorded as a liability; and ■ using an auditor's expert, to check the completeness of the Group's disclosures in relation to laws and regulations. The Audit Committee identified legal and regulatory as a significant issue in its report on page 53, where the Audit Committee also described the action that it has taken to address this issue. **KEY OBSERVATIONS** Based on the work performed on regulatory environment including the review by our independent specialist, we note that whilst the Group does accept a level of risk, management have put in place an appropriate process for monitoring and managing those risks as applicable.
IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS The Directors are required to make an annual assessment to determine whether the Group's goodwill and other intangible assets, which stand at €1,094.3m and €437.3m as disclosed in Note 8 in the financial statements, respectively, are impaired. The process for assessing whether impairment exists under International Accounting Standard (IAS) 36 Impairment of assets is complex. The process of determining the value in use, through forecasting cash flows related to cash generating units (CGUs) and the determination of the appropriate discount rate and other assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review. In particular, we identified that significant management judgement was applied in respect of the reorganisation of goodwill allocation to CGUs, the amount of goodwill included within the Titan disposal Group, and the calculation of the value-in-use of those CGUs with the largest carrying values and those with the lowest headroom. We therefore identified the impairment of goodwill and other intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ■ obtaining management's assessment of the relevant CGUs used in the impairment calculation prepared by management and comparing those to our understanding of the business units and operating structure of the Group and recalculating the arithmetical accuracy of those calculations including the sensitivity analyses on weighted average cost of capital and forecasts; ■ testing the assumptions utilised in the impairment models, including growth rates, discount rates and terminal values. This included utilising our auditor expert in valuation to consider whether the assumptions used were appropriate to the relevant CGU's circumstances and, where possible, benchmarked these assumptions against available industry data; ■ challenging management assessment of impairment indicators relating to intangible assets; and ■ testing the accuracy of management's forecasting of cash flows through a comparison of budget to actual data and historical variance trends and reviewing the cash flows for exceptional or unusual items or assumptions. The Group's accounting policy on impairment of goodwill and other intangible assets is shown in note 1.6 to the financial statements and related disclosures are included in note 8. The Audit Committee identified impairment of goodwill and other intangible assets as a significant issue in its report on page 52, where the Audit Committee also described the action that it has taken to address this issue. **KEY OBSERVATIONS** We challenged management's rationale for the reorganisation of CGUs and associated goodwill and from our audit procedures that were carried out found this to be in line with the Group's current reporting structure as required by IAS 36.87. We found that management's allocation of goodwill relating to the businesses sold during the year was appropriate. We tested management's assessment of the recoverable amount of goodwill both prior to and post the reorganisation, and from the audit procedures performed we found that in both cases the carrying value was supported.

KEY AUDIT MATTERS – GROUP	HOW THE MATTER WAS ADDRESSED IN THE AUDIT – GROUP
REVENUE RECOGNITION – OCCURRENCE The Group enters into high volumes of revenue generating transactions each day, recorded across two in-house systems being MM1 & Target and utilising a number of third-party hosted casino platforms. Revenues from continuing operations of €896.1m from the Consolidated Income Statement have been recognised in the year ended 31 December 2017. International Standards on Auditing (UK) prescribe a presumed risk of fraud in revenue recognition in that revenue may be misstated through improper recognition. Given this inherent risk and the complexity of the systems relied upon, we identified the occurrence of revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: ■ evaluating the design and implementation of certain key controls within the two betting platforms used by the Group; ■ where the controls were designed and implemented effectively, testing the operating effectiveness of certain key controls within the Target platform; ■ where controls were not considered to be designed and implemented effectively we designed additional substantive procedures to address the residual risk of material misstatement; ■ from each platform, testing of a sample of bets placed during the year, including both sports and casino bets, to verify that the event relating to the bet occurred in the year, and that in the case of winning bets, the payout was correctly calculated and recorded in the customer's account; and ■ evaluating whether the Group's revenue recognition policies are in accordance with IAS 18 'Revenue'. The Group's accounting policy on the recognition of revenue is shown in note 1.11 to the financial statements on page 86 and the components of that revenue are shown in note 2 on page 89. **KEY OBSERVATIONS** In respect of the primary in-house platform, 'Target', we found the controls to be designed and operating effectively, and our work was concluded satisfactorily. In respect of the secondary in-house platform, 'MM1', we found the controls to be designed and implemented effectively with the exception of some user access controls which could allow inappropriate access. In response to this finding, we performed additional procedures including full reconciliation of the platform to the accounting system and testing of manual entries within the platform to identify inappropriate postings or changes made. Additionally when selecting our substantive sample we ensured the number of items tested is reflective of the increased risk of material misstatement. Our work was concluded satisfactorily.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

MATERIALITY MEASURE	GROUP	PARENT
Financial statements as a whole	€10.0m (2016: €7.5m), which is 3.7% (2016: 4%) of the Group's operating profit for continuing operations adjusted for share based payments, exceptional items, depreciation, amortisation, impairments and changes in the fair value of derivative financial instruments ('Clean EBITDA') including discontinued operations. This benchmark is considered the most appropriate because this is a key measure used by the Directors to report to investors on the financial performance of the Group. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 to reflect that the Group's revenue has increased significantly in the year because of organic growth.	€7.5m (2016: €5.6m), which is 0.5% of the Parent Company's total assets. This benchmark is considered the most appropriate because this is a non-trading entity which acts as a holding company for the Group. Materiality for the current year has been capped at the performance materiality of the Group. This is higher than the level that we determined for the year ended 31 December 2016 to reflect that the Group's revenue has increased significantly in the year because of organic growth.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of materiality for certain specific areas such as Directors' remuneration and related party transactions.	We determined a lower level of materiality for certain specific areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the Audit Committee	€500,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	€500,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC
CONTINUED

An overview of the scope of our audit
Our audit approach was based on a thorough understanding of the Group's business and is risk based. The components of the Group were identified and evaluated by the Group audit team based on a measure of materiality considering each as a percentage of total Group assets, liabilities, revenues and 'Clean EBITDA', to assess the significance of the component and to determine the planned audit response.

For those components that were determined as significant, either a full-scope or targeted audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full-scope approach we evaluated and tested controls over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process and addressed critical accounting matters. We sought, wherever possible, to rely on the effectiveness of the Group's internal controls in order to reduce substantive testing. We then undertook substantive testing on significant transactions and material account balances.

In order to address the audit risks identified during our planning procedures, we performed a full-scope audit of the financial statements of the Parent Company, and certain Group entities in the Isle of Man, Gibraltar and the United Kingdom. We performed targeted procedures over the components located in Austria, Malta and Italy on material items in the financial information. The operations that were subject to full-scope or targeted audit procedures made up 100% of consolidated revenues and 100% of Clean EBITDA. Statutory audits of subsidiaries, where required by local laws, were performed to a lower level of materiality than the determined component materiality. An interim visit was conducted before the year end at all significant components of the Group to complete advance substantive audit procedures and to evaluate the Group's internal controls environment including its IT systems which are based in India.

The remaining operations of the Group were subjected to analytical procedures over the Balance Sheet and Income Statements of the related entities with a focus on applicable key audit matters determined and the significance to the Group's balances. There has been no change to the scope of the Group audit from the previous year.

Detailed audit instructions were issued to the auditors of the reporting components where a full-scope or targeted audit approach had been identified. The instructions detailed the significant risks to be addressed through the audit procedures and the information required to be reported to the Group Audit Team. The Group Audit Team performed site visits in the United Kingdom and Gibraltar. Where targeted components outside of the UK were not physically visited, a review of working papers was conducted remotely. The Group Audit Team communicated with all component auditors throughout the planning, fieldwork and concluding stages of the audits.

In the current year, the Group audit team visited the operations in the UK and Gibraltar due to their financial significance to the Group.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 47 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on pages 51 to 55 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on pages 46 to 47 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors for the financial statements
As explained more fully in the statement of Directors' responsibilities set out on page 47, the Directors are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

We are responsible for obtaining reasonable assurance that the Group financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the Group financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were first appointed by the Directors in 2010 and were re-appointed after going through an audit tender process in the first half of 2017. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit. Non-audit services provided to the Group have been disclosed within note 3.3 to the financial statements on page 91.

Our audit opinion is consistent with the additional report to the Audit Committee.

MARK HENSHAW
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
LONDON
8 March 2018

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

CONTINUING OPERATIONS	Notes	2017 €m	2016 €m
NET GAMING REVENUE		**925.6**	743.1
EU VAT		**(29.5)**	(20.1)
REVENUE	2	**896.1**	723.0
Cost of sales		**(441.7)**	(329.4)
CONTRIBUTION		**454.4**	393.6
Administrative costs	3	**(214.9)**	(235.3)
CLEAN EBITDA*		**239.5**	158.3
Share based payments	3	**(17.7)**	(31.0)
Exceptional items	3.2	**(39.9)**	(117.8)
Depreciation and amortisation	3, 8, 9	**(151.0)**	(136.3)
Impairment of available for sale assets	10	**–**	(4.2)
Impairment of assets held for sale	15	**(1.6)**	–
Changes in the fair value of derivative financial instruments	12	**(34.5)**	15.0
OPERATING LOSS		**(5.2)**	(116.0)
Financial income	4	**1.3**	4.5
Financial expense	4	**(21.8)**	(65.3)
Dividend income	5	**–**	3.1
Share of profit of associates		**0.1**	0.2
LOSS BEFORE TAX		**(25.6)**	(173.5)
Taxation credit	6	**1.9**	0.3
LOSS AFTER TAX FROM CONTINUING OPERATIONS		**(23.7)**	(173.2)
(Loss) profit from discontinued operations (attributable to equity holders of the parent)	15.1	**(15.7)**	34.6
LOSS AFTER TAX		**(39.4)**	(138.6)
LOSS AFTER TAX ATTRIBUTABLE TO:			
Equity holders of the parent		**(39.2)**	(138.3)
Non-controlling interests		**(0.2)**	(0.3)
		(39.4)	(138.6)
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT:		**€**	€
Basic	7	**(0.13)**	(0.51)
Diluted	7	**(0.13)**	(0.51)
CONTINUING LOSS PER SHARE:			
Basic	7	**(0.08)**	(0.64)
Diluted	7	**(0.08)**	(0.64)

* Clean EBITDA is the Group's alternative non-GAAP performance measure and is considered to be a key performance measure by the Directors as it serves as an indicator of financial performance and ability to service debt. It is defined as operating profit for continuing operations adjusted for share based payments, exceptional items, depreciation, amortisation, impairments and changes in the fair value of derivative financial instruments. Exceptional items are those items the Group considers to be non-recurring or material in nature that may distort an understanding of financial performance or impair comparability.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Notes	2017 €m	2016 €m
LOSS FOR THE YEAR		**(39.4)**	(138.6)
OTHER COMPREHENSIVE EXPENSE			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**(2.5)**	(2.3)
Change in fair value of available for sale assets		**0.3**	–
Total comprehensive expense income for the year		**(41.6)**	(140.9)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		**(41.3)**	(140.6)
Non-controlling interests	29	**(0.3)**	(0.3)
		(41.6)	(140.9)

The notes on pages 82 to 118 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	2017 €m	2016 €m
NON-CURRENT ASSETS			
Intangible assets	8	**1,531.6**	1,609.4
Property, plant and equipment	9	**16.2**	19.7
Investments and assets available for sale	10	**4.5**	3.7
Other receivables	11	**1.9**	4.9
Total non-current assets		**1,554.2**	1,637.7
CURRENT ASSETS			
Trade and other receivables	11	**115.6**	105.2
Derivative financial assets	12	**–**	26.2
Income and other taxes reclaimable		**1.8**	6.7
Short term investments	13	**5.0**	5.4
Cash and cash equivalents	14	**303.8**	354.8
Assets held for sale	15	**–**	59.7
Total current assets		**426.2**	558.0
TOTAL ASSETS		**1,980.4**	2,195.7
CURRENT LIABILITIES			
Trade and other payables	16	**(105.7)**	(93.9)
Income taxes payable		**(11.8)**	(18.2)
Other taxation payable	18	**(71.3)**	(47.2)
Client liabilities		**(117.4)**	(112.0)
Progressive prize pools		**(18.0)**	(22.8)
Loans and borrowings	17	**(0.2)**	(403.5)
Provisions	20	**(1.2)**	(1.2)
Liabilities held for sale	15	**–**	(22.7)
Total current liabilities		**(325.6)**	(721.5)
CURRENT ASSETS LESS CURRENT LIABILITIES		**100.6**	(163.5)
NON-CURRENT LIABILITIES			
Trade and other payables	16	**(10.9)**	(4.4)
Derivative financial liabilities	12	**(12.0)**	–
Loans and borrowings	17	**(295.2)**	–
Provisions	20	**(5.7)**	(6.9)
Deferred tax	21	**(52.2)**	(65.6)
Total non-current liabilities		**(376.0)**	(76.9)
TOTAL NET ASSETS		**1,278.8**	1,397.3
CAPITAL AND RESERVES			
Issued share capital	22	**3.0**	2.9
Merger reserve		**40.4**	40.4
Share premium		**1,525.3**	1,478.4
Available for sale reserve		**0.3**	–
Translation reserve		**(4.4)**	(2.0)
Retained earnings		**(284.0)**	(120.9)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,280.6**	1,398.8
Non-controlling interests	29	**(1.8)**	(1.5)
TOTAL EQUITY		**1,278.8**	1,397.3

The financial statements from pages 76 to 80 were approved and authorised for issue by the Board of Directors on 8 March 2018 and signed on their behalf by:

KJ Alexander
(Chief Executive Officer)

P Miles
(Chief Financial Officer)

The notes on pages 82 to 118 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Notes	Share capital €m	Merger reserve €m	Share premium €m	Available for sale €m	Translation reserve €m	Retained earnings €m	Total attributable to equity holders of parent €m	Non-controlling interests €m	Total €m
Balance at 1 January 2016		0.6	40.4	85.4	–	0.3	Total	128.1	–	128.1
Share option charges	24	–	–	–	–	–	24.0	24.0	–	24.0
Share options surrendered	24	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Share options exercised	24	–	–	1.1	–	–	(7.2)	(6.1)	–	(6.1)
Issue of share capital for the acquisition of bwin.party		2.3	–	1,391.9	–	–	–	1,394.2	–	1,394.2
Arising from the acquisition of bwin.party		–	–	–	–	–	–	–	(1.2)	(1.2)
Transactions with owners		2.3	-	1,393.0	–	–	16.0	1,411.3	(1.2)	1,410.1
Loss for the year		–	–	–	–	–	(138.3)	(138.3)	–	(138.3)
Loss for the year attributable to non-controlling interest	29	–	–	–	–	–	–	–	(0.3)	(0.3)
Other comprehensive expense for the year		–	–	–	–	(2.3)	–	(2.3)	–	(2.3)
Total comprehensive expense for the year		–	–	–	–	(2.3)	(138.3)	(140.6)	(0.3)	(140.9)
BALANCE AT 31 DECEMBER 2016		2.9	40.4	1,478.4	–	(2.0)	(120.9)	1,398.8	(1.5)	1,397.3
Balance at 1 January 2017		**2.9**	**40.4**	**1,478.4**	**-**	**(2.0)**	**(120.9)**	**1,398.8**	**(1.5)**	**1,397.3**
Share option charges	24	**–**	**–**	**–**	**–**	**–**	**17.1**	**17.1**	**–**	**17.1**
Share options surrendered	24	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share options exercised	24	**0.1**	**–**	**46.9**	**–**	**–**	**–**	**47.0**	**–**	**47.0**
Dividend paid	23	**–**	**–**	**–**	**–**	**–**	**(141.0)**	**(141.0)**	**–**	**(141.0)**
Transactions with owners		**0.1**	**–**	**46.9**	**–**	**–**	**(123.9)**	**(76.9)**	**–**	**(76.9)**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(39.2)**	**(39.2)**	**–**	**(39.2)**
Loss for the year attributable to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Other comprehensive income (expense) for the year		**–**	**–**	**–**	**0.3**	**(2.4)**	**–**	**(2.1)**	**(0.1)**	**(2.2)**
Total comprehensive income (expense) for the year		**–**	**–**	**–**	**0.3**	**(2.4)**	**(39.2)**	**(41.3)**	**(0.3)**	**(41.6)**
BALANCE AT 31 DECEMBER 2017		**3.0**	**40.4**	**1,525.3**	**0.3**	**(4.4)**	**(284.0)**	**1,280.6**	**(1.8)**	**1,278.8**

All reserves of the Company are distributable, as under the Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency at the time of distribution (section 49, Companies Act Isle of Man 2006).

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2017

	Notes	2017 €m	2016 €m
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		989.4	806.7
Cash paid to suppliers and employees		(771.2)	(737.2)
Interest paid including loan costs and loan servicing		(43.3)	(47.6)
Corporate taxes paid		(14.9)	(7.9)
NET CASH FROM OPERATING ACTIVITIES		160.0	14.0
CASHFLOWS FROM INVESTING ACTIVITIES			
Interest received		1.3	1.4
Dividends received	5	–	3.1
Acquisition earn-out payments		–	(1.6)
Business combinations (net of cash acquired)		(36.7)	(189.4)
Acquisition of property, plant and equipment	9	(12.4)	(15.8)
Proceeds from disposal of assets held for sale	15	30.7	20.9
Capitalised development cost and other intangibles	8	(26.0)	(19.0)
Sale of available for sale assets	10	–	1.9
Decrease in short-term investments		0.4	5.7
NET CASH USED IN INVESTING ACTIVITIES		(42.7)	(192.8)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing loans	17.1	550.0	380.0
Repayment of interest bearing loans	17.1	(636.5)	(52.5)
Repayment of non-interest bearing loans		–	(3.0)
Proceeds from issue of share capital, net of costs		47.0	193.8
Dividend paid	23	(141.0)	–
NET CASH (USED IN) GENERATED BY FINANCING ACTIVITIES		(180.5)	518.3
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(63.2)	339.5
EXCHANGE DIFFERENCES		–	(0.7)
Cash and cash equivalents at beginning of the year	14	367.0	28.2
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	303.8	367.0

The balance at the end of 2016 of €367.0m above consisted of €354.8m cash and cash equivalents as shown on the face of the consolidated statement of financial position and €12.2m of cash and cash equivalents recognised within assets held for sale.

The notes on pages 82 to 118 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES

This note deals with both the significant accounting policies used in the preparation of these financial statements, together with a note identifying new accounting standards which will affect the Group.

GVC Holdings PLC is a company registered in the Isle of Man and was incorporated on 5 January 2010. It is the successor company of Gaming VC Holdings S.A., a company which had been incorporated in Luxembourg, and took the assets of Gaming VC Holdings S.A. on 21 May 2010 after formal approval by Shareholders. The consolidated financial statements of the Group for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the 'Group').

1.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union.

The Directors have reviewed the accounting policies used by the Group and consider them to be the most appropriate. The accounting policies are consistent with the prior year.

1.2 Basis of Preparation

The financial statements, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows and related notes have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS") and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS.

The Directors have assessed the financial risks facing the business, and compared this risk assessment to the net current assets position and dividend policy. The Directors have also reviewed relationships with key suppliers and software providers and are satisfied that the appropriate contracts and contingency plans are in place. The Directors have prepared income statements and cashflow forecasts to assess whether the Group has adequate resources for the foreseeable future and further details are disclosed in the viability statement. The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The financial statements are presented in euro, rounded to the nearest €0.1m, and are prepared on the historical cost basis with the exception of those assets and liabilities carried at fair value. The financial statements are prepared on the going concern basis.

'Fair value' is the price that would be received if selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

1.2.1 Significant Judgements and Estimates

In the application of the accounting policies, which are detailed in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1.2.1.1 Intangible Assets

For all acquisitions management has recognised separately identifiable intangible assets on the Consolidated Statement of Financial Position. These intangible assets have been valued based on expected future cashflow projections from existing customers. The calculations of the value and estimated future economic life of the assets involve, by the nature and variability of the assets, significant judgement and therefore have a material impact, including the amortisation of intangibles.

Additionally the capitalisation of internal development activity includes judgements about the extent to which a project satisfies the capitalisation requirements as well as an assessment on the long-term recoverability of the capitalised projects. This is assessed on a project by project basis.

1.2.1.2 Impairment of Goodwill and Trademarks

Determining whether goodwill and trademarks with an indefinite useful life are impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the entity to estimate the future cashflows expected to arise from the cash-generating unit and select a suitable discount rate in order to calculate present value together with an assessment as to whether future cashflows are subject to any degree of uncertainty. Note 8.2 provides information on the assumptions used in these consolidated financial statements. The work to assess the existence of impairment indicators and, where applicable, to evaluate the impairment of goodwill and intangible assets was conducted internally by management.

1.2.1.3 Share Based Payments

Accounting for share based payments requires a degree of judgement over such matters as dividend yield, timing of performance conditions being met, expected volatility and the method in which those liabilities will be settled. Further details on the assumptions made by management are disclosed in note 24.

1.2.1.4 Financial Derivatives

Accounting for derivatives requires a degree of judgement over such matters as timing of performance condition being met, expected cashflows, volatility and future expected earnings over business divisions. Further details on the assumptions made by management are disclosed in note 12.

1.2.1.5 Discontinued Activities and Assets/Liabilities Held For Sale

Assets and liabilities held for sale are measured at the lower of carrying value and fair value less associated costs of sale. Management apply judgement in determining when assets meet the criteria to be

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Basis of Preparation continued

1.2.1 Significant Judgements and Estimates continued

recognised as held for sale and in evaluating the fair value less costs to sell. To the extent that the Group disposes of a material geographical territory or business division that would be reported as a discontinued operation as per IFRS 5. See note 15 for more detail.

1.2.1.7 Progressive Prize Pools

Where a legal or constructive obligation exists, management's policy is to record a provision. In considering whether the jackpot prize pools form a liability management have had to exercise judgement that a constructive obligation does indeed fall on the Group.

1.2.1.6 Provisions and Contingent Liabilities

The recognition of provisions requires management to apply judgement in determining the likelihood of the outcome of legal or regulatory proceedings as well as any other circumstances that may cause a liability to fall due. In considering the historical Greek tax situation (see note 27.1) judgement has been exercised based on the likelihood as to whether it is probable that an outflow of resources will arise.

1.3 Basis of Consolidation

1.3.1 Subsidiaries

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2017. A list of principal subsidiaries is included within the Parent Company accounts.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income (or loss) of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present:

- Power over the investee;
- Exposure or rights to variable returns from the investee; and
- The ability of the Company to use its power to affect those variable returns.

Control is re-assessed whenever facts and circumstances indicate that there may be a change in any of the above elements of control.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination except where any non-controlling interests have been acquired by the Group. At this point any share of gains or losses are transferred to the Group's retained earnings. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.3.2 Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

1.3.3 Investments in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the Group's interest in that investment are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

1.3.4 Transactions Eliminated on Consolidation

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

1.3.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.3 Basis of Consolidation continued

1.3.5 Business Combinations continued

of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the terms for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.4 Foreign Currency

The functional currency of the Company, as well as the presentational currency of the Group, is the euro.

1.4.1 Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement within operating costs (note 3) and financial expenses (note 4). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Income and expense items are translated using the exchange rates at the start of the relevant month, unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used.

Exchange differences arising due to the functional currency of operations differing from the presentational currency of the Group, if any, are recognised in other comprehensive income, classified as equity and transferred to the Group's translation reserve. Such translation differences are reclassified to profit or loss in the period in which the operation is disposed of.

1.5 Property, Plant and Equipment

1.5.1 Owned Assets

Property, plant and equipment is stated at cost, less accumulated depreciation (see 1.5.2 below) and impairment losses (see accounting policy 1.7). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

1.5.2 Depreciation

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property:	over the length of the lease
Fixtures and fittings:	3-5 years
Plant and equipment:	3-5 years

The residual value, if significant, is reassessed annually.

1.6 Intangible Assets

1.6.1 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill has been allocated to each of the Group's Cash-Generating Units ('CGU') that is expected to benefit from the synergies of the combination. IAS36 only permits limited circumstances when goodwill can be reallocated including when an entity reorganises its structure in such a way that the composition of the CGUs to which goodwill has been previously allocated is altered.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant CGU or part thereof, the attributable amount of goodwill as determined by the allocation of expected future cashflows is included in the determination of the profit or loss on disposal.

1.6.2 Other Intangible Assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see 1.6.4) and impairment losses (see accounting policy 1.7).

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The valuation methodology used for each type of identifiable asset category is detailed below:

Asset category	Valuation methodology
Consulting and magazine	Income (cost saving) Software licence
Software licence	Income (incremental value plus loss of profits)
Trademarks	Relief from royalty
Trade name	Relief from royalty
Non-contractual customer relationships	Excess earnings

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.6 Intangible Assets continued

1.6.2 Other Intangible Assets continued

Where, in the opinion of the Directors, the Group's expenditure in relation to development of internet activities results in future economic benefits, these costs are capitalised within software licences and amortised over the useful economic life of the asset.

Development costs are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- The technical feasibility of the product has been ascertained;
- Adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- The Group can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- It is the intention of management to complete the intangible asset and use it or sell it; and
- The development costs can be measured reliably.

1.6.3 Subsequent Expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. This includes legal and similar expenditure incurred in registering brands and trade names, which is capitalised, all other expenditure is expensed as incurred.

1.6.4 Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and trademarks with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licence agreements	2-15 years
Capitalised development expenditure	3-5 years
Trademarks and trade names	12-15 years, or indefinite life
Non-contractual customer relationships	4-6 years

1.7 Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation. For goodwill and trademarks that have an indefinite useful life, the recoverable amount is estimated at each reporting date.

1.8 Dividends Paid to holders of share capital

Dividend distributions payable to equity shareholders are recognised through equity reserves on the date the dividend is paid.

1.9 Employee Benefits

1.9.1 Pension Costs

In some jurisdictions in which the Group has employees, there are government or private schemes into which the employing company or branch must make payments on a defined contribution basis, the contributions are shown in the profit or loss account in the year.

1.9.2 Share Based Payments

The Group has share based payment schemes which allow certain employees and contractors to acquire shares of the Company. The Group has accounted for these under IFRS 2 Share Based Payments.

1.9.2.1 Share Option Schemes

The fair value of options granted under the LTIP and MIP schemes are recognised as a share based payment expense with a corresponding increase in equity for equity settled options, whilst for those options which will be cash-settled a liability is recognised into payables. In all cases the fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted are measured using either a binomial or Monte Carlo valuation model. The valuation assumes a dividend credit of nil (0%) where option holders are entitled to dividend equivalents under the terms of the scheme. Dividend equivalents are accrued in line with scheme rules on vested options with a liability recognised within accruals until paid. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest and market conditions if applicable.

1.9.2.2 Annual Share Bonus Plan

The Group operates an annual share bonus plan and this gives the Company the option of rewarding employees and contractors in either cash or shares or a combination of both upon them achieving performance targets. The type of reward will be at the discretion of the Remuneration Committee, where a share award is granted the fair value of the award is recognised as a cash-settled share based payment expense in the period that the employee or contractor earned the reward, with a corresponding liability recognised in the statement of financial position.

1.9.2.3 Cash Cancelled Options

On occasion, at the Remuneration Committee's discretion, vested share options may be settled in cash, as opposed to issuing new shares. Payments made to repurchase or cancel vested awards are accounted for with the fair value of the options cancelled, measured at the date of cancellation being taken to retained earnings. Also on cancellation an accelerated charge would be recognised immediately.

1.9.2.4 Employers Social Security Costs

Employers social security costs due on the cash cancellation of options and the employee gain on exercised options will be paid by the Group's entities and shown within share based payments expense.

See note 24 for further details of the schemes.

1.10 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and comprises the following elements:

Casino:	net win in respect of bets placed on casino games that have concluded in the year, stated net of promotional bonuses and amounts accrued for progressive prize pools.
Sportsbook:	gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.
Poker:	net win in respect of rake for poker games that have concluded in the year, stated net of promotional bonuses.
Bingo:	net win in respect of bets placed on bingo games that have concluded in the year, stated net of promotional bonuses.

Where promotional bonuses apply to customers playing a variety of products through the same wallet, bonuses are allocated pro-rata to the net win. Revenue is also generated from foreign exchange commissions on customer deposits and withdrawals and account fees. B2B income comprises the amounts receivable for services to other online gaming operators. Other revenue consists primarily of revenue from third-party payment services and financial markets. Revenue in respect of network service arrangements where the third-party owns the relationship with the customer is the net commission invoiced. Income is recognised when a right to consideration has been obtained through performance and reflects contract activity during the year.

1.12 Net Gaming Revenue ("NGR")

NGR is the Group's alternate revenue measure and is revenue before the deduction of EU VAT.

1.13 Clean EBITDA

Clean EBITDA is the Group's alternative performance measure and is considered to be a key performance measure by the Directors. It is defined as operating profit or loss on continuing activities adjusted for share based payments, exceptional items, depreciation, amortisation, impairment charges and changes in the fair value of derivative financial instruments.

1.14 Financial Expenses

Financial expenses comprise interest payable on borrowings, calculated using the effective interest rate method which discounts the expected cashflows over the life of the financial instrument, and foreign exchange differences arising on loans and finance leases.

1.15 Exceptional Items

Exceptional items are those items the Group considers to be non-recurring or material in nature that may distort an understanding of financial performance or impair comparability.

1.16 Financial Income

Financial income is interest income recognised in the income statement as it accrues, using the effective interest method.

1.17 Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases, calculated using the liability method on temporary differences. However, deferred tax is neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity as appropriate.

1.18 Segment Reporting

Following the acquisition of bwin.party the Board reviewed and confirmed the Group's reportable segments in line with the requirements of IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Group's Chief Executive reviewed during the year to make strategic decisions.

Sports Brands:	bwin, Sportingbet and Gamebookers
Gaming Brands:	partypoker, PartyCasino, Gioco Digitale, Cashcade, CasinoClub, Cozy and US assets
B2B:	Provision of the technology platforms to external customers
Total core:	The sum of Sports Brands, Games Brands and B2B together with non-allocated costs for technology, operations, customer service, professional fees and travel and office costs
Non-core:	InterTrader
Corporate:	Includes shared and corporate functions such as finance, legal and HR

Variable costs and costs above Clean EBITDA are either directly attributed or allocated to a segment. Costs below Clean EBITDA are not reviewed on a segment basis and accordingly the analysis by segment is from revenue to Clean EBITDA only. In addition, the Consolidated Statement of Financial Position is not reviewed on a segment basis.

1.19 Financial Instruments

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.19 Financial Instruments continued

re-presented as if the operation had been discontinued from the start of the comparative year.

Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised in the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

1.20 Financial Instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.20.1 Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables including balances with payment processors, cash and cash equivalents, loans and borrowings, customer liabilities, progressive prize pools, trade and other payables and deferred consideration. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method. Contingent consideration is measured at fair value. Provisions for impairment are made against financial assets if considered appropriate and any impairment is recognised in profit or loss. The liability for inactive customer balances is derecognised when the obligation is extinguished with reference to player terms and conditions. Open positions on sports bets are carried within other payables.

Non-derivative financial instruments are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Modifications to the terms of a financial liability are determined to be either substantial or non-substantial. A substantial modification is accounted for as an extinguishment of the existing liability and the recognition of a new liability. Any difference between the carrying value of the liability which has been cancelled and the fair value of the new liability which it has been replaced with, will be recognised as a gain or loss through the income statement. A non-substantial modification is accounted for as an adjustment to the existing liability with no charges being recognised through the income statement.

1.20.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cashflows.

1.20.3 Short Term Investments

Short term investments are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are initially recognised at fair value, plus transaction costs directly attributable to their acquisition or issue. They are subsequently carried at amortised cost using the effective interest rate method, less any provisions for impairment.

1.20.4 Available For Sale Financial Assets (‘AFS’) Cash and Cash Equivalents

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

For AFS equity investments impairment reversals are not recognised in profit and loss and any subsequent increase in fair value is recognised in other comprehensive income.

1.20.5 Assets Classified as Held For Sale

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification. These assets are measured at the lower of carrying value and fair value less associated costs of sale except where the assets were previously classified as available for sale, in which case they are carried at fair value.

1.20.6 Derivative Financial Instruments

Derivative financial instruments are accounted for at Fair Value Through Profit and Loss (FVTPL). Any movements in fair value are taken to the consolidated income statement.

1.20.7 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

1.21 Equity

Equity comprises the following:

- share capital represents the nominal value of equity shares.
- share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.21 Equity continued

- available for sale represents the gain or loss arising on the revaluation of available for sale assets.
- retained earnings represents retained profits.
- merger reserve arose on the re-domiciliation of the Group from Luxembourg to the Isle of Man in 2010. It consists of the pre-redomiciliation reserves of the Luxembourg company plus the difference in the issued share capital (31,135,762 share at €0.01 versus 31,135,762 shares at €1.24).
- translation reserve represents exchange differences on translation of foreign subsidiaries recognised in other comprehensive income.

1.22 Operating Leases

All leases other than finance leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1.23 Standards In Issue, Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

1.23.1 IFRS 9 'Financial Instruments'

The IASB has released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets together with new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

The Group's management are currently reviewing the various classifications of financial instruments used by the Group but do not believe that there will be any material changes to the classifications used in the Group's financial instruments. Where there are any changes to classification, it is not expected to result in any material adjustments to the Group's results in future periods. The Group does not currently use hedging instruments but will consider the implications of this new standard when considering and implementing the hedging instruments it will utilise going forward. It is not considered that the credit loss model will result in any significant material impairment to the Group's financial instruments although there may be a larger individual impact on the amounts due to the Company, particularly with respect to the amounts owed to the Company by other Group undertakings which are individually material to the Company.

Core NGR arising from sportsbetting and casino are currently governed under IAS 39 and it is not expected that the adoption of IFRS 9 will have a material impact on the Group's accounting for or presentation of NGR as a result in the change in standards.

1.23.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018.

The Group's core revenues earned from sportsbook or casino operations do not fall within the scope of IFRS 15. For other core revenues and revenues within the Non-core segment which may be governed by the standard, management do not consider that there would be any impact upon adopting IFRS 15. For NGR within the B2B segment, some project based revenues undertaken for customers may be subject to deferment but the impact is not expected to be significant to the Group or division.

1.23.3 IFRS 16 'Leases'

IFRS 16 presents new requirements for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 'Leases'. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases of over 12 months unless the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases, with minimal changes from IAS 17. The new standard applies to annual reporting periods beginning on or after 1 January 2019.

The Group's management consider that the adoption of this statement will result in the majority of the Group's leases which are currently classified as operating being recognised as assets into the Statement of Financial Position. This will likely result in an increase in the non-current assets (representing 'right-of-use' assets) and a corresponding increase in liabilities, both current and non-current on the balance sheet of the Group to the approximate value of the assets contained within its operating lease disclosure in note 19. Further review on the impact will take place in the 2018 financial year.

Other standards which are not expected to have a material impact are shown below:

IFRS 17	Insurance contracts (effective for annual periods starting on or after 1 January 2021)
IFRIC Interpretation 22	Foreign currency transactions and advance considerations (effective for annual periods starting on or after 1 January 2018)
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments (effective for annual periods starting on or after 1 January 2019)
Amendments to IAS 40	Transfers of investment property (effective for annual periods starting on or after 1 January 2018)
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (effective for annual periods starting on or after 1 January 2018)
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures (effective for annual periods starting on or after 1 January 2019)

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed above are not expected to have a material impact on the Group's financial statements.

2. SEGMENTAL REPORTING

Management review the business across five operating segments, being Sports Brands, Games Brands, B2B, Non-core and Corporate. These operating segments are monitored and strategic decisions are made on the basis of overall operating results. Management also monitors revenue by geographic location of its customers.

The reporting by segment includes the results from continuing operations, including discontinued operations NGR was €1,008.0m (2016: €894.6m) and Clean EBITDA was €274.2m (2016: €205.7m).

2.1 Geographical Analysis

The Group's continuing revenues from external customers are divided into the following geographic areas:

	2017 €m	2016 €m
Germany	242.1	187.9
United Kingdom	91.7	69.3
Other Europe	435.4	349.2
Rest of World	126.9	116.6
TOTAL	**896.1**	723.0

Revenues from external customers have been identified on the basis of the customer's geographical location.

2.2 Reporting by Segment

YEAR ENDED 31 DECEMBER 2017	Sports Brands €m	Games Brands €m	B2B €m	Total core €m	Non-core €m	Corporate €m	Total €m
NGR	663.8	228.7	16.5	909.0	16.6	–	925.6
EU VAT	(22.2)	(7.3)	–	(29.5)	–	–	(29.5)
REVENUE	641.6	221.4	16.5	879.5	16.6	–	896.1
Variable costs	(281.3)	(144.4)	(1.4)	(427.1)	(14.6)	–	(441.7)
CONTRIBUTION	360.3	77.0	15.1	452.4	2.0	–	454.4
Contribution margin	*54%*	*34%*	*92%*	*50%*	*12%*	*n/a*	*49%*
Other administration costs							
Personnel expenditure				(99.9)	(5.7)	(20.1)	(125.7)
Professional fees				(3.4)	(0.9)	(14.1)	(18.4)
Technology costs				(45.1)	(1.3)	(0.7)	(47.1)
Office, travel and other costs				(6.0)	(0.6)	(14.9)	(21.5)
Foreign exchange differences				(3.3)	(0.3)	1.4	2.2
CLEAN EBITDA				294.7	(6.8)	(48.4)	239.5

YEAR ENDED 31 DECEMBER 2016	Sports Brands €m	Games Brands €m	B2B €m	Total core €m	Non–core €m	Corporate €m	Total €m
NGR	520.4	188.3	13.3	722.0	21.1	–	743.1
EU VAT	(13.9)	(6.2)	–	(20.1)	–	–	(20.1)
REVENUE	506.5	182.1	13.3	701.9	21.1	–	723.0
Variable costs	(207.9)	(99.2)	(0.2)	(307.3)	(22.1)	–	(329.4)
CONTRIBUTION	298.6	82.9	13.1	394.6	(1.0)	–	393.6
Contribution margin	*57%*	*44%*	*98%*	*55%*	*(5%)*	*n/a*	*53%*
Other administration costs:							
Personnel expenditure				(99.5)	(11.4)	(20.6)	(131.5)
Professional fees				(5.2)	(1.0)	(12.0)	(18.2)
Technology costs				(65.4)	(1.7)	(0.3)	(67.4)
Office, travel and other costs				(7.1)	(2.2)	(12.6)	(21.9)
Foreign exchange differences				0.5	–	3.2	3.7
CLEAN EBITDA				217.9	(17.3)	(42.3)	158.3

Management do not review the performance of each segment below the level of Clean EBITDA. The results for either year do not include the results of discontinued activities which were previously reported within the Sports Brands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

3. OPERATING COSTS

	Notes	2017 €m	2016 €m
Wages and salaries, including Directors		**105.6**	100.8
Staff costs capitalised in respect of intangible asset additions		**(18.0)**	(10.7)
Outsourced consultants		**19.8**	21.8
Compulsory social security contributions		**10.5**	12.1
Pension contributions		**1.0**	0.9
Health and other benefits		**5.2**	4.4
Recruitment and training		**1.6**	2.3
PERSONNEL EXPENDITURE (EXCLUDING SHARE BASED PAYMENTS)		**125.7**	131.6
Professional fees		**18.4**	18.2
Technology costs		**47.1**	67.5
Office, travel and other costs		**21.5**	21.6
Foreign exchange differences on operating activity		**2.2**	(3.6)
ADMINISTRATIVE COSTS		**214.9**	235.3
Equity settled share based payments charges	24	**16.7**	23.9
Cash settled share based payments charges	24	**1.0**	7.1
Exceptional items	3.2	**39.9**	117.8
Impairment of assets held for sale	15.1	**1.6**	–
Impairment of available for sale asset	10	**–**	4.2
Movement in the fair value of derivative financial instruments	12	**34.5**	(15.0)
Depreciation	9	**15.6**	19.8
Amortisation	8	**135.4**	116.5
TOTAL OPERATING COSTS		**459.6**	509.6

3.1 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2017	2016
AVERAGE NUMBER OF EMPLOYEES		
With employment contracts or service contracts	**2,559**	2,211
Contractors	**388**	471
	2,947	2,682

3. OPERATING COSTS CONTINUED

3.2 Exceptional Items

	2017 €m	2016 €m
Professional fees	7.7	18.8
Currency option, including fair value adjustment (see note 3.2.1)	–	10.8
Bonuses and share options (see note 3.2.2)	–	21.9
MERGER & ACQUISITION COSTS	7.7	51.5
Premium listing application costs	–	4.4
Reorganisation costs	23.9	14.4
Contract termination costs	–	11.7
Accelerated depreciation	–	12.5
Progressive jackpots	–	7.6
Release of contingent consideration	–	8.1
Foreign exchange on deposit	0.3	16.4
Profit on disposal of joint venture and available for sale investment	–	(11.7)
Legal settlements	2.1	–
Other	5.9	2.9
TOTAL EXCEPTIONAL ITEMS	39.9	117.8

Reorganisation costs relate to expenses incurred on restructuring the business including redundancy costs and certain contracts which will expire once migration activities are completed.

3.2.1 Currency Option

A currency option was held by the Group into 2016 but was extinguished on the settlement of the bwin.party acquisition. No further material options have been utilised since.

At 31 December 2017 there were no forward exchange contracts taken out in the ordinary course of business. The cost of forward exchange options during the year is included within administrative costs and not treated as an exceptional cost.

3.2.2 Transaction Bonuses and Share Options

Transaction bonus and share options arose as a result of the acquisition of bwin.party in 2016.

3.3 Auditors' Remuneration

	2017 €m	2016 €m
GROUP AUDITORS' REMUNERATION		
Audit services	0.9	0.7
Non-audit services:		
Reporting accountant services	1.5	1.0
Half-year review	0.1	0.1
Other services	–	0.1
	2.5	1.9

Non-audit services include services relating to corporate finance transactions in respect of the Ladbrokes Coral acquisition of €1,523,662, audit related assurance services of €77,610 and other non-audit services of €7,142.

In the prior year audit fees were incurred by the Group for other auditors with fees for audit services of €1.5m and fees payable for non-audit services of €0.5m. In 2017 audit fees paid to other audit firms amounted to €0.1m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2017

4. FINANCIAL INCOME AND EXPENSE

	2017 €m	2016 €m
FINANCIAL INCOME		
Interest income	0.5	2.9
Unwinding of discount on contingent consideration	–	0.5
Other income	0.8	1.1
TOTAL FINANCIAL INCOME	1.3	4.5

	2017 €m	2016 €m
FINANCIAL EXPENSE		
Interest on Cerberus loan	4.2	46.0
Interest on Nomura loan	0.4	–
Interest on Term Loan	9.6	–
Amortisation of loan fees	7.3	23.4
Unwinding of early repayment option	–	(4.3)
Other interest	0.3	0.2
TOTAL FINANCIAL EXPENSE	21.8	65.3

5. DIVIDEND INCOME
Dividends were received in 2016 from the Aldorino Trust in respect of the investment in Betbull. No dividends were received in 2017.

	2017 €m	2016 €m
Dividend income	–	3.1

6. TAXATION

6.1 Analysis of Tax Charge

	2017 €m	2016 €m
CURRENT TAX EXPENSE		
Current year	**11.7**	12.2
Prior year	**1.4**	(0.7)
Current tax expense	**13.1**	11.5
Deferred tax credit	**(15.0)**	(11.8)
TAX CREDIT	**(1.9)**	(0.3)

The effective tax rate for the year based on the associated tax expense is 7.4% (2016: tax rate of 0.0%). The higher effective rate arose due to a lower loss in the year, principally due to higher underlying earnings.

The total credit for the year for continuing operations can be reconciled to accounting loss as follows:

	2017 €m	2016 €m
(LOSS) PROFIT BEFORE TAX	**(25.6)**	(173.5)
Income tax using the UK corporation tax rate	**(4.9)**	(34.7)
Effect of tax rates in foreign jurisdictions (rates decreased)	**(28.7)**	(1.6)
Expenses/(income) not deductible for tax purposes	**9.9**	16.6
Utilisation of tax losses not previously provided	**(3.0)**	(1.0)
Group relief	**(0.9)**	(2.5)
Tax losses for which no deferred tax assets have been recognised	**24.8**	24.2
Capital allowances for the period in excess of depreciation	**(0.5)**	(0.6)
Adjustments in respect of prior years	**1.4**	(0.7)
TAX CREDIT	**(1.9)**	(0.3)

The expenses not allowed for tax purposes are primarily share-based payments, depreciation, amortisation and impairment of assets. The effect of non-taxable income primarily represents the release of the acquisition fair value liabilities and dividend income in 2016.

6.2 Factors Affecting the Tax Charge for the Year

The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. At the year-end there were Group companies or branches registered in 30 countries. The rules and practice governing the taxation of e-Commerce activity are evolving in many countries. It is possible that the amount of tax that will eventually become payable may differ from the amount provided in the financial statements.

6.3 Factors That May Affect Future Tax Charges

As the Group is involved in worldwide operations, future tax charges will be affected by the levels and mix of profitability in different jurisdictions. Future tax charges will be reduced by a deferred tax credit in respect of amortisation of certain acquired intangibles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

7. EARNINGS PER SHARE

7.1 Basic Loss Per Share and Adjusted Earnings Per Share

Basic loss per share has been calculated by taking the loss attributable to ordinary shareholders and dividing by the weighted average number of shares in issue.

	2017	2016
(Loss) profit for the year attributable to ordinary shareholders (€m)	(39.2)	(138.3)
Weighted average number of shares (millions)	299.2	271.8
BASIC LOSS PER SHARE (€)	(0.13)	(0.51)

The continuing loss per share has been calculated by taking the loss attributable to ordinary shareholders for continuing operations and dividing by the weighted average number of shares in issue.

	2017	2016
Loss for the year for continuing operations attributable to ordinary shareholders (€m)	(23.7)	(173.2)
Weighted average number of shares (millions)	299.2	271.8
BASIC CONTINUING LOSS PER SHARE (€)	(0.08)	(0.64)

The performance measure of earnings per share used internally by management to manage the operations of the business and remove the impact of one-off and certain non-cash items is adjusted earnings per share. Management believes that this better reflects the underlying performance.

Adjusted earnings per share has been calculated by taking the loss after tax and adding back the following items in the year and dividing by the weighted average number of shares in issue.

	2017	2016
Loss before tax excluding disposal of discontinued activities	(25.6)	(173.5)
Exceptional items	39.9	117.8
Impairment of assets held for sale	1.6	–
Impairment of available for sale asset	–	4.2
Changes in the fair value of derivative financial instruments	34.5	(15.0)
Dividend income	–	(3.1)
Amortisation on acquired intangible assets	121.0	109.5
Amortisation of early repayment option on loan	(3.1)	(4.3)
Amortisation of loan fees	10.4	23.3
ADJUSTED PROFIT BEFORE TAX	178.7	58.9
Taxation	(10.2)	(7.9)
Adjusted profit after tax	168.5	51.0
Profit after tax from discontinued operations excluding loss on disposal	30.4	34.6
ADJUSTED PROFIT AFTER TAX INCLUDING DISCONTINUED OPERATIONS EXCLUDING LOSS ON DISPOSAL	198.9	85.6
Adjusted earnings per share based on adjusted profit after tax (€)	0.56	0.19
Adjusted earnings per share based on adjusted profit after tax including discontinued operations excluding loss on disposal (€)	0.66	0.32

Share options that could potentially dilute basic earnings per share but were not included because they are antidilutive for the year ending 31 December 2017 amounted to nil effective shares (2016: nil).

7. EARNINGS PER SHARE CONTINUED

7.2 Diluted Earnings Per Share and Adjusted Diluted Earnings Per Share

Diluted earnings per share has been calculated by taking the profit attributable to ordinary shareholders and dividing by the weighted average number of shares in issue as diluted by share options.

Adjusted diluted earnings per share has been calculated by taking the adjusted earnings as above and dividing by the weighted average number of shares in issue, as diluted by share options.

	2017	2016
Loss for the year attributable to ordinary shareholders (€m)	(39.2)	(138.3)
Weighted average number of shares (millions)	299.2	271.8
Effect of dilutive share options (millions)	10.7	7.5
Weighted average number of dilutive shares (millions)	309.9	279.3
DILUTED EARNINGS PER SHARE* (€)	(0.13)	(0.51)
Loss for the year for continuing operations attributable to ordinary shareholders (€m)	(23.7)	(173.2)
DILUTED CONTINUING EARNINGS PER SHARE* (€)	(0.08)	(0.64)
Adjusted earnings (€m)	198.9	85.6
Adjusted diluted earnings per share based on adjusted profit after tax * (€)	0.54	0.18
Adjusted diluted earnings per share based on adjusted profit after tax including discontinued operations excluding loss on disposal * (€)	0.64	0.31

* A diluted EPS calculation may not increase a basic EPS calculation when the basic EPS is a loss.

8. INTANGIBLE ASSETS

	Software licences and capitalised development €m	Goodwill €m	Trademarks and trade names €m	Consulting and magazine €m	Non-contractual customer relationships €m	Total €m
COST						
At 1 January 2016	32.5	166.2	17.0	4.9	2.4	223.0
Additions	19.0	–	–	–	–	19.0
Acquisition of subsidiaries	224.0	963.9	176.0	–	208.0	1,571.9
Reclassified as held for sale	(2.0)	(6.5)	–	–	(12.0)	(20.5)
Foreign exchange	(0.2)	–	–	–	–	(0.2)
At 31 December 2016	273.3	1,123.6	193.0	4.9	198.4	1,793.2
Additions	25.6	–	–	–	–	25.6
Acquisition of subsidiaries	2.3	34.9	2.2	–	23.5	62.9
Disposed of in the year	(1.4)	(30.9)	–	–	–	(32.3)
AT 31 DECEMBER 2017	299.8	1,127.6	195.2	4.9	221.9	1,849.4
AMORTISATION AND IMPAIRMENT						
At 1 January 2016	25.8	33.3	1.5	4.9	2.4	67.9
Amortisation	62.1	–	13.6	–	40.8	116.5
Reclassified as held for sale	(0.1)	–	–	–	(0.5)	(0.6)
At 31 December 2016	87.8	33.3	15.1	4.9	42.7	183.8
Amortisation	74.7	–	15.0	–	45.7	135.4
Reclassified as held for sale	(1.4)	–	–	–	–	(1.4)
AT 31 DECEMBER 2017	161.1	33.3	30.1	4.9	88.4	317.8
NET BOOK VALUE						
At 31 December 2016	185.5	1,090.3	177.9	–	155.7	1,609.4
AT 31 DECEMBER 2017	138.7	1,094.3	165.1	–	133.5	1,531.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

8. INTANGIBLE ASSETS CONTINUED

Following the disposal of the Turkish operations (as disclosed in note 15.1) €30.9m of goodwill was disposed of from the carrying value of the Betboo and Sportingbet goodwill balances with the amount of goodwill disposed of determined based on the split of expected cashflows from those CGUs.

Certain intangible assets are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The carrying amounts of such assets at 31 December 2017 was as follows:

	2017 €m	2016 €m
Trademarks and trade names (related to Games Brands)	15.1	15.1

Significant items within intangible assets include assets acquired as a results of the bwin.party acquisition carried out in 2016 with €106.5m of software licences, €147.9m of trademarks and trade names and €111.4m of non-contractual customer relationships. These assets are being amortised between three and twelve years.

Other significant items also include assets acquired as a result of the Cozy acquisition (see note 28.1) with €2.1 of software licences, €2.2m of trademarks and trade names and €18.9m within non-contractual customer relationships and €4.6m acquired as a result of the Zatrix acquisition (see note 28.2) of non-contractual customer relationships. These assets are being amortised over three to six years.

Research is insignificant to the Group given the nature of its activities.

8.1 Amortisation

The amortisation for the year is recognised in the following line items in the income statement.

	2017 €m	2016 €m
Net operating expenses	135.4	116.5

8.2 Reorganisation of Goodwill

Following the disposal of the goodwill associated with the Turkish-facing businesses, management undertook a review of the goodwill allocated to its cash generating units. The business is now managed on the label-focused basis as presented in Note 2 and management review the business based on those segments identified. However with these labels split across multiple jurisdictions and utilising a distribution of central resources across the business, Management do not examine profitability down to EBITDA for individual labels.

Prior to the reorganisation the Group had the following goodwill balances.

	As at 31 December 2016 €m	Disposal of goodwill €m	Arising on acquisition €m	As at 31 December 2017 €m
bwin – Sports Brands	849.1	–	–	849.1
bwin – Games Brands	108.3	–	–	108.3
Betboo	8.3	(5.7)	–	2.6
CasinoClub	40.4	–	–	40.4
Sportingbet	84.2	(25.2)	–	59.0
Cozy	–	–	7.9	7.9
Zatrix	–	–	27.0	27.0
	1,090.3	(30.9)	34.9	1,094.3

The subsequent re-allocation of goodwill has not been carried out on the basis of relative values as each of the previous CGUs formed a smaller part of the larger CGUs, amongst which management and resources were shared. It has therefore been considered more appropriate to consolidate the individual smaller CGUs wholly into the new CGUs of Sports Brands and Games Brands based upon their primary offerings to players.

Following the reorganisation, the goodwill allocated to the bwin – Sports Brands, Betboo, Sportingbet and Zatrix segments has been allocated to the Sports Brands segment resulting in carried goodwill of €937.7m. The goodwill allocated to the bwin – Games Brands, CasinoClub and Cozy segments have been allocated to the Games Brands segment resulting in carried goodwill of €156.6m.

8. INTANGIBLE ASSETS CONTINUED

8.3 Impairment Tests for Cash-generating Units Containing Goodwill and Trademarks

Prior to the reallocation of the goodwill, impairment reviews were carried out for each individual goodwill CGU with no impairment identified. The carrying values of the assets were compared with the recoverable amounts, the recoverable amount was estimated based upon a value in use calculation, based upon management forecasts for the years ending 31 December 2018 and up to 31 December 2022. An impairment review was also carried on the reallocated goodwill using the assumptions shown below.

	Goodwill €m	Discount rate %	Terminal growth rates %
Sports Brands	937.7	7.4	2
Games Brands	156.6	9.4	2
AT 31 DECEMBER 2017	1,094.3		

Management has considered the sensitivities around its key assumptions used in the review of the carrying values of goodwill and other intangibles with an indefinite useful life. The discount rates used have been considered based on the risks involved in each of the underlying business units and terminal growth rates reflect the expected growth in underlying EBITDA expected from these units. These CGUs have been considered for impairment and sensitivities have been calculated around the terminal growth rates and discount factors used together with specific scenarios including the loss of revenue where those revenues might be considered to be at risk. No impairment would have arisen as a result of reasonably possible changes in the discount rate, growth rate or other scenarios modelled within the sensitivity analysis.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Plant and equipment €m	Fixtures and fittings €m	Total €m
COST				
At 1 January 2016	–	3.4	1.5	4.9
Additions	0.1	0.4	15.3	15.8
Acquisition of subsidiaries	4.9	–	39.6	44.5
Disposals	(0.1)	–	(1.3)	(1.4)
Exchange movements	(0.2)	0.2	(0.9)	(0.9)
Reclassified as assets held for sale	–	–	(2.5)	(2.5)
At 31 December 2016	4.7	4.0	51.7	60.4
Additions	0.4	1.3	10.7	12.4
Acquisition of subsidiaries	–	–	0.2	0.2
Disposals	–	–	(0.7)	(0.7)
AT 31 DECEMBER 2017	5.1	5.3	61.9	72.3
DEPRECIATION				
At 1 January 2016	–	2.2	1.2	3.4
Depreciation charge for the year	1.0	0.7	18.3	20.0
Disposals	–	–	(0.5)	(0.5)
Accelerated depreciation	–	–	18.1	18.1
Exchange movements	–	–	(0.1)	(0.1)
Reclassified as assets held for sale	–	–	(0.2)	(0.2)
At 31 December 2016	1.0	2.9	36.8	40.7
Depreciation charge for the year	0.4	1.8	13.5	15.7
Disposals	–	–	(0.4)	(0.4)
Exchange movements	–	–	0.1	0.1
AT 31 DECEMBER 2017	1.4	4.7	50.0	56.1
NET BOOK VALUE				
At 31 December 2016	3.7	1.1	14.9	19.7
AT 31 DECEMBER 2017	3.7	0.6	11.9	16.2

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for the year ended 31 December 2017

9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

In 2016 accelerated depreciation of €18.1m was charged in respect of certain fixture and fittings which were renegotiated following the bwin.party acquisition. An associated payable of €5.6m was also released to the income statement following this renegotiation.

The depreciation charge includes €0.1m (2016: €0.2m) of depreciation included within discontinued activities.

9.1 Capital Commitments

The Group has capital commitments contracted but not provided for at 31 December 2017 of €2.2m (31 December 2016: €1.4m).

10. INVESTMENTS AND AVAILABLE FOR SALE (AFS) FINANCIAL ASSETS

	Available for sale financial assets €m	Associates €m	Total €m
At 1 January 2016	2.6	–	2.6
Acquisition through business combination	3.5	1.0	4.5
Additions	2.2	–	2.2
Share of profit	–	0.1	0.1
Impairments	(4.2)	–	(4.2)
Disposals	(1.5)	–	(1.5)
At 31 December 2016	**2.6**	**1.1**	**3.7**
Share of profit	**–**	**0.1**	**0.1**
Revaluation gain	**0.7**	**–**	**0.7**
AT 31 DECEMBER 2017	**3.3**	**1.2**	**4.5**

10.1 Available For Sale Assets (AFS)

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL'). The consideration was for €3.5m, which was attributed to both the available for sale asset (€5.2m) and the option liability (€1.7m) taken on at acquisition. The asset held for sale consideration, together with professional fees incurred at the time, amounted to a total upfront cost of €5.4m which was impaired at 31 December 2015 to €2.6m. This asset was impaired by €0.7m in 2016 prior to being sold in that year.

The value of bwin.party's available for sale assets on acquisition was €3.5m. The value of these decreased by €3.1m during 2016, principally as a result of the dividend declared by the Aldorino Trust of €3.1m which resulted in the full impairment of this investment. Also as part of the bwin.party acquisition, a convertible instruments investment in Visa Inc that was previously held for sale of €2.2m was recategorised as AFS after the acquisition date. The movement in the year on available for sale assets was €0.7m, principally comprising a gain in the value of the convertible investment in Visa Inc.

10.2 Associates

The value of bwin.party's associates on acquisition was €1.0m. The value of this investment had increased by €0.1m by 31 December 2016 based on the share of underlying profit in the associate and by a further €0.1m by 31 December 2017. The Group holds 50% of the voting rights in relation to this entity and amounts related to this entity are presented in the table below:

	2017 €m	2016 €m
Non-current assets	**0.1**	0.1
Current assets	**2.3**	2.2
Current liabilities	**0.5**	0.5
Revenues	**2.3**	2.6
Profit	**0.4**	0.4

11. RECEIVABLES AND PREPAYMENTS

	2017 €m	2016 €m
Balances with payment processors	**54.1**	60.0
Other receivables	**42.7**	27.6
Loans and receivables	**96.8**	87.6
Prepayments	**16.3**	16.7
Contingent consideration	**1.6**	–
Deferred consideration	**0.9**	0.9
CURRENT ASSETS	**115.6**	105.2
Contingent consideration	**1.9**	4.0
Deferred consideration	**–**	0.9
NON-CURRENT ASSETS	**1.9**	4.9

Payment processor balances are funds held by third-party collection agencies subject to collection after one month, or balances used to make refunds to players.

Prepayments include payments as at 31 December 2017 for goods or services which will be consumed after 31 December 2017.

Contingent consideration relates to amounts receivable for the sale of domain names following the acquisition of bwin.party and is measured at fair value. The non-discounted book values for these amounts are €1.8m due within one year (2016: €nil) and €2.2m (2016: €6m) due later than one year but not later than five years.

Deferred consideration relates to amounts receivable for the sale of Conspo which was previously classified as held for sale. The non-discounted book values for these amounts are €0.9m (2016: €0.9m) due within one year and €nil (2016: €1.0m) due later than one year but not later than five years.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Winunited option €m	Early repayment option €m	Betit option €m	Poker options €m	Total €m
BALANCE AT 1 JANUARY 2016	3.8	–	(0.7)	–	3.1
Recognised on loan drawdown	–	7.4	–	–	7.4
Disposal in the year	–	–	0.7	–	0.7
Change in fair value of early repayment option	(0.1)	15.1	–	–	15.0
BALANCE AT 31 DECEMBER 2016	**3.7**	**22.5**	**–**	**–**	**26.2**
Recognised on agreement of the options contracts	**–**	**–**	**–**	**(12.0)**	**(12.0)**
Disposed of in the year	**(3.7)**	**–**	**–**	**–**	**(3.7)**
Released in the year	**–**	**(22.5)**	**–**	**–**	**(22.5)**
BALANCE AT 31 DECEMBER 2017	**–**	**–**	**–**	**(12.0)**	**(12.0)**

12.1 Winunited Option

On 24 March 2015, GVC contracted with Winunited Limited for the day-to-day back office operations of the Winunited business, licensed in Malta. Under the terms of the agreement, GVC obtained a call option to purchase the Winunited assets comprising goodwill, customers, licences, brands and websites. The exercise period for the option is in the three months prior to the five-year anniversary of 24 March 2015. No consideration was paid for the call option.

At 31 December 2016 the option was valued using a Monte Carlo valuation model and two methodologies: a discounted cashflow and a multiples based calculation. A long-term growth rate of 2% was assumed, and a discount rate of 13% based on industry peers and observable inputs. Based on this model, the value of the call option at 31 December 2017 was €3.7m (2016: €3.7m). During the year there were no discernible changes to the inputs into the valuation and accordingly no revaluation was performed prior to the inclusion of the asset as part of the sale of the Turkish-facing business which was disposed of during the year (see note 15.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

12. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

12.2 Cerberus Loan Early Repayment Option

The Cerberus facility had a repayment date of 4 September 2017 but was repaid earlier (see note 17). Early repayment changed the profile and size of the cash payments and this feature was identified as an embedded derivative therefore separated from the host contract. The option was previously valued by a third party valuation specialist based on the contracted cashflows under the terms of the facility and measuring the cost saving opportunities resulting from an early repayment and obtaining of new financing at a lower rate. Given the refinance agreement disclosed in note 17, there was considered to be minimal sensitivity of the inputs to the valuation. The early repayment option was fully released following the refinancing of the Group's loans in February 2017.

12.3 Betit Option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL'). The Group had a call option to acquire the balance of the outstanding shares which could be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price was €70m, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto.

In 2016 the Group disposed of its investment in BHL and its call option was also disposed of as part of this arrangement. The net loss on disposal of the investment and the option was included within changes in value of available for sale assets.

12.4 Poker Options

During 2017 the Group entered into a marketing services agreement with its principal offline tournament partner with the purpose of organising and promoting a series of live poker events under the partypoker LIVE brand to look to increase traffic to partypoker.com.

As part of entering into this agreement the Group has entered into a call and put arrangement in respect of the entire issued share capital of the Company set up by its offline partner dedicated to this agreement, which are exercisable by the Group or its partner respectively on completion of the five-year agreement. There is no minimum call price with a maximum ceiling of £136m dependent on the enhancement of EBITDA of the affected poker business and the enhancement delivered to shareholder earnings through the enterprise value of the Group. The put option has been valued as a liability of €12.0m as at 31 December 2017 and a charge of the same amount has been recognised in the year.

13. SHORT-TERM INVESTMENTS

	2017 €m	2016 €m
Restricted cash	5.0	5.4
	5.0	5.4

Short-term investments represent cash held as guarantees for regulated markets' licences. These funds cannot be freely accessed by the Group and so are not treated as cash or cash equivalents.

14. CASH AND CASH EQUIVALENTS

	2017 €m	2016 €m
Total cash in hand and current accounts	303.8	367.0
Cash held within assets held for sale	–	(12.2)
Cash in hand and current accounts	303.8	354.8

15. DISCONTINUED ACTIVITIES AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The movements in assets and liabilities held for sale are shown in the table below:

	Assets held for sale €m	Liabilities held for sale €m	Total €m
As at 31 December 2015	–	–	–
Acquired in business combination	12.3	–	12.3
Reclassified as held for sale	55.7	(22.9)	32.8
Trading, working capital and revaluation movements	4.0	0.2	4.2
Disposal of Visa shares	(8.4)	–	(8.4)
Disposal of Conspo	(3.9)	–	(3.9)
As at 31 December 2016	59.7	(22.7)	37.0
Trading, working capital and revaluation movements	**(3.3)**	**(3.5)**	**(6.8)**
Impairment of Kalixa (see note 15.2)	**(1.6)**	**–**	**(1.6)**
Disposal of Kalixa (see note 15.2)	**(54.8)**	**26.2**	**(28.6)**
AS AT 31 DECEMBER 2017	**–**	**–**	**–**

15.1 Discontinued Activities

In November 2017 the Group announced the disposal of its Turkish-facing operations to Ropso Malta Limited for performance related earn-out consideration of up to a maximum amount of €150m receivable on a monthly basis over a five-year period, although the consideration was later waived. The disposal group is being reported in the current year as a discontinued operation and the results to disposal are presented below for the eleven and a half months to disposal in 2017 and for the year ended 31 December 2016.

	Period to 20 December 2017 €m	Year ended 31 December 2016 €m
REVENUE	**82.4**	100.3
Cost of sales	**(39.8)**	(56.4)
CONTRIBUTION	**42.6**	43.9
Administrative costs	**(7.9)**	(8.7)
CLEAN EBITDA	**34.7**	35.2
Share based payments	**(0.3)**	(0.1)
Exceptional items	**(3.5)**	–
Depreciation and amortisation	**(0.1)**	(0.2)
OPERATING PROFIT AND PROFIT BEFORE TAX	**30.8**	34.9
Taxation expense	**(0.4)**	(0.3)
PROFIT AFTER TAX	**30.4**	34.6
Loss on sale of the subsidiary after income tax (see below)	**(46.1)**	–
(LOSS)/PROFIT FROM DISCONTINUED OPERATIONS	**(15.7)**	34.6

There was no other income received which required disclosure within the statement of other comprehensive income.

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15. DISCONTINUED ACTIVITIES AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE CONTINUED

15.1 Discontinued Activities continued

The cash inflow from operating activities in 2017 is broadly in line with the Clean EBITDA although in 2017 it is net of €5.8m disposed of as part of the working capital of the business sold and €3.5m of exceptional costs incurred. There were no non-operating cashflows associated with the discontinued activities in either financial year.

In the initial disposal management projected to receive earn out consideration of up to €150m based upon results within the disposed business over the next five years. However this consideration was later waived resulting in a loss on disposal of €46.1m based on the carrying value of assets and liabilities as at the date of sale as below:

	€m
Goodwill	30.9
Property, plant and equipment	0.3
Derivative financial assets	3.7
Trade receivables	13.0
Cash and cash equivalents	5.8
TOTAL ASSETS	53.7
Trade and other payables	(3.9)
Client liabilities	(1.4)
Income taxes payable	(2.3)
TOTAL LIABILITIES	(7.6)
NET ASSETS	46.1

Loss per share relevant to the discontinued operations was €0.05 per share (2016: earnings of €0.13 per share). Diluted loss per share was €0.05 per share (2016: earnings of €0.12 per share).

15.2 Other Assets and Liabilities Classified As Held For Sale

The Group had classified and transferred its Kalixa business, a fully integrated digital payments company, as held for sale as at 31 March 2016 after its acquisition as part of the bwin.party group. The Group completed the sale of the majority of the Kalixa business on 31 May 2017. It realised initial consideration of €29.0m in the year together with deferred consideration of €2.6m which was received in the second half of the year after paying down certain balances owing between the business groups. As a result of fees and other trading movements, an impairment charge of €1.1m was recorded prior to the disposal of the business.

The remaining Kalixa business was disposed of on 1 August 2017, realising consideration of €0.9m. An impairment charge of €0.5m was recorded prior to disposal to reflect the net realisable value.

During the prior year the Group disposed of its joint venture investment in Conspo, a provider of sports content, which had also previously been classified as held for sale.

No further assets are considered as held for sale as at the year end.

16. TRADE AND OTHER PAYABLES

	2017 €m	2016 €m
Other trade payables	25.8	40.4
Accruals	68.7	46.4
Contingent consideration (note 16.1)	9.6	–
Share option liability	1.6	7.1
CURRENT LIABILITIES	105.7	93.9
Contingent consideration (note 16.1)	10.9	4.4
NON-CURRENT LIABILITIES	10.9	4.4

16.1 Deferred Consideration

Contingent consideration relates to amounts payable for the Zatrix acquisitions (see note 28) and also for previous acquisitions by bwin.party and is measured at fair value. The non-discounted book values of these amount to €10.0m (2016: €nil) payable within one year and €14.6m (2016: €5.8m) payable after more than one year.

17. LOANS AND BORROWINGS

17.1 Interest Bearing Loan

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the acquisition of bwin.party. The Cerberus loan was repaid in January 2017 and an alternate bridge financing facility of €250m provided by Nomura International plc was drawn down. All associated fees were charged to the income statement at this time including the remaining value of the early repayment option on the Cerberus loan of €22.5m.

This bridging loan was then replaced with a long-term institutional loan in March 2017 comprising of a €320m Senior Secured Term and Revolving Facility, composed of a €250m term loan (maturity six years) and a €70m revolving credit facility (maturity five years). Subsequent to this, the Group refinanced the applicable interest rate from EURIBOR + 3.25% to EURIBOR + 2.75% whilst extending the Term Loan by an extra €50m in a non-substantial modification to the loan. The €70m credit facility was not drawn down during the year.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest has been calculated using the internal rate of return on the cash outflows across the period of the loan.

	Principal €m	Interest and fees €m	Early repayment option €m	Total €m
LOAN BALANCE AT 1 JANUARY 2016	20.0	(0.2)	–	19.8
Loan drawdown	380.0	–	–	380.0
Arising on business combinations	39.4	–	–	39.4
Revaluation of loan balances	(0.4)	–	–	(0.4)
Loan repayment	(52.5)	–	–	(52.5)
Arrangement fees and loan services fees paid in the prior year	–	(7.6)	–	(7.6)
Arrangement fees and loan services fees paid in the current year	–	(7.9)	–	(7.9)
Fair value of embedded derivatives	–	–	7.4	7.4
Interest charged	–	46.0	–	46.0
Interest instalments paid	–	(39.7)	–	(39.7)
Amortisation of loan fees	–	23.3	–	23.3
Unwinding of early repayment option	–	–	(4.3)	(4.3)
LOAN BALANCE AT 31 DECEMBER 2016	386.5	13.9	3.1	403.5
Loan drawdown	**550.0**	**–**	**–**	**550.0**
Arrangement fees and loan services fees paid	**–**	**(15.9)**	**–**	**(15.9)**
Loan repayment	**(636.5)**	**–**	**–**	**(636.5)**
Interest charged	**–**	**14.2**	**–**	**17.3**
Interest instalments paid	**–**	**(27.2)**	**–**	**(27.2)**
Amortisation of loan fees	**–**	**10.4**	**–**	**7.3**
Unwinding of early repayment option	**–**	**–**	**(3.1)**	**(3.1)**
LOAN BALANCE AT 31 DECEMBER 2017	**300.0**	**(4.6)**	**–**	**295.4**

Split between the following as at 31 December 2016:	
CURRENT LIABILITIES	403.5
NON-CURRENT LIABILITIES	–
Split between the following as at 31 December 2017:	
CURRENT LIABILITIES	**0.2**
NON-CURRENT LIABILITIES	**295.2**

The debit interest and fees balance of €4.6m (2016: credit balance of €13.9m) includes a debit of loan fees outstanding of €5.5m (2016: credit balance of €7.6m) netted against accrued loan interest of €0.9m (2016: €6.3m).

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18. OTHER TAXATION PAYABLE

	2017 €m	2016 €m
Betting taxes	63.3	42.1
VAT payable	4.6	4.3
Other taxes	3.4	0.8
	71.3	47.2

19. COMMITMENTS UNDER OPERATING LEASES

19.1 Operating Leases

The Group leases various offices under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments under non-cancellable leases are as follows:

	2017 €m	2016 €m
No later than one year	7.2	5.9
Later than one year and no later than five years	22.7	16.5
More than five years	1.9	4.3
	31.8	26.7

20. PROVISIONS

Provisions relate to onerous contracts and leases, where the future economic benefits are less than the costs to be incurred, and legal provisions recognised at fair value as part of the bwin.party acquisition. Further details on the largest legal provision are set out below in note 20.1.

CURRENT	Provisions for litigation €m	Other provisions €m	Total €m
At 1 January 2016	–	–	–
Acquired through business combination	–	7.7	7.7
Utilised during the year	–	(7.1)	(7.1)
Transfer from non-current to current	–	0.6	0.6
AT 31 DECEMBER 2016	–	1.2	1.2
Created during the year	–	–	–
Utilised during the year	–	(1.2)	(1.2)
Transfer from non-current to current	–	1.2	1.2
AT 31 DECEMBER 2017	–	1.2	1.2

NON-CURRENT	Provisions for litigation €m	Other provisions €m	Total €m
At 1 January 2016	–	–	–
Acquired through business combination	3.7	3.8	7.5
Utilised during the year	–	–	–
Transfer from non-current to current	–	(0.6)	(0.6)
AT 31 DECEMBER 2016	3.7	3.2	6.9
Created during the year	–	–	–
Utilised during the year	–	–	–
Transfer from non-current to current	–	(1.2)	(1.2)
AT 31 DECEMBER 2017	3.7	2.0	5.7

20. PROVISIONS CONTINUED

20.1 Provisions for Litigation

On 16 October 2014, the Portuguese Supreme Court confirmed a ruling of the Oporto Court of First Instance of September 2011 against Liga Portuguese de Futebol Profissional ('Liga') and certain bwin.party entities. In June 2012, the Portuguese Casino Association initiated enforcement proceedings against the Liga and bwin.party, requesting the payment of pecuniary sanctions in the total amount of €6.4m for the alleged violation of the first instance court judgment during the period between 24 September 2011 and 31 January 2012. The Liga and bwin.party remain firmly of the view that such enforcement action is without merit. The legal process is still ongoing.

Due to the inherent uncertainty in legal proceedings, on acquisition of bwin.party in February 2016 the Group recognised a fair value provision for the legal case of €3.2m on a fair value basis together with a further provision of €0.5m for other unrelated legal cases.

20.2 Other Provisions

Other provisions include other uncertainties around potential infrastructure, marketing or taxation costs where the Directors feel that there is a material but uncertain risk of outflows to the business. These have been measured based on the estimated probability of such outflows occurring in the near future.

21. DEFERRED TAX

	Total €m
As at 1 January 2016	–
Acquired in business combination	(79.6)
Deferred tax credit	11.8
Transfer to liabilities held for sale	3.8
Foreign exchange and other movements	(1.6)
AS AT 31 DECEMBER 2016	**(65.6)**
Acquired in business combination (see note 28)	**(2.4)**
Deferred tax credit	**15.0**
Foreign exchange and other movements	**0.8**
AS AT 31 DECEMBER 2017	**(52.2)**

Deferred tax liabilities relate primarily to temporary differences arising from fair value adjustments of acquired intangibles and also the repatriation of profits from foreign jurisdictions.

22. SHARE CAPITAL

On 1 February 2016 the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,508.2m. Under the terms of the Acquisition, each bwin.party shareholder received 25p plus 0.231 new GVC shares for each bwin.party share. The total bwin.party shareholding was 843.5m shares; accordingly, the Group issued 194.8m new shares to bwin.party shareholders. Post the Acquisition, additional shares were issued to bwin.party option-holders who had not exercised their options before the date of the Acquisition but did so subsequently and the value of these was included in the total consideration.

On the same date as the acquisition of bwin.party, the Group issued additional shares at a price of 422p. The additional share capital consisted of 28.0m Placing shares, including the subscription by Directors of shares under the terms of the LTIP, and 7.5m subscription shares. The cash consideration for these shares was £150.0m, less costs incurred of £4.9m (€6.4m), which were treated as a deduction from share premium. During 2017 10.5m new shares (2016: 1.6m) were issued to satisfy share options issuances.

The authorised and issued share capital is:

	2017 €m	2016 €m
AUTHORISED		
Ordinary shares of €0.01 each		
At 31 December – 350,000,000 shares (2016: 350,000,000 shares)	**3.5**	3.5
ISSUED, CALLED UP AND FULLY PAID		
At 31 December – 303,726,475 shares (2016: 293,268,229 shares)	**3.0**	2.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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22. SHARE CAPITAL CONTINUED

The issued share capital history is shown below:

	2017	2016
Balance at 1 January	293,268,229	61,276,480
Issue of shares at acquisition	–	194,841,498
Issue of shares via placing	–	27,978,812
Issue of shares via subscription	–	7,566,212
Other share issues	10,458,246	1,605,227
Balance at 31 December	303,726,475	293,268,229

23. DIVIDENDS

The dividend history for 2017 is shown below.

Date declared	Date paid	Per share €c	Per share £p	Shares in issue (m)	Amount €	Amount £
15 December 2016	14 February 2017	14.9	12.5	293.5	43.8	37.5
23 March 2017	12 May 2017	15.1	13.1	296.6	45.0	38.1
14 September 2017	19 October 2017	16.5	14.6	301.0	49.8	44.7
					138.6	120.3

In addition to the dividends paid in 2017, the Group has also paid €2.4m of dividend credit payments accruing on share options on awards not yet vested. As a result of the acquisition of bwin.party and the combination of debt covenants and the intended restructuring of the Group, the Directors did not pay any dividends in 2016.

The Group has announced a full year dividend of 17.5 €c per share, payable in May 2018.

24. SHARE OPTION SCHEMES

The following options to purchase €0.01 Ordinary Shares in the Company were granted, exercised, forfeited or existing at the year-end:

Date of grant	Exercise price	Existing at 1 January 2017	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2017	Exercisable at 31 December 2017	Vesting criteria
02 Jun 2014	1p	75,000	–	–	(75,000)	–	–	Note a
02 Feb 2016	422p	10,264,420	–	(2,932,691)	(4,399,038)	2,932,691	1,955,127	Note b
02 Feb 2016	467p	3,421,473	–	–	(1,955,128)	1,466,345	977,557	Note c
02 Feb 2016	422p	200,000	–	–	(142,857)	57,143	28,572	Note d
16 Dec 2016	422p	8,658,334	–	(600,000)	(3,032,210)	5,026,124	2,717,791	Note e
30 Mar 2017	422p	–	750,000	–	(75,000)	675,000	324,998	Note e
30 Mar 2017	1p	–	699,835	–	(699,835)	–	–	Note f
28 Dec 2017	0p	–	563,627	–	–	563,627	–	Note g
TOTAL SCHEMES		**22,619,227**	**2,013,462**	**(3,532,691)**	**(10,379,068)**	**10,720,930**	**6,004,045**	

24. SHARE OPTION SCHEMES CONTINUED

The existing share options at 31 December 2017 are held by the following employees and consultants:

Option price	422p	467p	422p	422p	0p	
Grant date	02 February 2016	02 February 2016	16 December 2016	30 March 2017	28 December 2017	Total
Kenneth Alexander	2,932,691	–	–	–	242,587	3,175,278
Paul Miles	–	–	–	350,000	94,339	444,339
Lee Feldman (note c)	–	1,466,345	–	–	–	1,466,345
Norbert Teufelberger (note d)	57,143	–	–	–	–	57,143
Employees	–	–	4,500,567	325,000	197,869	5,023,436
Consultants	–	–	525,557	–	28,832	554,389
	2,989,834	**1,466,345**	**5,026,124**	**675,000**	**563,627**	**10,720,930**

Note a: 2010 LTIP Scheme – These equity settled options were granted to certain Directors and employees. The awards vested and become exercisable on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. The awards have been treated as vesting over a three-year period.

Note b: 2016 LTIP Scheme – These equity settled awards were issued on completion of the acquisition of bwin.party. The options vest and became exercisable, subject to the satisfaction of a performance condition, over 30 months, with one-ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30-month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note c: 2016 LTIP Scheme – These equity settled awards were issued on the same basis as the awards in note b but at a higher exercise price which represents the market value of the shares as at the date the scheme became effective. In order to compensate Lee Feldman for the higher exercise price, the Company agreed to pay him a cash bonus of £2.0m over the 30-month vesting period of the option, but only upon option vesting and satisfaction of the performance condition described above, and he has to reinvest 50% of this in GVC shares.

Note d: 2016 LTIP Scheme – These awards were issued on completion of the acquisition of bwin.party. The equity-settled options, which are not subject to a performance condition, vest and become exercisable over 24 months, with one-seventh vesting six months after the date of grant and a further seventh vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026.

Note e: 2016 MIP Scheme – These equity settled awards were issued on the same basis as the awards in note b.

Note f: 2016 ASBP Scheme – These cash settled awards in accordance with the Group's annual share bonus plan 2016.

Note g: 2017 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative Earnings Per Share ("EPS") exceeding 180 euro cents and TSR performance conditions being met which are split with equal weighting. The charge to share-based payments within the consolidated income statement in respect of these options in 2017 was €18.0m (2016: €31.1m) of which €11.5m related to equity settled options (2016: €24.0m) and €5.4m to cash settled options (2016: €7.1m credit).

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for the year ended 31 December 2017

24. SHARE OPTION SCHEMES CONTINUED

24.1 Weighted Average Exercise Price of Options

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 31 December 2017	Number of options 31 December 2017	Weighted average exercise price 31 December 2016	Number of options 31 December 2016
Outstanding at the beginning of the year	**416p**	**22,619,227**	11p	3,481,947
Granted during the year	**158p**	**2,013,462**	422p	26,621,148
Exercised during the year	**399p**	**(10,379,068)**	126p	(1,123,613)
Cancelled or forfeited in the year	**422p**	**(3,532,691)**	422p	(6,360,255)
Forfeited in the year	**–**	**–**	–	–
Outstanding at the end of the year	**416p**	**10,720,930**	416p	22,619,227
Exercisable at the end of the year		**6,004,045**		5,236,844

The options outstanding at 31 December 2017 have a weighted average contractual life of 7.84 years (31 December 2016: 9.1 years).

24.2 Valuation of Options

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Group engaged third-party valuation specialists to provide a fair value for the options.

For the 2016 LTIP scheme, the expected volatilities have been calculated using historical prices for companies that were constituents of the FTSE 250 at the grant date. These options accrue dividend credits and the yield is assumed to be nil for 2016 and 10% thereafter. As the schemes vest on a staggered basis over a period of up to 30 months, the volatilities have been calculated over each relevant time period. The fair value of each phase of the options has been calculated separately, shown as a range in the table below, and the cost of each phase is allocated across the vesting period for that phase.

The 2017 LTIP plan was valued using both a Black Scholes valuation model and Monte Carlo valuation for the cumulative EPS and TSR conditions respectively.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant* (in £)	Exercise price (in £)	Expected volatility %	Exercise multiple	Expected dividend yield	Risk free rate** %	Fair value at measurement date (in £)
02 Feb 16 – equity settled 30 months	4.67	4.22	22%-30%	n/a	n/a	n/a	0.32-0.47
02 Feb 16 – equity settled 30 months	4.67	4.67	22%-30%	n/a	n/a	n/a	0.22-0.28
02 Feb 16 – equity settled 24 months	4.67	4.22	n/a	n/a	n/a	n/a	0.32-0.47
16 Dec 16 – equity settled 30 months	6.48	4.22	30%-28%	n/a	n/a	n/a	1.43-1.94
30 Mar 17 – equity settled 30 months	7.28	4.22	30%-28%	n/a	n/a	n/a	1.88-2.39
28 Dec 17 – equity settled 36 months	9.34	–	26.6%	n/a	n/a	0.43%	7.393-9.335

* This is the bid price, not the mid-market price, at market close, as sourced from Bloomberg.

** The measurement of the risk-free rate was based on rate of UK sovereign debt prevalent at each grant date over the expected term of the option.

24.3 Cash Settled Options

At 31 December 2017 the liability for cash settled options was €1.6m (2017: €7.1m). The movement in the year arises from the charge of cash settled options of €1.0m (2016: €7.1m) and the settlement of schemes relating to the 2016 LTIP and ASBP schemes of €6.5m (2016: €11.9m).

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 31 December 2017 comprise cash and cash equivalents together with loan borrowings. The main purpose of these financial instruments is to finance the Group's operations and fund acquisitions and shareholder dividends. The Group has other financial instruments which mainly comprise receivables and payables, which arise directly from its operations but also from its acquisition activity. The Group does not typically use derivative financial instruments, other than foreign exchange contracts, to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. During 2017, the Group did not hold or issue derivative financial instruments for trading purposes.

25.1 Market Risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cashflows on its long-term debt finance and cash investments through the use of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). Exposure to market risk arises in the normal course of the Group's business.

25.2 Foreign Exchange Risk

Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations.
The Group's general operating policy is that all material transaction and currency liability exposures are economically and fully hedged using foreign exchange contracts and/or by holding cash in the relevant currency.

Following the drawdown of the Cerberus loan in February 2016, the Group held a large position in GBP to meet working capital requirements. This resulted in a foreign exchange loss following the devaluation of sterling during 2016. This amount was subsequently used in 2017 to hedge against significant GBP liabilities which arose including the dividend paid in February 2017 and repayment of the Cerberus loan. The Group uses foreign exchange contracts to hedge its currency risk but as at 31 December 2017 there were no open foreign exchange contracts.

The Group is exposed to currency movements in the euro, arising out of changes in the fair value of financial instruments which are held in non-euro currencies. No individual non-euro currency position is considered material for the Group.

25.2.1 Foreign Exchange Risk Sensitivity

The majority of the Group's financial assets and liabilities are denominated in euros. Holding the majority of its assets in euros minimises the Group's exposure to currency translation risk. In the prior year the Group held a significant holding of financial assets in GBP but this exposure was reduced during 2017 as the Group utilised part of its GBP cash balances in refinancing its long-term loan and also to pay the dividend declared in December.

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

25.2.1 Foreign Exchange Risk Sensitivity continued

AT 31 DECEMBER 2017	Euro €m	GBP €m	Other €m	Total €m
NON-CURRENT ASSETS	1,540.0	8.8	5.4	1,554.2
Receivables and prepayments	43.2	21.9	50.5	115.6
Tax reclaimable	–	1.0	0.8	1.8
Short-term investments	4.0	1.0	–	5.0
Cash and cash equivalents	236.3	28.9	38.6	303.8
TOTAL CURRENT ASSETS	283.5	52.8	89.9	426.2
Trade and other payables	(57.2)	(31.5)	(17.0)	(105.7)
Balances with customers	(50.4)	(19.5)	(47.5)	(117.4)
Progressive prize pools	(7.7)	(3.0)	(7.3)	(18.0)
Loans and borrowings	(0.2)	–	–	(0.2)
Provisions	(0.8)	–	(0.4)	(1.2)
Taxation payable	(11.7)	–	(0.1)	(11.8)
OTHER TAXATION LIABILITIES	(199.3)	(54.0)	(72.3)	(325.6)
NET CURRENT (LIABILITIES) ASSETS	84.2	(1.2)	17.6	100.6
Trade and other payables	(7.0)	–	(3.9)	(10.9)
Derivative financial liabilities	–	(12.0)	–	(12.0)
Loans and borrowings	(295.2)	–	–	(295.2)
Provisions	(5.1)	–	(0.6)	(5.7)
Deferred tax	(52.2)	–	–	(52.2)
TOTAL NON-CURRENT LIABILITIES	(359.5)	(12.0)	(4.5)	(376.0)
TOTAL ASSETS LESS TOTAL LIABILITIES	1,264.7	(4.4)	18.5	1,278.8

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

25.2 Foreign Exchange Risk continued

25.2.1 Foreign Exchange Risk Sensitivity continued

AT 31 DECEMBER 2016	Euro €m	GBP €m	Other €m	Total €m
NON-CURRENT ASSETS	1,607.0	22.5	8.2	1,637.7
Receivables and prepayments	57.6	24.1	23.5	105.2
Derivative financial assets	26.2	–	–	26.2
Tax reclaimable	6.7	–	–	6.7
Short term investments	5.4	–	–	5.4
Cash and cash equivalents	164.0	171.7	19.1	354.8
Assets held for sale	36.2	8.1	15.4	59.7
TOTAL CURRENT ASSETS	296.1	203.9	58.0	558.0
Trade and other payables	(37.6)	(42.2)	(14.1)	(93.9)
Balances with customers	(74.2)	(15.7)	(44.9)	(134.8)
Loans and borrowings	(403.5)	–	–	(403.5)
Provisions	(0.7)	–	(0.5)	(1.2)
Taxation payable	(15.5)	(0.6)	(2.1)	(18.2)
Other taxation liabilities	(45.2)	(2.0)	0.0	(47.2)
Liabilities held for sale	(7.9)	(6.5)	(8.3)	(22.7)
TOTAL CURRENT LIABILITIES	(584.6)	(67.0)	(69.9)	(721.5)
NET CURRENT ASSETS/(LIABILITIES)	(288.5)	136.9	(11.9)	(163.5)
Trade and other payables	–	–	(4.4)	(4.4)
Provisions	(6.3)	–	(0.6)	(6.9)
Deferred tax	(65.5)	(0.1)	–	(65.6)
TOTAL NON-CURRENT LIABILITIES	(19.9)	(2.7)	–	(22.6)
TOTAL ASSETS LESS TOTAL LIABILITIES	1,246.7	159.3	(8.7)	1,397.3

25.3 Interest Rate Risk

The Group earns interest from bank deposits. During the year, the Group held cash on deposits with a range of maturities of less than three months. On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. At 31 December 2016, the Group had €386.5m of committed and drawn-down borrowing facilities under this loan arrangement, including €13.5m repaid during the year. The interest on these loans was based on EURIBOR with a floor of 1%, plus a margin of 11.5%. This facility was repaid on 31 January 2017 and new financing was taken out with Nomura Plc with an interest rate of 3.25% + EURIBOR. This facility was later repaid in March 2017 and replaced with a six-year institutional Term Loan with an interest rate of 3.25% + EURIBOR and a five-year €70m revolving credit facility with an interest rate of 2.75% + EURIBOR.

Management do not consider the impact of possible interest rate movements based on current market conditions to be material to the net result for the year or the equity position at the year end.

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

25.4 Credit Risk

The Group seldom has any significant concentrations of credit risk, with exposure spread over a large number of customers. The Group grants credit facilities to its customers and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The Group has material exposure to credit risk through amounts owed by payment processors (third party collection agencies) of €54.1m (2016: €60.0m) and cash and cash equivalent balances held with banking institutions of €308.8m (2016: €372.4m). There is an inherent concentration of risk with PSPs, most of which are not investment grade banks, in that the majority derive most of their income from the online gaming sector. To this end, where practicable and economic, the Group seeks to substitute non-investment grade PSPs with investment grade, or, at least, better quality PSPs. The Group considers the general credit risk associated with these balances to be low, having assessed the credit ratings and financial strength of the counter-parties involved. Nevertheless the Group maintains a general provision against the recovery of these processing entities.

In 2016, for one particular processor the Group considered that a specific provision was necessary due to concerns about the recoverability of that specific debt and accordingly a specific impairment of €4.2m was recorded in the year ended 31 December 2016. No further significant receivable amounts were past due date at 31 December 2017 (2016: €nil).

25.5 Liquidity and Capital Risk

Liquidity risk arises from the Group's management of its working capital as well as the finance charges and principal repayments on its debt instruments. In essence, it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Management monitors liquidity to ensure that sufficient liquid resources are available to the Group. The Group's principal financial assets are cash, bank deposits, loans and trade and other receivables.

In common with many internet companies that have few physical assets, the Group has no policy as to the level of equity capital and reserves other than to address statutory requirements. The primary capital risk to the Group is the level of debt relative to the Group's net income.

At 31 December 2017, the Group had cash and cash equivalents and short-term investments of €308.8m (2016: €372.4m). At the end of 2016 current assets were significantly lower than current liabilities, this predominantly related to the Cerberus loan which was refinanced to a longer term facility in 2017. Accordingly, the liquidity risk for the Group is now judged to be low.

25.5.1 Maturity Analysis

All financial liabilities within the Group's balance sheet are due within one year except for certain contingent consideration of €19.6m which falls due based on certain events. Management's best estimates are that these will fall due after more than one year but before five years.

25.5.2 Net Debt

	2017 €m	2016 €m
Loans and borrowings	300.0	386.5
Client liabilities	117.4	112.0
Gross debt	417.4	498.5
Cash and cash equivalents	(303.8)	(367.0)
Short-term investments	(5.0)	(5.4)
NET DEBT	108.6	126.1
Balances with payment processors	(54.1)	(60.0)
NET DEBT ADJUSTED FOR PAYMENT PROCESSORS	54.5	66.1

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

25.6 Fair Values

The carrying amounts of the financial assets and liabilities, including deferred consideration in the Statement of Financial Position at 31 December 2017 and 2016 for the Group and Company are a reasonable approximation of their fair values.

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2017 and 31 December 2016:

AT 31 DECEMBER 2017	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
FINANCIAL ASSETS				
Available for sale financial assets	**–**	**2.8**	**0.5**	**3.3**
Deferred consideration	**–**	**–**	**0.9**	**0.9**
Contingent consideration	**–**	**0.6**	**3.9**	**4.5**
	–	**3.4**	**5.3**	**8.7**
FINANCIAL LIABILITIES				
Contingent consideration	**–**	**–**	**(20.5)**	**(20.5)**
Derivative financial liabilities	**–**	**–**	**(12.0)**	**(12.0)**
	–	**–**	**(32.5)**	**(32.5)**

AT 31 DECEMBER 2016	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
FINANCIAL ASSETS				
Available for sale financial assets	–	2.2	0.4	2.6
Deferred consideration	–	–	1.8	1.8
Contingent consideration	–	0.6	4.0	4.6
Derivative financial assets	–	–	26.2	26.2
	–	2.8	32.4	35.2
FINANCIAL LIABILITIES				
Contingent consideration	–	–	(4.4)	(4.4)
	–	–	(4.4)	(4.4)

There were no transfers between levels in 2017 or 2016.

Measure of fair value of financial instruments:
The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third-party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques for the derivative financial assets and liabilities are described in further detail in note 12. The valuation technique for the available for sale asset and the contingent and deferred consideration assets and liabilities were discounted cashflow forecasts using the weighted average cost of capital and expected cashflows.

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

25.7 Summary of Financial Assets and Liabilities by Category

The carrying amounts of the Group's financial assets and liabilities recognised at the reporting date are categorised as follows:

	2017 €m	2016 €m
NON-CURRENT ASSETS:		
Available for sale financial assets	3.3	2.6
Financial assets measured at fair value through profit or loss:		
– Deferred and contingent consideration	1.9	4.9
Non-current assets	5.2	7.5
CURRENT ASSETS:		
Financial assets measured as loans and receivables:		
– Trade and other receivables	96.8	108.0
– Short-term investments	5.0	9.9
– Cash and cash equivalents	303.8	367.0
Financial assets measured at fair value through profit or loss:		
– Deferred and contingent consideration	2.5	1.5
– Derivative financial assets	–	26.2
Current assets	408.1	512.6
CURRENT LIABILITIES:		
Financial liabilities measured at amortised cost:		
– Trade and other payables	(96.1)	(114.0)
– Loans and borrowings	(0.2)	(403.5)
Financial liabilities measured at fair value through profit or loss:		
– Contingent consideration	(9.6)	–
Current liabilities	(105.7)	(517.5)
NON-CURRENT LIABILITIES:		
Financial liabilities measured at amortised cost:		
– Loans and borrowings	(295.2)	–
Financial liabilities measured at fair value through profit or loss:		
– Contingent consideration	(10.9)	(4.4)
– Derivative financial liabilities	(12.0)	–
Non-current liabilities	(318.1)	(4.4)

26. RELATED PARTIES

26.1 Identity of Related Parties

The Group has a related party relationship with its subsidiaries and with its Directors and executive officers.

26.2 Transactions with Directors and Key Management Personnel

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the year ended 31 December 2017, Fenlex received €0.1 from the Group in relation to Company Secretarial and other matters arising in Malta (2016: €0.1m).

Peter Isola is a partner at Isolas, a law firm in Gibraltar which charged legal expenses of €0.1m to the Group (2016: €0.2m).

Lee Feldman received dividends during the year of €0.4m (2016: €nil) in respect of his beneficial interest in the Ordinary Share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York. During the year ended 31 December 2017, Twin Lakes Capital received €0.1m (2016: €0.1m) in relation to office services.

Kenneth Alexander received dividends during the year of €0.7m (2016: €nil). The wife of Kenneth Alexander received dividends during the year of €0.1m (2016: €nil) in respect of her interest in the Ordinary Share capital of the Group.

Norbert Teufelberger received dividends of €1.1m during the year (2016: €nil).

The Group purchased certain customer services of €2.4m (2016: €2.5m) from an associate, with amounts owed at 31 December 2017 of €0.2m (2016: €0.2m).

26.3 Transactions with Directors and Key Management Personnel

Details of the remuneration of key management are detailed below:

	2017 €m	2016 €m
Short term employee benefits (Directors)	12.5	7.3
Short term employee benefits (Key Management)	1.6	2.6
Share based payments	34.5	25.5
	48.6	35.4

27. CONTINGENT LIABILITIES

27.1 Historical Taxes in Greece

Along with multiple other online gaming operators, one of the Group's subsidiaries operating under a Greek interim gaming licence received a tax audit assessment from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011 (the "Assessment"). During this period the business was owned by Sportingbet plc, prior to its acquisition by GVC in 2013. The total amount of the Assessment is €186.77m, substantially higher by multiples of the total Greek revenues generated by the subsidiary during the relevant periods.

Legal and tax advice has been received from the Group's Greek professional advisers and this sets out that the Group's subsidiary has strong grounds to appeal the Assessment and in 2018 it has filed an appeal. In the interim, to enable the Group's subsidiary to continue to trade normally, it has entered into a payment scheme with the relevant authority whereby funds are paid to that authority and held on account of approximately €7.8m a month for 24 months. The Board strongly disputes the basis of the Assessment calculation, believing the assessed quantum to be widely exaggerated and is confident in the grounds of appeal. The Directors do not feel that it is probable that a liability will arise.

27.2 East Pioneer Corporation Guarantee

On 21 November 2011 the Group entered into a service agreement and guarantee relating to the acquisition by East Pioneer Corporation B.V. ('EPC') from Sportingbet Plc of Superbahis, a Turkish language website. The maximum contingent liability under this agreement at inception was €171m. Prior to the disposal of the Turkish-facing business the Directors considered this to have a fair value of €nil (2016: €nil). Following the sale of the Turkish-facing business any contingent liability was extinguished.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

28. BUSINESS COMBINATIONS

It is part of the core strategy for the Group to improve the quality and mix of the Group's earnings through acquisitions, especially where these increase the markets in which the Group trades and where there are opportunities for high levels of cash generation through synergies.

28.1 Acquisition of Cozy Games

On 9 August 2017, the Group acquired 100% of the share capital of the group of companies comprising Cozy Games. Cozy Games specialises in the development and delivery of various games, including bingo, classic and video slots, table games, scratch cards and network jackpots.

The terms of the acquisition included an upfront payment of £26.2m together with a capital injection of up to £0.8m to increase the property, plant and equipment base of the Cozy Games group.

The fair value of the assets and liabilities recognised at the date of acquisition is set out in the table below:

	Fair value €m
ASSETS	
Intangible assets	23.4
Property, plant and equipment	0.2
Trade and other receivables	1.0
Cash	7.7
Total assets	32.3
LIABILITIES	
Trade and other payables	7.5
Client liabilities and progressive prize pools	0.3
Taxation (including gaming tax)	0.3
Deferred tax	2.0
Total liabilities	10.1
NET ASSETS	22.2
Fair value of consideration paid	30.1
Goodwill recognised	7.9
BUSINESS COMBINATION COSTS	0.3

The fair value of trade and other receivables was €0.9m and included trade receivables and payment processor balances with a fair value of €0.8m. Intangible assets acquired include the brand, a technology platform and the customer base. The goodwill consists of assembled workforce, future growth and business reputation.

In the year ended 31 December 2016, Cozy Games reported revenue of €14.3m and loss before tax of €3.6m. If the Acquisition had occurred at the beginning of the year, the continuing revenue of the combined entity in the 12 months to 31 December 2017 would have been €907.3m and the loss before tax would have been €23.1m.

Following the acquisition, GVC has already achieved synergistic savings through integration and restructuring of personnel and operations.

28. BUSINESS COMBINATIONS CONTINUED

28.2 Acquisition of Zatrix

In October 2017 the Group acquired the majority of the trade and assets of a business engaged in the promotion of various online betting and gaming websites in Greece. Consideration is a combination of initial upfront payments of €14.4m and contingent consideration dependent on performance of up to €20m payable over three years.

The fair value of the assets and liabilities recognised at the date of acquisition is set out in the table below:

	Fair value €m
ASSETS AND LIABILITIES	
Intangible assets	4.6
Deferred tax	(0.4)
NET ASSETS	4.2
Fair value of consideration paid	31.2
Goodwill recognised	27.0
BUSINESS COMBINATION COSTS	0.1

The Intangible asset acquired was a brand operating in the Greek market. The goodwill consists of future growth and business reputation.

Following the acquisition, GVC expects to achieve synergistic benefits in 2017.

29. NON-CONTROLLING INTERESTS

Non-controlling interests includes a 10% holding in bwin.party entertainment (NJ) LLC, a company incorporated in the United States. The loss attributable to the non-controlling interest was €0.2m (2016: 0.3m).

The balance of retained earnings attributable to non-controlling interests is disclosed in the table below:

	Total €m
As at January 2016	–
Acquired through business combination	(1.2)
Loss attributable to non-controlling interests	(0.3)
As at 31 December 2016	(1.5)
Loss attributable to non-controlling interests	(0.2)
Foreign exchange movements	(0.1)
AS AT 31 DECEMBER 2017	(1.8)

30. SUBSEQUENT EVENTS

30.1 Ladbrokes Coral Offer

On 22 December 2017 the Boards of GVC and Ladbrokes Coral Group plc (“Ladbrokes Coral”) announced that they had reached agreement on the terms of a recommended offer by GVC to acquire the entire issued and to be issued Ordinary Share capital of Ladbrokes Coral (the “Offer”), which is to be effected by means of a Court-sanctioned scheme of arrangement of Ladbrokes Coral under Part 26 of the Companies Act.

Under the terms of the Offer, Ladbrokes Coral shareholders are entitled to 32.7p in cash and 0.141 ordinary GVC shares for each Ladbrokes Coral share, and a potential further value of up to 42.8p structured as a contingent value right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

30. SUBSEQUENT EVENTS CONTINUED

30.1 Ladbrokes Coral Offer continued

The Boards believe that a transaction has the potential to create material shareholder value and that there is a compelling strategic rationale for the Offer. The enlarged Group would be an online-led globally positioned betting and gaming business that would benefit from a multi-brand, multi-channel strategy applied across some of the strongest brands in the sector. The enlarged Group would be geographically diversified with a large portfolio of businesses across both regulated and developing markets, with the scale and resources to address the dynamics of a rapidly changing global industry. The transaction would also enhance the enlarged Group's position in a number of the world's largest regulated online gaming markets, including the UK, Italy and Australia, and would significantly increase GVC's current share of revenues from locally regulated/taxed markets to more than 90%. The enlarged Group would have strong growth prospects with momentum in its online businesses, potential for material synergies including the use of leading proprietary technology, and the opportunity to select the best of both people and operations.

GVC published a prospectus in respect of the offer on 9 February 2018 and Ladbrokes Coral published its scheme document on 9 February 2018. On 8 March 2018 all resolutions were duly passed in favour of the proposed acquisition by GVC shareholders. Completion of the transaction is also subject to certain regulatory approvals. Subject to these various approvals being forthcoming, it is anticipated the transaction will complete at the end of March/early April 2018.

30.2 Mars LLC ("Crystalbet") Acquisition

On 5 March the Group announced the acquisition of 51% of the shareholding of an online gaming business trading in Georgia for €41.3m with an agreement to purchase the outstanding 49% of the business for further consideration of up to €150m in 2021. The business acquired is a leading online gaming operator offering sports betting, casino games, poker and peer to peer games. Whilst accounting for the acquisition has not been completed, intangible assets acquired are expected to include the technology platform, customer lists and the gaming brands as well as goodwill. Completion is not subject to regulatory approval and is expected to occur by the end of March 2018.

COMPANY BALANCE SHEET

for the year ended 31 December 2017

	Notes	2017 €m	2016 €m
FIXED ASSETS			
Investments	3	**1,617.8**	1,603.9
CURRENT ASSETS			
Debtors	4	**298.5**	128.0
Derivative financial instruments	5	**–**	26.2
Cash at bank and in hand	6	**43.1**	98.5
		341.6	252.7
TOTAL ASSETS		**1,959.4**	1,856.6
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	**(481.1)**	(580.7)
NET CURRENT ASSETS/(LIABILITIES)		**(139.5)**	(328.0)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors	8	**(295.2)**	
Derivative financial instruments	5	**(12.0)**	
Total non-current liabilities		**(307.2)**	
TOTAL NET ASSETS		**1,171.1**	1,275.9
CAPITAL AND RESERVES			
Issued share capital		**3.0**	2.9
Share premium		**1,525.3**	1,478.4
Merger reserve		**40.4**	40.4
Retained earnings		**(397.6)**	(245.8)
TOTAL EQUITY		**1,171.1**	1,275.9

The Financial Statements from pages 119 to 120 were approved and authorised for issue by the Board of Directors on 8 March 2018 and signed on their behalf by:

KJ Alexander
(Chief Executive Officer)

P Miles
(Chief Financial Officer)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Notes	Share capital €m	Share premium €m	Merger reserve €m	Retained earnings €m	Total €m
Balance at 1 January 2016		0.6	85.4	40.4	(129.4)	(3.0)
Issue of share capital		2.3	1,391.9	–	–	1,394.2
Share option charges	10	–	–	–	10.9	10.9
Share options surrendered	10	–	–	–	(0.8)	(0.8)
Share options through subsidiaries	10	–	–	–	13.1	13.1
Share options exercised	10	–	1.1	–	(7.2)	(6.1)
Transactions with owners		2.3	1,393.0	–	16.0	1,411.3
Loss for the year		–	–	–	(132.4)	(132.4)
Total comprehensive income for the year		–	–	–	(132.4)	(132.4)
BALANCE AS AT 31 DECEMBER 2016		2.9	1,478.4	40.4	(245.8)	1,275.9
Balance at 1 January 2017		**2.9**	**1,478.4**	**40.4**	**(245.8)**	**1,275.9**
Share option charges	10	**–**	**–**	**–**	**23.9**	**23.9**
Share options exercised	10	**0.1**	**46.9**	**–**	**–**	**47.0**
Dividend paid		**–**	**–**	**–**	**(141.0)**	**(141.0)**
Transactions with owners		**0.1**	**46.9**	**–**	**(117.1)**	**(70.1)**
Loss for the year		**–**	**–**	**–**	**(34.7)**	**(34.7)**
Total comprehensive loss for the year		**–**	**–**	**–**	**(34.7)**	**(34.7)**
BALANCE AS AT 31 DECEMBER 2017		**3.0**	**1,525.3**	**40.4**	**(397.6)**	**1,171.1**

All reserves of the Company are distributable, as under the Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency at the time of distribution (section 49, Companies Act Isle of Man 2006).

The notes on pages 121 to 127 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. ACCOUNTING POLICIES

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

A summary of the significant accounting policies are set out below. These policies have been applied consistently to the years presented, unless otherwise stated.

1.1 Basis of Preparation

The financial information has been prepared on the historical cost basis with the exception of those assets and liabilities which are carried at fair value, and in accordance with applicable Isle of Man law and United Kingdom accounting standards.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, share based payments, fair values, presentation of a cashflow statement and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

1.2 Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

1.3 Foreign Currency Translation

The Company maintains its accounting records in euro and the balance sheet is expressed in this currency. Income and charges are translated at the exchange rates ruling at the transaction date. Fixed assets are valued using historical exchange rates. Other current assets and liabilities expressed in foreign currencies are translated into euros at the rates of exchange in effect at the balance sheet date. Realised exchange gains and losses and unrealised exchange losses are recognised in the profit and loss account.

1.4 Fixed Assets

Investments in subsidiaries are shown as fixed assets in the Company Balance Sheet, and are valued at cost less any provision for impairment in value.

1.5 Share based Payments

The Group has share based payment schemes which allow certain employees and contractors to acquire shares of the Company. The Group has accounted for these under IFRS 2 Share Based Payments. As the related services are received by subsidiary entities, the Company accounts for these as a capital contribution made to relevant subsidiaries.

Share Option Schemes

The fair value of options granted under the LTIP and MIP schemes are recognised as an investment in subsidiary with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted are measured using either a binomial or Monte Carlo valuation model. This valuation method takes into account the terms and conditions upon which the options were granted. The amount recognised as an investment is adjusted to reflect the actual number of share options that vest and market conditions if applicable.

Employers Social Security Costs

Employers social security costs due on the cash cancellation of options and the employee gain on exercised options will be paid by the Company and shown within share based payments.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are derecognised when the contractual rights to the cashflows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1.6.1 Non-derivative Financial Instruments

Non-derivative financial instruments comprise debtors, loans and borrowings, and trade and other creditors. Non-derivative financial instruments are recognised initially at fair value, plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method. Provisions for impairment are made against financial assets if considered appropriate and any impairment is recognised in profit or loss.

1.6.2 Available for Sale Financial Assets (AFS)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

AFS financial assets are measured at fair value. Gains and losses are recognised in the statement of total recognised gains and losses, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in the statement of total recognised gains and losses is reclassified to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

For AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in the statement of total recognised gains and losses.

1.6.3 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

1. ACCOUNTING POLICIES CONTINUED

1.7 Going Concern

The Directors have assessed the financial risk facing the Company and have compared this risk assessment to the net current liability position of the Company and the Group. The Directors have reviewed relationships with creditors and key suppliers and are satisfied that the appropriate contingency plans are in place. The Directors have reviewed cashflow forecasts and consider that the Company has adequate resources for the foreseeable future. For these reasons they therefore have continued to prepare the accounts on a going concern basis.

1.8 Significant Judgements

In the application of the accounting policies, which are detailed in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1.8.1 Debtors

Management applies judgement in evaluating the recoverability of amounts owed by Group undertakings. To the extent that the Board believes receivables not to be recovered they have been provided for in these consolidated financial statements.

1.8.2 Share Options

Accounting for share option charges requires a degree of judgement over such matters as dividend yield and expected volatility. Further details on the assumptions made by management are disclosed in note 26 of the Group financial statements.

1.8.5 Carrying Value of Investments

Determining whether investments in subsidiaries are impaired requires an assessment of impairment indicators and, if indicators exist, and estimation of their recoverable amounts. The calculation of recoverable amount requires the entity to estimate the future cashflows expected to arise from the investments and select a suitable discount rate in order to calculate present value.

1.9 Standards in Issue, Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

1.9.1 IFRS 9 'Financial Instruments'

The IASB has released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets together with new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

Management are currently reviewing the various classifications of financial instruments used by the Company but do not believe that there will be any material changes to the classifications used in the Company's financial instruments. Where there are any changes to classification, it is not expected to result in any material adjustments to the Company's results in future periods. The Company does not currently use hedging instruments but will consider the implications of this new standard when considering and implementing the hedging instruments it will utilise going forward. It is not considered that the credit loss model will result in any significant material impairment to the Company's financial instruments although there may be a larger individual impact on the amounts due to the Company, particularly with respect to the amounts owed to the Company by other Group undertakings which are individually material to the Company.

2. PROFIT AND LOSS ACCOUNT

The loss for the year dealt with in the accounts of the Company was €34.7m (2016: loss of €132.4m). The Company has not presented a separate profit and loss account.

3. INVESTMENTS

	2017 €m	2016 €m
INVESTMENT IN SUBSIDIARY UNDERTAKINGS		
At 1 January	**1,603.9**	84.0
Additions	**13.9**	1,519.9
At 31 December	**1,617.8**	1,603.9

	2017 €m	2016 €m
AVAILABLE FOR SALE FINANCIAL ASSETS		
At 1 January	**–**	2.6
Impairment	**–**	(0.7)
Disposal	**–**	(1.9)
At 31 December	**–**	–
Total investments 31 December	**1,617.8**	1,603.9

Share option schemes

The Company has further increased its investment of €13.9m in certain subsidiary companies as a consequence of the MIP option scheme (see note 24 of the consolidated group).

3. INVESTMENTS CONTINUED

Subsidiaries

The significant subsidiaries of the Company are detailed below:

Subsidiary	Country of incorporation	Ownership interest 2017 %	2016 %
GVC Services B.V.[1]	Netherlands Antilles	**100**	100
Intera N.V.	Netherlands Antilles	**100**	100
Bluebell B.V.[2]	Netherlands Antilles	**100**	100
Sporting Odds Limited	England and Wales	**100**	100
Interactive Sports (C.I.) Limited	Alderney	**100**	100
Longfrie Limited	Guernsey	**100**	100
Martingale Malta 2 Limited	Malta	**100**	100
Headlong Limited[2]	Malta	**100**	100
Electraworks Limited	Gibraltar	**100**	100
PartyGaming IA Limited	Bermuda	**100**	100
PartyGaming Finance Limited	Bermuda	**100**	100

1. Also has a branch registered in Israel.
2. Sold on 19 December 2017.

4. DEBTORS

	2017 €m	2016 €m
Amounts owed by Group undertakings	**297.5**	124.3
Other debtors	**0.5**	2.2
Prepayments and accrued income	**0.5**	1.5
	298.5	128.0

5. DERIVATIVE FINANCIAL INSTRUMENTS

	Winunited option €m	Early repayment option €m	Betit option €m	Poker options €m	Total €m
BALANCE AT 1 JANUARY 2016	3.8	–	(0.7)	–	3.1
Disposal in the year	–	–	0.7	–	0.7
Recognised on loan drawdown	–	7.4	–	–	7.4
Movement in fair value	(0.1)	15.1	–	–	15.0
BALANCE AT 31 DECEMBER 2016	3.7	22.5	–	–	26.2
Disposed of in the year	**(3.7)**	**–**	**–**	**–**	**(3.7)**
Released in the year	**–**	**(22.5)**	**–**	**–**	**(22.5)**
Recognised in the year	**–**	**–**	**–**	**(12.0)**	**(12.0)**
BALANCE AT 31 DECEMBER 2017	**–**	**–**	**–**	**(12.0)**	**(12.0)**

5.1 Winunited Option

On 24 March 2015, GVC contracted with Winunited Limited for the day-to-day back office operations of the Winunited business, licensed in Malta. Under the terms of the agreement, GVC obtained a call option to purchase the Winunited assets comprising goodwill, customers, licences, brands and websites. The exercise period for the option is in the three months prior to the five-year anniversary of 24 March 2015. No consideration was paid for the call option.

At 31 December 2016 the option was valued using a Monte Carlo valuation model and two methodologies: a discounted cashflow and a multiples based calculation. A long-term growth rate of 2% was assumed, and a discount rate of 13% based on industry peers and observable inputs. Based on this model, the value of the call option at 31 December 2017 was €3.7m (2016: €3.7m). During the year there were no discernible changes to the inputs into the valuation and accordingly no revaluation was performed prior to the transferral of the asset to assets held for sale as part of the announced sale of the Turkish-facing business which was disposed of during the year (see note 15.1 in the Group accounts).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

5. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

5.2 Cerberus Loan Early Repayment Option

On 2 February 2016 a further €380m was drawn down under the Cerberus loan facility. The facility had a repayment date of 4 September 2017 but has been repaid earlier (see note 17). Early repayment would change the profile and size of the cash payments and this feature was identified as an embedded derivative therefore separated from the host contract. The option was valued by a third party valuation specialist based on the contracted cashflows under the terms of the facility and measuring the cost saving opportunities resulting from an early repayment and obtaining of new financing at a lower rate. Given the refinance agreement disclosed in note 17 in the Group accounts, there was considered to be minimal sensitivity of the inputs to the valuation. The early repayment option was fully released following the refinancing of the Group's loans in February 2017.

5.3 Betit Option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL'). The Group had a call option to acquire the balance of the outstanding shares which could be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price was €70m, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto.

In 2016 the Group disposed of its investment in BHL and its call option was also disposed of as part of this arrangement. The net loss on disposal of the investment and the option was included within changes in value of available for sale assets.

5.4 Poker Options

During 2017 the Group entered into a marketing services agreement with its principal offline tournament partner with the purpose of organising and promoting series of live poker events under the partypoker LIVE brand to look to increase traffic to partypoker.com.

As part of entering into this agreement the Company has entered into a put and call arrangement in respect of the entire issued share capital of the Company set up by its offline partner dedicated to this agreement, which is exercisable by the Group or its partner on completion of the five-year agreement. There is no minimum call price with a maximum ceiling of £136m dependent on the enhancement of EBITDA of the affected poker business and the enhancement delivered to shareholder earnings through the enterprise value of the Group. The put option has been valued as a liability of €12.0m as at 31 December 2017 and a charge of the same amount has been recognised in the year.

6. CASH AT BANK AND IN HAND

	2017 €m	2016 €m
Bank balances	43.1	98.5

7. CREDITORS

	2017 €m	2016 €m
Amounts due to Group undertakings	470.8	167.9
Interest-bearing loan (see note 8.1 below)	0.2	403.5
Other creditors	10.1	9.3
Creditors: amounts due within one year	481.1	580.7
Other creditors	–	0.7
Share option liability	–	2.1
Interest bearing loan	295.2	19.8
Creditors: amounts after more than one year	295.2	22.6

8. LOANS AND BORROWINGS

8.1 Interest Bearing Loan

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the acquisition of bwin.party. The Cerberus loan was repaid in January 2017 and an alternate bridge financing facility of €250m provided by Nomura International plc was drawn down. All associated fees were charged to the income statement at this time including the remaining value of the early repayment option on the Cerberus loan of €22.5m.

This bridging loan was then replaced with a long-term institutional loan in March 2017 comprising of a €320m Senior Secured Term and Revolving Facility, composed of a €250m term loan (maturity six years) and a €70m revolving credit facility (maturity five years). Subsequent to this, the Group refinanced the applicable interest rate from EURIBOR + 3.25% to EURIBOR + 2.75% whilst extending the Term Loan by an extra €50m in a non-substantial modification to the loan. The €70m credit facility was not drawn down during the year.

	Principal €m	Interest and fees carried €m	Early repayment option €m	Total €m
LOAN BALANCE AT 1 JANUARY 2016	20.0	(0.2)	–	19.8
Loan drawdown	380.0	–	–	380.0
Arising on business combinations	39.4	–	–	39.4
Revaluation of loan balances	(0.4)	–	–	(0.4)
Loan repayment	(52.5)	–	–	(52.5)
Arrangement fees and loan services fees paid – prior year	–	(7.6)	–	(7.6)
Arrangement fees and loan services fees paid – current year	–	(7.9)	–	(7.9)
Fair value of embedded derivatives	–	–	7.4	7.4
Interest charged	–	46.0	–	46.0
Interest instalments paid	–	(39.7)	–	(39.7)
Amortisation of loan fees	–	23.3	–	23.3
Amortisation of early repayment option	–	–	(4.3)	(4.3)
LOAN BALANCE AT 31 DECEMBER 2016	386.9	13.5	3.1	403.5
Loan drawdown	**386.5**	**13.9**	**3.1**	**403.5**
Arrangement fees and loan services fees paid	**550.0**	**–**	**–**	**550.0**
Loan repayment	**–**	**(15.9)**	**–**	**(15.9)**
Interest charged	**(636.5)**	**–**	**–**	**(636.5)**
Interest instalments paid	**–**	**14.2**	**–**	**14.2**
Amortisation of loan fees	**–**	**(27.2)**	**–**	**(24.1)**
Amortisation of early repayment option	**–**	**10.4**	**–**	**10.4**
LOAN BALANCE AT 31 DECEMBER 2017	**300.0**	**(4.6)**	**–**	**295.4**

Split between the following as at 31 December 2016:	
CURRENT LIABILITIES	403.5
NON-CURRENT LIABILITIES	–
Split between the following as at 31 December 2017:	
CURRENT LIABILITIES	**0.2**
NON-CURRENT LIABILITIES	**295.2**

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2017

9. CALLED UP EQUITY SHARE CAPITAL

On 21 May 2010 shareholders of Gaming VC Holdings S.A., approved a redomiciliation to Luxembourg which resulted, pari passu, in shareholders holding shares with a nominal value of €0.01 in GVC Holdings PLC. As a result of this transaction, GVC Holdings PLC acquired all the assets and liabilities of Gaming VC Holdings S.A. Arising from this transaction was the creation of a Merger Reserve, which is distributable.

The authorised and issued share capital is:

	2017 €m	2016 €m
AUTHORISED		
Ordinary Shares of €0.01 each		
At 31 December	3.5	3.5
ISSUED, CALLED UP AND FULLY PAID		
At 31 December – 61,276,480 shares (2015: 61,276,480 shares)	3.0	2.9

1. The authorised share capital was increased as part of the Group's acquisition of Sportingbet PLC.

The issued share capital history is shown below:

	2017	2016
Balance at 1 January	293,268,229	61,276,480
Issue of shares at acquisition	–	194,841,498
Issue of shares via placing	–	27,978,812
Issue of shares via subscription	–	7,566,212
Other share issues	10,458,246	1,605,227
Balance at 31 December	303,726,475	293,268,229

10. DIVIDENDS

The dividend history for 2017 is shown below.

Date declared	Date paid	Price per share €c	Price per share £p	Shares in issue	Amount €m	Amount £m
15 December 2016	14 February 2017	14.9	12.5	293,268,229	42.8	36.6
23 March 2017	12 May 2017	15.1	13.06	296,404,567	46.0	38.9
14 September 2017	19 October 2017	16.5	14.62	300,668,046	49.8	44.7
					138.6	120.2

11. SUBSEQUENT EVENTS

11.1 Ladbrokes Coral Offer

On 22 December 2017 the Boards of GVC and Ladbrokes Coral Group plc (“Ladbrokes Coral”) announced that they had reached agreement on the terms of a recommended offer by GVC to acquire the entire issued and to be issued Ordinary Share capital of Ladbrokes Coral (the “Offer”), which is to be effected by means of a Court-sanctioned scheme of arrangement of Ladbrokes Coral under Part 26 of the Companies Act.

Under the terms of the Offer, Ladbrokes Coral shareholders are entitled to 32.7p in cash and 0.141 ordinary GVC shares for each Ladbrokes Coral share, and a potential further value of up to 42.8p structured as a contingent value right.

The Boards believe that a transaction has the potential to create material shareholder value and that there is a compelling strategic rationale for the Offer. The enlarged Group would be an online-led globally positioned betting and gaming business that would benefit from a multi-brand, multi-channel strategy applied across some of the strongest brands in the sector. The enlarged Group would be geographically diversified with a large portfolio of businesses across both regulated and developing markets, with the scale and resources to address the dynamics of a rapidly changing global industry. The transaction would also enhance the enlarged Group’s position in a number of the world’s largest regulated online gaming markets, including the UK, Italy and Australia, and would significantly increase GVC’s current share of revenues from locally regulated/taxed markets to more than 90%. The enlarged Group would have strong growth prospects with momentum in its online businesses, potential for material synergies including the use of leading proprietary technology, and the opportunity to select the best of both people and operations.

GVC published a prospectus in respect of the offer on 9 February 2018 and Ladbrokes Coral published its scheme document on 9 February 2018. On 8 March 2018 all resolutions were duly passed in favour of the proposed acquisition by GVC shareholders. Completion of the transaction is also subject to certain regulatory approvals. Subject to these various approvals being forthcoming, it is anticipated the transaction will complete at the end of March/early April 2018.

11.2 Crystalbet Acquisition

On 5 March the Group announced the acquisition of 51% of the shareholding of an online gaming business trading in Georgia for €41.3m with an agreement to purchase the outstanding 49% of the business for further consideration of up to €150m in 2021. The business acquired is a leading online gaming operator offering sports betting, casino games, poker and peer-to-peer games. Whilst accounting for the acquisition has not been completed, intangible assets acquired are expected to include the technology platform, customer lists and the gaming brands as well as goodwill. Completion is not subject to regulatory approval and is expected to occur by the end of March 2018.

GLOSSARY

DEFINITION OF TERMS

AAMS	Automated accounts management systems
Adjusted fully diluted EPS cents	Fully diluted earnings per share based on adjusted PBT
Adjusted PBT	Profit before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses
B2B	Business-to-business
B2C	Business-to-consumer
BI	Business intelligence
bwin.party	bwin.party digital entertainment plc
CAGR	Compound annual growth rate
CGUs	Cash generating units
Clean EBITDA	Earnings before interest, taxation, depreciation, amortisation, impairment charges, changes in the fair value of derivative financial instruments, share option charges and exceptional items
CMS	Customer marketing services
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs
Contribution margin	Contribution as a percentage of NGR
CRM	Customer relationship management
CS	Customer services
DTR	Disclosure and transparency rules
Enlarged Group	GVC Holdings plc incorporating Ladbrokes Coral Group
EPS	Earnings per share
H2GC	H2 Gambling Capital – independent providers of gambling market data and estimates
IA	Internal audit and risk management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOT	Internet of things
KPIs	Key performance indicators
KYC	Know your customer – customer verification tools
LTIP	Long-term incentive plan
MIP	Management incentive plan
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings
Net Gaming Revenue (“NGR”)	Revenue before deducting VAT
NGR YTD	Net Gaming Revenue in the year to date
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Win Margin	Sports wagers less payouts
Sports Gross Win Margin %	Sports Gross Win Margin divided by Sports wagers
Sports Net Gaming Revenue (“Sports NGR”)	Sports Gross Win Margin less free bets and promotional bonuses

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DIVIDEND TIMETABLE

09 March	Dividend declared
22 March	Ex-dividend date
23 March	Record date
03 May	Payment

FUTURE TRADING UPDATES AND FINANCIAL CALENDAR

6 June	AGM
July	Trading update
September	Interim results
October	Trading update

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